CHAPTER 352

STATE RETIREMENT

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352.01 DEFINITIONS.

Subdivision 1. **Terms.** Unless the language or context clearly indicates that a different meaning is intended, the terms defined in this section, for the purposes of this chapter, have the meanings given them.

Subd. 2. **State employee.** "State employee" means any employee or officer in the classified and unclassified service of the state. The term also includes the special classes of persons listed in subdivision 2a but excludes the special classes of persons listed in subdivision 2b.

Subd. 2a. **Included employees.** (a) "State employee" includes:

(1) employees of the Minnesota Historical Society;

(2) employees of the State Horticultural Society;

(3) employees of the Minnesota Crop Improvement Association;

(4) employees of the adjutant general whose salaries are paid from federal funds and who are not covered by any federal civilian employees retirement system;

(5) employees of the Minnesota State Colleges and Universities who are employed under the university or college activities program;

(6) currently contributing employees covered by the system who are temporarily employed by the legislature during a legislative session or any currently contributing employee employed for any special service as defined in subdivision 2b, clause (6);

(7) employees of the legislature who are appointed without a limit on the duration of their employment;

(8) trainees who are employed on a full-time established training program performing the duties of the classified position for which they will be eligible to receive immediate appointment at the completion of the training period;

(9) employees of the Minnesota Safety Council;

(10) any employees who are on authorized leave of absence from the Transit Operating Division of the former Metropolitan Transit Commission and who are employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division;

(11) employees of the Metropolitan Council, Metropolitan Parks and Open Space Commission, or Metropolitan Mosquito Control Commission unless excluded under subdivision 2b or are covered by another public pension fund or plan under section 473.415, subdivision 3;

(12) judges of the Tax Court;

(13) personnel who were employed on June 30, 1992, by the University of Minnesota in the management, operation, or maintenance of its heating plant facilities, whose employment transfers to an employer assuming operation of the heating plant facilities, so long as the person is employed at the University of Minnesota heating plant by that employer or by its successor organization;

(14) personnel who are employed as seasonal employees in the classified or unclassified service;

(15) persons who are employed by the Department of Commerce as a peace officer in the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory retirement age specified in section 43A.34, subdivision 4;

(16) employees of the University of Minnesota unless excluded under subdivision 2b, clause (3);

(17) employees of the Middle Management Association whose employment began after July 1, 2007, and to whom section 352.029 does not apply;

(18) employees of the Minnesota Government Engineers Council to whom section 352.029 does not apply;

(19) employees of the Minnesota Sports Facilities Authority;

(20) employees of the Minnesota Association of Professional Employees;

(21) employees of the Minnesota State Retirement System;

(22) employees of the State Agricultural Society;

(23) employees of the Gillette Children's Hospital Board who were employed in the state unclassified service at the former Gillette Children's Hospital on March 28, 1974;

(24) if approved for coverage by the Board of Directors of Conservation Corps Minnesota, employees of Conservation Corps Minnesota so employed on June 30, 2003; and

(25) employees of the Perpich Center for Arts Education who are covered by the general state employees retirement plan of the Minnesota State Retirement System as of July 1, 2016.

(b) Employees specified in paragraph (a), clause (13), are included employees under paragraph (a) if employer and employee contributions are made in a timely manner in the amounts required by section 352.04. Employee contributions must be deducted from salary. Employer contributions are the sole obligation of the employer assuming operation of the University of Minnesota heating plant facilities or any successor organizations to that employer.

Subd. 2b. **Excluded employees.** "State employee" does not include:

(1) persons who are:

(i) students employed by the University of Minnesota, or within the Minnesota State Colleges and Universities system, unless approved for coverage by the Board of Regents of the University of Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities, whichever applies;

(ii) employed as interns for a period not to exceed six months unless included under subdivision 2a, paragraph (a), clause (8);

(iii) employed as trainee employees unless included under subdivision 2a, paragraph (a), clause (8); or

(iv) employed in the student worker classification as designated by Minnesota Management and Budget;

(2) employees who are:

(i) eligible for membership in the state Teachers Retirement Association, unless the person is an employee of the Department of Education who elected to be covered by the general state employees retirement plan of the Minnesota State Retirement System instead of the Teachers Retirement Association;

(ii) employees of the state who, in any year, were credited with 12 months of allowable service as a public school teacher and, as such, are members of a retirement plan governed by chapter 354 or 354A unless the employment is incidental employment as a state employee that is not covered by a retirement plan governed by chapter 354 or 354A;

(iii) employees of the state who are employed by the Board of Trustees of the Minnesota State Colleges and Universities in an unclassified position that is listed in section 43A.08, subdivision 1, clause (9);

(iv) persons employed by the Board of Trustees of the Minnesota State Colleges and Universities who elected retirement coverage other than by the general state employees retirement plan of the Minnesota State Retirement System under Minnesota Statutes 1994, section 136C.75;

(v) officers or enlisted personnel in the National Guard or in the naval militia who are assigned to permanent peacetime duty and who are or are required to be members of a federal retirement system under federal law;

(vi) persons employed by the Department of Military Affairs as full-time firefighters and who, as such, are members of the public employees police and fire retirement plan;

(vii) members of the State Patrol retirement plan under section 352B.011, subdivision 10;

(viii) off-duty police officers while employed by the Metropolitan Council and persons employed as full-time police officers by the Metropolitan Council and who, as such, are members of the public employees police and fire retirement plan; and

(ix) employees of the state who have elected to transfer account balances derived from state service to the unclassified state employees retirement program under section 352D.02, subdivision 1d;

(3) employees of the University of Minnesota who are excluded from coverage by action of the Board of Regents;

(4) election judges and persons who are employed solely to administer elections;

(5) persons who are:

(i) engaged in public work for the state but who are employed by contractors when the performance of the contract is authorized by the legislature or other competent authority;

(ii) employed to perform professional services where the service is incidental to the person's regular professional duties and where compensation is paid on a per diem basis; or

(iii) compensated on a fee payment basis or as an independent contractor;

(6) persons who are employed:

(i) on a temporary basis by the house of representatives, the senate, or a legislative commission or agency under the jurisdiction of the Legislative Coordinating Commission;

(ii) as a temporary employee on or after July 1 for a period ending on or before October 15 of that calendar year for the Minnesota State Agricultural Society or the Minnesota State Fair, or as an employee at any time for a special event held on the fairgrounds;

(iii) by the executive branch as a temporary employee in the classified service or as an executive branch temporary employee in the unclassified service if appointed for a definite period not to exceed six months, and if employment is less than six months, then in any 12-month period;

(iv) by the adjutant general if employed on an unlimited intermittent or temporary basis in the classified service or in the unclassified service for the support of Army or Air National Guard training facilities;

(v) by a state or federal program for training or rehabilitation as a temporary employee if employed for a limited period from an area of economic distress and if other than a skilled or supervisory personnel position or other than a position that has civil service status covered by the retirement system; and

(vi) by the Metropolitan Council or a statutory board of the Metropolitan Council where the members of the board are appointed by the Metropolitan Council as a temporary employee if the appointment does not exceed six months;

(7) receivers, jurors, notaries public, and court employees who are not in the judicial branch as defined in section 43A.02, subdivision 25, except referees and adjusters employed by the Department of Labor and Industry;

(8) patient and inmate help who perform services in state charitable, penal, and correctional institutions, including a Minnesota Veterans Home;

(9) employees of the Sibley House Association;

(10) persons who are:

(i) members of any state board or commission who serve the state intermittently and are paid on a per diem basis, the secretary, secretary-treasurer, and treasurer of those boards if their compensation is $5,000 or less per year, or, if they are legally prohibited from serving more than three years, and the board of managers of the State Agricultural Society and its treasurer unless the treasurer is also its full-time secretary;

(ii) examination monitors employed by a department, agency, commission, or board of the state to conduct examinations that are required by law; or

(iii) appointees serving as a member of a fact-finding commission or an adjustment panel, an arbitrator, or a labor referee under chapter 179;

(11) emergency employees who are in the classified service, but if an emergency employee, within the same pay period, becomes a provisional or probationary employee on other than a temporary basis, the employee must be considered a "state employee" retroactively to the beginning of the pay period;

(12) persons who are members of a religious order who 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 1986, as amended;

(13) members of trades who are employed by the successor to the Metropolitan Waste Control Commission, who have trade union pension plan coverage under a collective bargaining agreement, and who are first employed after June 1, 1977;

(14) for the first three years of employment, foreign citizens who are state employees under subdivision 2 or included employees under subdivision 2a, unless the foreign citizen is:

(i) an H-1B, H-1B1, or E-3 status holder;

(ii) an employee legally authorized to work in the United States for three years or more; or

(iii) an employee otherwise required to participate under federal law; and

(15) reemployed annuitants of the general state employees retirement plan, the military affairs personnel retirement plan, the transportation department pilots retirement plan, the state fire marshal employees retirement plan, or the correctional state employees retirement plan during the course of that reemployment.

Subd. 3. **Head of department.** "Head of department" means the head of any department, institution, or branch of the state service that directly pays salaries out of its income or that prepares, approves, and submits salary abstracts of its employees to the commissioner of management and budget.

Subd. 4. **Accumulated contributions.** "Accumulated contributions" means the total, exclusive of interest, of (1) the sums deducted from the salary of an employee, (2) the amount of payments, including assessments,

paid by the employee in lieu of salary deductions and all other payments made under this chapter and credited to the employee's individual account in the retirement fund.

Subd. 5. **Retirement fund.** (a) "Retirement fund" means the general state employees retirement fund created by section 352.04, subdivision 1, with respect to the general state employees retirement plan or the correctional state employees retirement fund created by section 352.911, subdivision 1, with respect to the correctional state employees retirement plan.

(b) The retirement fund includes the aggregate of accumulated contributions of employees covered by the applicable plan, and all other funds paid into the state treasury or received by the director under this chapter, together with all income and profits from the money and interest on it, including contributions on the part of the federal government, the state, and state departments.

Subd. 6. [Repealed, Ex1967 c 57 s 29]

Subd. 7. [Repealed, 1993 c 307 art 7 s 1]

Subd. 8. [Repealed, 1957 c 928 s 33]

Subd. 9. [Repealed, 1957 c 928 s 33]

Subd. 10. [Repealed, 1963 c 383 s 59]

Subd. 11. **Allowable service.** (a) "Allowable service" means:

(1) service by an employee for any calendar month in which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041;

(2) service by an employee for any calendar month for which payments in lieu of salary deductions are made, deposited, and credited in the fund, as provided in section 352.27;

(3) the period of absence from their duties by employees who are temporarily disabled because of injuries incurred in the performance of duties and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund;

(4) service covered by a refund repaid as provided in section 352.23 or 352D.05, subdivision 4, except service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system;

(5) service rendered before July 1, 1978, by an employee of the Transit Operating Division of the Metropolitan Transit Commission or by an employee on an authorized leave of absence from the Transit Operating Division of the Metropolitan Transit Commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division, which was credited by the Metropolitan Transit Commission-Transit Operating Division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or allowable service as defined in the Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on December 31, 1977;

(6) service rendered after July 1, 1983, by an employee who is employed on a part-time basis for less than 50 percent of full time, for which the employee is paid salary from which deductions are made, deposited, and credited in the fund, including deductions made, deposited, and credited as provided in section 352.041

or for which payments in lieu of salary deductions are made, deposited, and credited in the fund as provided in section 352.27 must be credited on a fractional basis either by pay period, monthly, or annually based on the relationship that the percentage of salary earned bears to a full-time salary, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full-time pay period, month, or a full-time year. For periods of part-time service that is duplicated service credit, section 356.30, subdivision 1, paragraphs (g) and (h), govern; and

(7) any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtained credit by payment to the fund under section 352.017.

(b) For purposes of paragraph (a), clauses (1) and (2), any salary that is paid for a fractional part of any calendar month, including the month of separation from state service, is deemed to be the compensation for the entire calendar month.

(c) Allowable service determined and credited on a fractional basis must be used in calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

Subd. 12. **Actuarial equivalent.** (a) "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, and using the applicable investment return assumption specified in section 356.215, subdivision 8.

(b) For purposes of computing a joint and survivor annuity, the investment return assumption specified in section 356.461 must be used, rather than the investment return specified in section 356.215, subdivision 8.

Subd. 13. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means wages, or other periodic compensation, paid to an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) Salary does not include:

(1) lump-sum sick leave payments;

(2) severance payments;

(3) lump-sum annual leave payments and overtime payments made at the time of separation from state service;

(4) payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage;

(5) payments made as an employer-paid fringe benefit;

(6) workers' compensation payments;

(7) employer contributions to a deferred compensation or tax-sheltered annuity program;

(8) amounts contributed under a benevolent vacation and sick leave donation program; and

(9) payments from the family and medical benefit insurance account for Minnesota paid leave under chapter 268B.

(c) Amounts paid to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the grievance or settlement agreement is received by the executive director no fewer than 14 days before payment is made and the executive director determines that:

(1) the grievance or settlement agreement describes with sufficient specificity the period or periods of time worked or not worked by the employee for which the amounts are compensation; and

(2) the amounts are salary as defined in paragraph (a) and the determination is consistent with prior determinations.

Subd. 13a. **Reduced salary during period of workers' compensation.** An employee on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence, may make payment to the fund for the difference between salary received, if any, and the salary the employee would normally receive if not on leave of absence during the period. The employee shall pay an amount equal to the employee and employer contribution rate under section 352.04, subdivisions 2 and 3, on the differential salary amount for the period of the leave of absence.

The employing department, at its option, may pay the employer amount on behalf of its employees. Payment made under this subdivision must include interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, and must be completed within one year of the return from leave of absence.

Subd. 14. [Repealed, 1963 c 383 s 59]

Subd. 14a. **Average salary.** (a) "Average salary" means the average of the highest five successive years of salary upon which the employee has made contributions to the retirement fund by payroll deductions. Average salary must be based upon all allowable service if this service is less than five years.

(b) "Average salary" does not include the payment of accrued unused annual leave or overtime paid at time of final separation from state service if paid in a lump sum nor does it include the reduced salary, if any, paid during the period the employee is entitled to workers' compensation benefit payments for temporary disability.

(c) For an employee covered by the correctional state employees retirement plan, "average salary" means the average of the monthly salary during the employee's highest five successive years of salary as an employee covered by the general state employees retirement plan, or the correctional state employees retirement plan, or by a combination of the two. If the total of the covered service is less than five years, the determination of average salary must be based on all allowable service.

Subd. 15. **Approved actuary.** "Approved actuary" means an actuary who meets the definition in section 356.215, subdivision 1, paragraph (c).

Subd. 16. **Year of allowable service.** "Year of allowable service" means any 12 calendar months not necessarily consecutive in which an employee is entitled to allowable service credit. It also means 12 months credit each calendar year for teachers in the state universities and state institutions who may or may not receive compensation in every month in the calendar year.

Subd. 17. **Total and permanent disability.** "Total and permanent disability" means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that has existed or is expected to continue for a period of at least one year.

Subd. 17a. **Occupational disability.** "Occupational disability," for purposes of determining eligibility for disability benefits for a correctional employee, means a disabling condition that is expected to prevent the correctional employee, for a period of not less than 12 months, from performing the normal duties of the position held by the correctional employee.

Subd. 17b. **Duty disability, physical or psychological.** "Duty disability, physical or psychological," for a correctional employee, means an occupational disability that is the direct result of an injury incurred during, or a disease arising out of, the performance of normal duties or the performance of less frequent duties either of which present inherent dangers specific to the correctional employee.

Subd. 17c. **Regular disability, physical or psychological.** "Regular disability, physical or psychological," for a correctional employee, means an occupational disability resulting from a disease or an injury that arises from any activities while not at work or from activities while at work performing normal or less frequent duties that do not present inherent dangers specific to covered correctional positions.

Subd. 17d. **Normal duties.** "Normal duties" means specific tasks designated in the applicant's job description and which the applicant performs on a day-to-day basis, but do not include less frequent duties which may be requested to be done by the employer from time to time.

Subd. 17e. **Less frequent duties.** "Less frequent duties" means tasks designated in the applicant's job description as either required from time to time or as assigned, but which are not carried out as part of the normal routine of the applicant's job.

Subd. 18. **"Annuity" and "benefit" synonymous.** The words "annuity" and "benefit," wherever they appear in this chapter, are synonymous.

Subd. 19. **Retirement.** "Retirement" means the time after a state employee is entitled to an accrued annuity, as defined in subdivision 21, payable under an application for annuity filed in the office of the system as provided in section 352.115, subdivision 8 or, in the case of an employee who has received a disability benefit, when that employee reaches normal retirement age.

Subd. 20. **Retired employee.** "Retired employee" means an employee who has retirement status as defined in subdivision 19.

Subd. 21. **Accrued annuities.** (a) In this chapter and chapters 3A, 352B, 352C, and 490, "accrued annuity" means an annuity that had become payable to a retired employee in the lifetime of the employee.

(b) An annuity or benefit authorized as provided in this chapter and chapters 3A, 352B, 352C, and 490 becomes payable on the first day of each calendar month for that calendar month and must be paid on the first day of each calendar month.

(c) Notwithstanding any provision to the contrary in this chapter and chapters 3A, 352B, 352C, and 490, benefit payment authorized as "payable for life" is payable for the entire month in which death occurs, and the benefit payment for the month of death is payable to the surviving spouse or other beneficiary only if the annuitant dies before negotiating the benefit check.

Subd. 22. **Disabled employee.** "Disabled employee" means an employee who is totally and permanently disabled as defined in subdivision 17, and who as a result of the disability is entitled to receive a disability benefit as provided in section 352.113.

Subd. 23. **Coverage or covered by the system.** "Coverage" or "covered by the system" means that a state employee who serves the state of Minnesota and makes the required employee contributions to the retirement fund is, by reason of these contributions, entitled to either (1) a retirement annuity, or (2) a disability benefit, or (3) a refund of accumulated contributions, as provided in this chapter.

Subd. 24. **System.** "System" means the Minnesota State Retirement System.

Subd. 25. **Normal retirement age.** "Normal retirement age" means age 65 for a person who first became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a covered employee after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66.

Subd. 26. **Dependent child.** "Dependent child" means an individual who is a biological or adopted child of a deceased employee, has not reached the age of 20, and is dependent upon the employee for more than one-half of the child's support at the time of the employee's death. It also means a child of the member conceived during the member's lifetime and born after the member's death, unless a parent-child relationship does not exist under section 524.2-120, subdivision 10.

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 an applicant that are within the scope of the APRN's professional licensure.

Subd. 28. **Executive director.** "Executive director" or "director" means the executive director of the system appointed under section 352.03, subdivision 5.

History: *(254-1) 1929 c 191 s 1; 1931 c 351 s 1; 1933 c 326 s 1; 1935 c 238 s 1; 1939 c 432 s 1; 1941 c 391 s 1; 1943 c 622 s 1; 1945 c 38 s 1; 1945 c 284 s 1,2; 1947 c 631 s 2-6; 1949 c 644 s 2,3; 1951 c 441 s 2-8; 1953 c 320 s 1; 1955 c 239 s 1-3; 1957 c 576 s 1,2; 1957 c 928 s 1-6,34; Ex1959 c 6 s 1-3; 1961 c 560 s 31; Ex1961 c 67 s 1,2; 1963 c 383 s 1-8; 1965 c 230 s 1,2; 1965 c 590 s 1; 1965 c 698 s 3; 1967 c 148 s 2; Ex1967 c 1 s 6; Ex1967 c 57 s 1-7; 1969 c 6 s 45; 1971 c 12 s 1,2; 1973 c 178 s 20; 1973 c 221 s 1,2; 1973 c 349 s 2; 1973 c 492 s 14; 1973 c 507 s 45; 1973 c 582 s 3; 1975 c 271 s 6; 1975 c 321 s 2; 1975 c 359 s 23; 1975 c 368 s 13; 1976 c 134 s 78; 1976 c 329 s 2; 1977 c 98 s 1; 1977 c 388 s 1; 1978 c 538 s 1,2; 1978 c 672 s 11,12; 1978 c 720 s 3; 1980 c 342 s 1,2; 1980 c 614 s 135; 1980 c 617 s 47; 1981 c 37 s 2; 1981 c 224 s 41-44; 1983 c 128 s 1-3; 1983 c 247 s 137; 1983 c 286 s 3; 1984 c 654 art 3 s 100; 1985 c 248 s 54; 1Sp1985 c 7 s 4; 1Sp1985 c 13 s 317; 1986 c 444; 1987 c 83 s 1; 1987 c 229 art 6 s 1; art 11 s 1; 1987 c 259 s 12; 1987 c 372 art 1 s 2; 1987 c 384 art 2 s 1; 1989 c 209 art 2 s 35; 1989 c 319 art 1 s 2; art 13 s 1,2; 1989 c 335 art 3 s 4; 1990 c 426 art 1 s 41; 1990 c 570 art 1 s 2; art 10 s 1; art 12 s 2; 1992 c 432 art 1 s 1; 1992 c 598 art 1 s 2; 1993 c 307 art 1 s 3,4; art 3 s 1; 1993 c 336 art 6 s 1; 1993 c 375 art 8 s 14; 1994 c 528 art 1 s 2,3; 1994 c 572 s 4; 1994 c 628 art 3 s 26,27; 1995 c 54 s 26; 1995 c 186 s 70; 1995 c 195 art 2 s 1; 1995 c 212 art 4 s 64; 1995 c 262 art 1 s 3; 1Sp1995 c 3 art 16 s 13; 1997 c 183 art 3 s 38; 1997 c 233 art 1 s 16; 1997 c 241 art 8 s 3,4; 2000 c 457 s 6; 1Sp2001 c 10 art 3 s 4,5; art 6 s 1,21; art 8 s 1; 2002 c 392 art 2 s 1,4; art 11 s 52; 2003 c 112 art 2 s 50; 2003 c 130 s 12; 1Sp2003 c 12 art 6 s 5; 2004 c 267 art 2 s 1; 1Sp2005 c 8 art 1 s 1,2; art 3 s 1; art 4 s 2; art 10 s 7-10; 2007 c 134 art 2 s 2-4; art 11 s 6; 2008 c 204 s 42; 2008 c 277 art 1 s 73; 2008 c 349 art 5 s 1; 2009 c 101 art 2 s 109; 2009 c 169 art 2 s 3-8; 2010 c 359 art 2 s 1; art 4 s 1; art 12 s 11; 2012 c 187 art 1 s 59; 2012 c 299 art 1 s 8; 2013 c*

111 art 2 s 9; art 7 s 1; 2013 c 135 art 3 s 22; 2014 c 296 art 1 s 1,2; art 4 s 2; ; 2015 c 68 art 2 s 2; art 11 s 1; art 13 s 1,2; 2018 c 211 art 6 s 2; art 9 s 4; 1Sp2019 c 8 art 8 s 23; 2020 c 108 art 5 s 1; 2021 c 22 art 2 s 1; 2022 c 65 art 5 s 1; 2024 c 102 art 5 s 1; 2025 c 37 art 5 s 1; 2026 c 88 art 2 s 5; 2026 c 106 art 8 s 3

352.015 [Repealed, 1951 c 441 s 1; 1957 c 928 s 33]

352.016 UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH SERVICE AND SALARY CREDIT.

A furloughed employee of the University of Minnesota who is a member of the general state employees retirement plan of the Minnesota State Retirement System may obtain allowable service credit and salary credit for the furlough period. The allowable service and salary credit authorization under this section is a leave of absence authorization for purposes of section 352.017 and the purchase payment procedure of section 352.017, subdivision 2, applies.

History: *2010 c 359 art 15 s 1*

352.017 AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT PURCHASE PROCEDURE.

Subdivision 1. **Application.** Except for leaves or breaks in service covered by section 352.27, this section applies to all plans specified in this chapter for any period of authorized leave of absence without pay that does not exceed one year and for which the employee obtains credit for allowable service by making payment as specified in this section to the applicable fund.

Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in this chapter may purchase credit for allowable service in that plan for a period specified in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c), whichever applies. The employing unit, at its option, may pay the employer portion of the amount specified in paragraph (b) on behalf of its employees.

(b) If payment is received by the executive director within one year from the date the employee returned to work following the authorized leave, the payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan at the end of the leave period multiplied by the employee's hourly rate of salary on the date of return from the leave of absence and by the days and months of the leave of absence for which the employee is eligible for allowable service credit. The payment must include compound interest at the applicable monthly rate or rates specified in section 356.59, subdivision 2, from the last day of the leave period until the last day of the month in which payment is received. If payment is received by the executive director after one year, the payment amount is the amount determined under section 356.551. Payment under this paragraph must be made before the date of termination from public employment covered under this chapter.

(c) If the employee terminates employment covered by this chapter during the leave or following the leave rather than returning to covered employment, payment must be received by the executive director within 30 days after the termination date. The payment amount is equal to the employee and employer contribution rates specified in law for the applicable plan on the day prior to the termination date, multiplied by the employee's hourly rate of salary on that date and by the days and months of the leave of absence prior to termination.

History: *2007 c 134 art 2 s 5; 2008 c 349 art 5 s 2; 2009 c 86 art 1 s 64; 2015 c 68 art 3 s 1; 2018 c 211 art 6 s 3*

352.02 [Repealed, 1957 c 928 s 33]

352.021 MINNESOTA STATE RETIREMENT SYSTEM.

Subdivision 1. **Establishment.** (a) There is established the general state employees retirement plan of the Minnesota State Retirement System for state employees.

(b) The general state employees retirement plan is a continuation of the State Employees Retirement Association.

Subd. 2. **State employees covered.** Every person who becomes a state employee as defined in section 352.01 is covered by the general state employees retirement plan, unless the state employee is covered by the correctional employees retirement plan under section 352.905. Acceptance of state employment or continuance in state service is deemed to be consent by the state employee to have deductions made from salary for deposit to the credit of the account of the state employee in the retirement fund of the plan that provides retirement coverage for the state employee.

Subd. 3. **Optional exemptions.** (a) Any person who is appointed by the governor or lieutenant governor who is not already covered by the general state employees retirement plan under this chapter and who is not an employee listed in section 352D.02, subdivision 1, paragraph (c), may request, in writing, an exemption from coverage by the plan.

(b) To qualify for this exemption, the request must be made within 90 days from the date of entering upon the duties of the position to which the person is appointed.

(c) After making the request, a person requesting the exemption is not entitled to coverage by the general state employees retirement plan while employed in the position that entitled that person to an exemption from coverage.

Subd. 4. MS 1957 [Repealed, Ex1959 c 6 s 34]

Subd. 4. **Reentering service after refund.** When a former employee who has withdrawn accumulated contributions reenters employment in a position entitled to coverage under the general state employees retirement plan, the employee must be covered by the plan on the same basis as a new employee and is not entitled to allowable service credit for any former service. The annuity rights forfeited when taking a refund can only be restored as provided in section 352.23.

Subd. 5. MS 1994 [Repealed, 1995 c 262 art 1 s 26]

Subd. 5. **Determining applicable law.** An annuity under this chapter must be computed under the law in effect as of the last day for which the employee receives pay, or if on medical leave, the day that the leave terminates. However, if the employee has returned to covered employment following a termination, the employee must have earned at least six months of allowable service following a return to employment as a state employee in order to qualify for improved benefits resulting from any law change enacted subsequent to that termination.

History: *1957 c 928 s 7; Ex1959 c 6 s 5,6; 1963 c 383 s 9; Ex1967 c 57 s 8; 1973 c 221 s 3; 1983 c 128 s 4; 1986 c 444; 1987 c 229 art 6 s 1; 1989 c 319 art 1 s 3; 1990 c 570 art 10 s 2; 1Sp2005 c 8 art 10 s 11-14; 2009 c 169 art 1 s 9; 2015 c 68 art 13 s 3-5; 2026 c 106 art 1 s 1*

352.022 [Repealed, 1984 c 564 s 51]

352.028 COVERAGE TERMINATION.

Coverage of any person under the system ends when the person ceases to be a state employee.

History: *1963 c 383 s 10; Ex1967 c 57 s 9; 1986 c 444; 1987 c 229 art 6 s 1*

352.029 COVERAGE FOR EMPLOYEES OF LABOR ORGANIZATIONS.

Subdivision 1. **Qualifications.** (a) Unless specifically included under section 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision 2b, a state employee covered by the general state employees retirement plan who is on leave of absence without pay to provide service as an employee or officer of a labor organization that is an exclusive bargaining agent representing state employees may elect under subdivision 2 to be covered by the general state employees retirement plan for service with the labor organization, subject to the limitations set forth in subdivisions 2a and 2b.

(b) Unless specifically included under section 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision 2b, a state employee covered by the correctional employees retirement plan who is on leave of absence without pay to provide service as an employee or officer of a labor organization that is an exclusive bargaining agent representing state employees may elect under subdivision 2 to be covered by the correctional employees retirement plan for service with the labor organization, subject to the limitations set forth in subdivisions 2a and 2b.

Subd. 2. **Election.** A person described in subdivision 1 is covered by the general employees retirement plan under subdivision 1, paragraph (a), or the correctional employees retirement plan under subdivision 1, paragraph (b), if the person delivers a written election to be covered to the executive director within 90 days of being employed by the labor organization or within 90 days of starting the first leave of absence to provide service as an employee or officer of a labor organization, whichever is later.

Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered salary for a labor organization employee who is a member under section 352.01, subdivision 2a, paragraph (a), or who qualifies for membership under this section is limited to the lesser of:

(1) the employee's salary as defined under section 352.01, subdivision 13; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this subdivision must be used in determining employee, employer, and supplemental employer contributions under sections 352.04, subdivisions 2 and 3, and 352.92 and in determining retirement annuities and other benefits under this chapter and chapter 356.

Subd. 2b. **Earning restrictions apply.** A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination of employment by the labor organization by the person who is a member under section 352.01, subdivision 2a, paragraph (a), or who elected coverage under subdivision 1. The reemployed annuitant earnings limitation set forth in section 352.115, subdivision 10, applies in the event that the person who is a member under section 352.01, subdivision 2a, paragraph (a), or who elected coverage under subdivision 1 retires and is subsequently reemployed while an annuitant by the labor organization or by any other entity employing persons who are covered by the Minnesota State Retirement System by virtue of that employment.

Subd. 3. **Contributions.** (a) The employee and employer contributions required by section 352.04 for employees covered by the general state employees retirement plan or by section 352.92 for employees covered by the correctional employees retirement plan are the obligation of the employee who chooses

coverage under this section. However, the employing labor organization may pay the employer contributions to the general state employees retirement fund as required by section 352.04 for employees covered by the general state employees retirement plan or to the correctional employees retirement fund as required by section 352.92 for employees covered by the correctional employees retirement plan.

(b) Contributions made by the employee must be made by salary deduction.

Subd. 4. [Repealed, 1992 c 432 art 1 s 11]

Subd. 5. **Board membership excluded.** Employees of a labor organization who become members of the system under section 352.01, subdivision 2a, paragraph (a), or under this section are not eligible for election to the board of directors.

History: *1977 c 429 s 13; 1981 c 224 s 45; 1Sp1985 c 7 s 5; 1987 c 229 art 6 s 1; 1990 c 570 art 10 s 3; 1992 c 432 art 1 s 2,3; 1994 c 528 art 4 s 1-3; 2013 c 111 art 7 s 2-6; 2015 c 68 art 13 s 6; 2025 c 37 art 5 s 2; 2026 c 106 art 1 s 2-5*

352.03 BOARD OF DIRECTORS; EXECUTIVE DIRECTOR.

Subdivision 1. **Membership of board; election; term.** (a) The policy-making function of the system is vested in a board of 11 members known as the board of directors. This board shall consist of:

(1) three members appointed by the governor, one of whom must be a constitutional officer or appointed state official and two of whom must be public members knowledgeable in pension matters;

(2) four state employees elected by active and inactive vested members of the general state employees retirement plan and members with an account balance in the unclassified employees retirement program, excluding employees and inactive vested members for whom a board member is designated under clause (3);

(3) one employee of the Metropolitan Council's transit operations or its successor agency designated by the executive committee of the labor organization that is the exclusive bargaining agent representing employees of the transit division;

(4) one employee who is a member of the State Patrol retirement plan elected by active and inactive vested members of that plan;

(5) one employee who is a member of the correctional state employees retirement plan established under this chapter elected by active and inactive vested members of that plan; and

(6) one retired employee of a plan included in the system, elected by disabled and retired employees of the plans administered by the system at a time and in a manner determined by the board.

(b) The terms of the four elected state employees under paragraph (a), clause (2), must be staggered, with two of the state employee board positions elected each biennium, whose terms of office begin on the first Monday in May after their election. Elected members and the appointed member of the Metropolitan Council's transit operations hold office for a term of four years and until their successors are elected or appointed, and have qualified.

(c) An employee or former employee of the system is not eligible for membership on the board of directors. A state employee on leave of absence is not eligible for election or reelection to membership on the board of directors.

(d) The term of any board member who is on leave for more than six months automatically ends on expiration of the term of office.

Subd. 1a. **Terms; compensation; removal; vacancies; public members.** The membership terms, compensation, removal of members, and filling of vacancies for the public members on the board are as provided in section 15.0575.

Subd. 1b. **Membership voting limitations.** (a) Active members and inactive vested members of a plan under this chapter, chapter 352B, or chapter 352D are eligible to vote in board elections as further specified and restricted in this section.

(b) Retired members and disabilitants from a plan in the system may vote only for the retired member position under subdivision 1, paragraph (a), clause (6).

(c) If an inactive vested member of a plan under this chapter, chapter 352B, or chapter 352D is an inactive vested member of more than one plan covered by the system, that person is eligible to vote only in elections applicable for inactive vested members of the plan in the system from which the person last received allowable service.

(d) If a person is an active member of a plan in the system and is an inactive vested member or a retiree from another plan or plans in the system, the person is only eligible to vote in board elections applicable due to the active member plan membership.

(e) If a person is an inactive vested member from a plan in the system and is also a retiree from another plan in the system, the person is only eligible to vote in elections applicable due to the retiree status.

Subd. 2. **Vacancy.** Any vacancy of a state employee or retired employee in the board caused by death, resignation, or removal of any member so elected must be filled by the board for the unexpired portion of the term in which the vacancy occurs. Any vacancy of the employee of the transit operating division member of the board caused by death, resignation, or removal must be filled by the governing board of the labor organization that is the exclusive bargaining agent representing employees of the Transit Operating Division.

Subd. 3. [Repealed, 1976 c 134 s 79]

Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

(1) elect a chair;

(2) appoint an executive director;

(3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D, and 490 and transact the business of the system, subject to the limitations of law;

(4) consider and dispose of, or take any other action the board of directors deems appropriate concerning, denials of applications for annuities or disability benefits under this chapter, chapter 3A, 352B, 352C, 352D, or 490, and complaints of employees and others pertaining to the retirement of employees and the operation of the system;

(5) oversee the administration of the deferred compensation plan established in section 352.965;

(6) oversee the administration of the health care savings plan established in section 352.98; and

(7) approve early retirement and optional annuity factors for all plans administered by the system, including approving retirement annuity factors for the unclassified state employees program under chapter

352D, subject to review by the actuary retained by the Legislative Commission on Pensions and Retirement; establish the schedule for implementation of the approved factors; and notify the Legislative Commission on Pensions and Retirement of the implementation schedule.

(b) The board shall advise the director on any matters relating to the system and carrying out functions and purposes of this chapter. The board's advice shall control.

Subd. 4a. **Additional duties of the board.** The board may consider, review, and make recommendations regarding the financial and other needs of retired employees and may disseminate appropriate retirement information to the retired employee. Notwithstanding laws to the contrary, the board, at its discretion, may supply the names and addresses of retirees who were employed by the University of Minnesota at the time of termination to the University of Minnesota and state agencies for retirees who were employed by the specific state agency at the time of termination. The board, at its discretion, may supply names and addresses of state and university retirees to an organization that has been in existence for at least ten years and represents over 5,000 retired state and university employees. The names and addresses of each retiree can only be given to this organization once within 60 days of the effective date of the annuity. The board shall require the retiree organization, University of Minnesota, or applicable state agency to reimburse the fund for any administrative expense of providing the list. The list remains the property of the Minnesota State Retirement System and may not be subsequently sold, conveyed, given, or otherwise transferred by the retiree organization, the University of Minnesota, or the state agency to a third party. Periodically, retirees must be given an opportunity to specify that their name and address not be distributed under this section.

Subd. 5. **Executive director, deputy director, and assistant director.** (a) The board shall appoint an executive director on the basis of education, experience in the retirement field, ability to manage and lead system staff, and ability to assist the board in setting a vision for the system. The executive director must have had at least five years' experience in either an executive level management position or in a position with responsibility for the governance, management, or administration of a retirement plan.

(b) The executive director, deputy director, and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The board must review the performance of the executive director on an annual basis and may grant salary adjustments as a result of the review. The salary of the deputy director and assistant director must be set in accordance with section 43A.18, subdivision 3.

Subd. 6. **Duties and powers of executive director.** The management of the system is vested in the director, who is the executive and administrative head of the system. The director may appoint a deputy director and an assistant director with the approval of the board. The director shall be advisor to the board on matters pertaining to the system and shall also act as the secretary of the board. The director shall:

(1) attend meetings of the board;

(2) prepare and recommend to the board appropriate rules to carry out this chapter;

(3) establish and maintain an adequate system of records and accounts following recognized accounting principles and controls;

(4) appoint any employees, both permanent and temporary, that are necessary to carry out the provisions of this chapter;

(5) organize the work of the system as the director deems necessary to fulfill the functions of the system, and define the duties of its employees and delegate to them any powers or duties, subject to the control of

the director and under conditions the director may prescribe. Appointments to exercise delegated power must be by written order and shall be filed with the secretary of state;

(6) with the advice and consent of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary and fix the compensation for those services. The contracts are not subject to competitive bidding under chapter 16C. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director, and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained under section 356.214. Any supplemental actuarial valuations or experience studies shall be filed with the executive director of the Legislative Commission on Pensions and Retirement. Professional management services may not be contracted for more often than once in six years. Copies of professional management survey reports must be transmitted to the secretary of the senate, the chief clerk of the house of representatives, and the Legislative Reference Library as provided by section 3.195, and to the executive director of the commission at the time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems are qualified to contract with the director;

(7) with the advice and consent of the board provide in-service training for the employees of the system;

(8) make refunds of accumulated contributions to former state employees and to the designated beneficiary, surviving spouse, legal representative, or next of kin of deceased state employees or deceased former state employees, as provided in this chapter;

(9) determine the amount of the annuities and disability benefits of employees covered by the system and authorize payment of the annuities and benefits beginning as of the dates on which the annuities and benefits begin to accrue, in accordance with the provisions of this chapter;

(10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses of the system;

(11) certify funds available for investment to the State Board of Investment;

(12) with the advice and approval of the board request the State Board of Investment to sell securities when the director determines that funds are needed for the system;

(13) prepare and submit to the board and the legislature an annual financial report covering the operation of the system, as required by section 356.20;

(14) 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; and

(15) with the approval of the board, perform other duties required to administer the retirement and other provisions of this chapter and to do its business.

Subd. 7. **Directors' fiduciary obligation.** The board and the director shall undertake their activities consistent with chapter 356A.

Subd. 8. **Medical adviser.** 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 system.

Subd. 9. **Duties of the medical adviser.** The medical adviser shall designate licensed physicians to examine applicants for disability benefits. The medical adviser shall pass upon medical reports based upon examinations required to determine whether a state employee is totally and permanently disabled as defined

in section 352.01, subdivision 17, shall investigate health and medical statements and certificates by or on behalf of a state employee in connection with a disability benefit, and shall report in writing to the director conclusions and recommendations on matters referred for advice.

Subd. 10. **Power to determine employee's status.** Except as otherwise specifically provided in this chapter, the final power to determine the status of any individual in the employ of the state for the purposes of this chapter is vested in the board and its decision is final.

Subd. 11. **Legal adviser, attorney general.** The attorney general shall be the legal adviser of the board and of the director. The board may sue or be sued or petitioned under this section in the name of the board of directors of the system. In actions brought by it or against it, the board shall be represented by the attorney general and, except as provided in section 356.96, subdivision 13, venue of actions shall be in the Ramsey County District Court.

Subd. 12. **Department of Management and Budget, duties.** Upon request of the director, the Department of Management and Budget shall furnish information about the status of state employees as required by the director or the board in the performance of their duties.

Subd. 13. [Repealed, 1989 c 319 art 1 s 17]

Subd. 14. **Departmental information.** Under the direction of the director the head of each department shall give information and keep records the director or the board needs for their duties.

Subd. 15. **Calendar year basis optional.** For all purposes except quarterly and biennial budgets the system may operate on a calendar rather than a fiscal year basis.

Subd. 16. **Data processing services.** Notwithstanding chapter 16B or 16C or any law to the contrary, the executive director of the system may use the services of the Department of Administration, Information Services Division, for electronic data processing and related services or may contract for all or a part of the services.

History: *(254-3) 1929 c 191 s 3; 1931 c 351 s 3; 1935 c 238 s 3; 1941 c 391 s 3; 1947 c 631 s 9; 1949 c 644 s 8; Ex1959 c 6 s 4; 1963 c 383 s 11; 1965 c 691 s 1; Ex1967 c 1 s 6; Ex1967 c 57 s 10; 1973 c 35 s 52; 1973 c 492 s 14; 1973 c 507 s 45; 1973 c 653 s 24,25; 1975 c 368 s 15-17; 1976 c 134 s 66,67; 1977 c 305 s 45; 1977 c 429 s 10-12; 1978 c 538 s 3,4; 1980 c 617 s 47; 1981 c 224 s 46; 1983 c 63 s 1; 1983 c 299 s 28; 1985 c 248 s 70; 1986 c 444; 1987 c 229 art 6 s 1; art 1 s 1; 1987 c 259 s 13; 1989 c 319 art 1 s 4; art 8 s 10; 1990 c 570 art 10 s 4; 1993 c 13 art 1 s 38; 1993 c 307 art 1 s 5; art 2 s 2; art 3 s 2; 1994 c 628 art 3 s 28; 2Sp1997 c 3 s 18; 1998 c 386 art 2 s 85,86; 1999 c 99 s 15; 1999 c 222 art 9 s 3; 2004 c 223 s 1; 2008 c 204 s 42; 2008 c 277 art 1 s 74; 2008 c 349 art 5 s 3,4; art 11 s 2; 2009 c 101 art 2 s 109; 2010 c 359 art 2 s 2; 2013 c 111 art 2 s 10; art 8 s 2; 2014 c 275 art 2 s 5; 2014 c 296 art 2 s 1,2; art 4 s 3; 2016 c 173 s 1; 2018 c 211 art 9 s 5,6; 1Sp2019 c 8 art 1 s 2,3; 2024 c 102 art 5 s 2; 2025 c 37 art 5 s 3*

352.031 [Repealed, 2007 c 134 art 6 s 3]

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:

from July 1, 2014, to June 30, 2018	5.5
from July 1, 2018, to June 30, 2019	5.75
from July 1, 2019, to June 30, 2023	6
from July 1, 2023, to June 30, 2025	5.5
after June 30, 2025	6

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

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

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

from July 1, 2014, to June 30, 2018	5.5
from July 1, 2018, to June 30, 2019	5.875
after June 30, 2019	6.25

(b) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Subd. 4. **Payroll deductions.** Each employing entity 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 directly by any employing entity must be made by the officer or employee authorized by law to pay the salaries. Any employing entity 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, 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. **Employing entity required to pay omitted salary deductions.** (a) If an employing entity 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 an employing entity 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 employing entity, and not the employee, must pay on later payroll abstracts the employee and employer contributions and interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date the employee and employer contributions should have been deducted to the date payment of the total amount due is paid by the employing entity.

(c) If an employing entity 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 employing entity must nevertheless pay the required employer contributions. If any employing entity 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 payments.** (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 employing entity making the deduction, be refunded to the employee. Employer contributions made in excess of required amounts must be refunded or credited to the employing entity that made the contribution.

(b) If a deduction for the retirement fund is taken from a salary payment, and the payment is canceled or the amount of the payment returned to the funds of the employing entity making the payment, the sum deducted, or the part of it required to adjust the deductions, must be refunded or credited to the employing entity if the employing entity applies for the refund on a form furnished by the director.

(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 356.637, 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 applicable monthly rate or rates specified in section 356.59, subdivision 2, 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. MS 2016 [Repealed, 2018 c 211 art 17 s 3]

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.

Subd. 13. **"Employing entity" defined.** In this section, "employing entity" means the entity that pays a state employee's salary and remits retirement contributions.

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; 2014 c 296 art 3 s 1,2; 2015 c 68 art 2 s 3,4; 2018 c 211 art 6 s 4,5; art 7 s 1,2; 1Sp2019 c 10 art 3 s 33; 2020 c 108 art 5 s 2-5; 2023 c 45 art 3 s 1; 2024 c 102 art 8 s 14*

352.041 LEAVE OF ABSENCE FOR EMPLOYMENT BY POLITICAL SUBDIVISION.

Subdivision 1. **Allowable service credit.** (a) An employee covered by the general state employees retirement plan who is given a leave of absence for employment by a political subdivision of the state remains a member of the plan and must continue to pay member contributions into the general state employees retirement fund for the period of leave.

(b) Upon payment of member contributions, the employee must be given allowable service credit as a state employee on the records of the retirement plan as though the employee had received salary from the state during the leave. Payments into the retirement fund must be at the rate required in section 352.04, subdivision 2, and must be based upon the salary received from the political subdivision.

Subd. 2. **Employee contributions, procedure.** The officer or employee who is authorized by law to pay salaries to employees of the political subdivision which is employing a state employee must deduct employee contributions for the general state employees retirement plan under section 352.04, subdivision 2, from the salary of each employee who is on leave of absence from state service on each payroll abstract and must pay the sum to the director following the conclusion of each pay period.

Subd. 3. **Employer contributions, procedure.** The officer or employee who is authorized by law to pay salaries to employees of the political subdivision which is employing a state employee covered by the general state employees retirement plan also must have employer contributions made to the general state employees retirement fund following the conclusion of each payroll abstract in the amount required by section 352.04, subdivision 3. These contributions must be charged to the political subdivision as an administrative cost.

Subd. 4. [Repealed, 1963 c 383 s 59]

Subd. 5. **Employer contributions, leaves of absence; tax levies.** (a) Every political subdivision which is employing a state employee covered by the system on leave of absence from state service for employment by a political subdivision of the state must pay into the general state employees retirement fund the amount of the employer contribution required by law for state employees covered by the system under section 352.04, subdivision 3.

(b) Employing political subdivisions other than school districts may levy taxes necessary for the payment of employer contributions without limitation as to rate or amount. The levy of the taxes does not reduce the amount of other taxes that may be levied by political subdivisions other than school districts which are subject to any limitation.

Subd. 6. [Repealed, 1983 c 128 s 36]

Subd. 7. [Repealed, 1963 c 383 s 59]

History: *1959 c 647 s 1; 1963 c 383 s 20,21; Ex1967 c 57 s 12; Ex1971 c 31 art 20 s 10; 1986 c 444; 1987 c 229 art 6 s 1; 1Sp2005 c 8 art 10 s 17-20*

352.045 MS 2016 [Repealed, 2018 c 211 art 1 s 11]

352.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO BE TREASURER OF SYSTEM.

The commissioner of management and budget is ex officio treasurer of the retirement funds of the system. The general bond to the state shall cover all liability for actions as treasurer of these funds. Funds of the system received by the commissioner of management and budget must be set aside in the state treasury to the credit of the proper fund. The commissioner of management and budget shall deliver to the director copies of all payroll abstracts of the state together with the commissioner of management and budget's payments covering the deductions made on these payroll abstracts for the retirement fund. The director shall have a list made of the commissioner of management and budget's payments. These payments must then be credited to the retirement fund. The commissioner of management and budget shall pay out of this fund only upon abstracts signed by the director, or by the finance officer designated by the director during the disability or the absence of the director from the city of St. Paul, Minnesota. Abstracts for investments may be signed by the executive director of the State Board of Investment.

History: *(254-5) 1929 c 191 s 5; 1931 c 351 s 5; 1935 c 238 s 5; 1941 c 391 s 5; 1945 c 284 s 8; 1957 c 928 s 28; Ex1961 c 67 s 7; Ex1967 c 57 c 13; 1973 c 492 s 14; 1986 c 444; 1987 c 229 art 6 s 1; 2003 c 112 art 2 s 39; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 40*

352.06 [Repealed, 1967 c 404 s 8]

352.061 INVESTMENT BOARD TO INVEST FUNDS.

The director shall, from time to time, certify to the State Board of Investment any portions of the state employees retirement fund that in the judgment of the director are not required for immediate use. The State Board of Investment shall invest and reinvest sums so certified in securities that are duly authorized legal investments under section 11A.24.

History: *1967 c 404 s 7; Ex1967 c 57 s 14; 1969 c 893 s 6; 1980 c 607 art 14 s 45 subd 2; s 46; 1986 c 444; 1987 c 229 art 6 s 1; 2009 c 169 art 1 s 12*

352.07 [Repealed, 1963 c 383 s 59]

352.08 [Repealed, 1963 c 383 s 59]

352.09 [Repealed, 1957 c 928 s 33]

352.10 [Repealed, 1945 c 284 s 1]

352.103 Subdivision 1. [Repealed, 1963 c 383 s 59]

Subd. 2. [Repealed, 1963 c 383 s 59; 1965 c 230 s 18]

352.11 [Repealed, 1957 c 928 s 33]

352.113 PERMANENT DISABILITY BENEFITS.

Subdivision 1. **Age and service requirements.** (a) An employee covered by the system, who has satisfied the applicable allowable service credit requirement under section 352.115, subdivision 1, has not reached normal retirement age, and becomes totally and permanently disabled is entitled to a disability benefit in an amount provided in subdivision 3.

(b) If the disabled employee's state service has terminated at any time, the employee must have at least two years of allowable service after last becoming a state employee covered by the system.

(c) Refunds may be repaid under section 352.23 before the effective accrual date of the disability benefit under subdivision 2.

Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total and permanent disability benefit, or someone acting on behalf of the employee upon proof of authority satisfactory to the director, shall file a written application for benefits in an office of the system or with a person authorized by the director.

(b) The application must be in a form and manner prescribed by the director. The completed application form and supporting documents must be received in an office of the system or by an authorized person before the expiration of the period specified in subdivision 4, paragraph (g). In this paragraph, "supporting documents" means:

(1) two medical reports as required by subdivision 4, paragraph (b); and

(2) a written certification by the employing entity as required by subdivision 4, paragraph (e).

Supporting documents are not required to be original documents except as determined by the director.

(c) The benefit shall begin to accrue the day following the start of disability or the day following the last day paid, whichever is later, but not earlier than 180 days before the date the application and supporting documents are filed in an office of the system or with an authorized person.

Subd. 3. **Computation of benefits.** The total and permanent disability benefit must be computed in the manner provided in section 352.115. The disability benefit shall be the normal annuity without reduction for each month the employee is under normal retirement age at the time of becoming disabled. A disabled employee may choose to receive the normal disability benefit or an optional annuity as provided in section 352.116, subdivision 3. This choice must be made before the start of payment of the disability benefit and is effective the date on which the disability begins to accrue as provided in subdivision 2.

Subd. 4. **Medical or psychological examinations; authorization for payment of benefit.** (a) Any physician, psychologist, chiropractor, physician assistant, podiatrist, or 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 an 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 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.

Subd. 4a. **Independent medical examination or vocational rehabilitation counseling.** Any individual applying for or receiving disability benefits shall submit to an independent medical examination or an

assessment by a certified rehabilitation counselor if requested by the executive director or designee. The examination must be paid for by the system.

Subd. 5. [Repealed, 1Sp1985 c 7 s 36]

Subd. 6. **Regular medical or psychological examinations.** At least once each year during the first five years following the allowance of a disability benefit to any employee, and at least once in every three-year period thereafter, the director may require any disabled employee to provide medical, chiropractic, or psychological evidence to support the continuation of the total and permanent disability. The evidence must be in a form and manner prescribed by the executive director for review by an expert or experts designated by the medical adviser and engaged by the director. If the medical information provided to the medical adviser indicates that the employee is no longer permanently and totally disabled, or is engaged in or can engage in a gainful occupation, payments of the disability benefit by the fund must be discontinued. The payments must be discontinued as soon as the employee is reinstated to the payroll following a sick leave of absence, but in no case may payment be made for more than 60 days after the medical adviser finds that the employee is no longer permanently and totally disabled.

Subd. 7. **Partial reemployment.** If the disabled employee resumes a gainful occupation from which earnings are less than the employee's salary at the date of disability or the salary currently paid for similar positions, the director shall continue the disability benefit in an amount which when added to earnings does not exceed the salary at the date of disability, provided the disability benefit in this case does not exceed the disability benefit originally allowed. Deductions for the retirement fund must not be taken from the salary of a disabled employee who is receiving a disability benefit as provided in this subdivision.

Subd. 7a. **Temporary reemployment benefit reduction waiver.** (a) A reduction in benefits under subdivision 7, or a termination of benefits due to the disabled employee resuming a gainful occupation from which earnings are equal to or more than the employee's salary at the date of disability or the salary currently paid for similar positions does not apply until six months after the individual returns to a gainful occupation.

(b) No deductions for the retirement fund may be taken from the salary of a disabled person who is attempting to return to work under this provision unless the member waives further disability benefits.

(c) A member may return to employment and continue disability benefit payments under this subdivision only once while receiving disability benefits from a retirement plan administered by the Minnesota State Retirement System.

Subd. 8. **Refusal of examination.** If a person applying for a disability benefit refuses to submit to a medical or psychological examination, the disability application shall be rejected. If a disability benefit recipient refuses to submit to a medical or psychological examination as required, payments by the fund must be discontinued and the director shall revoke all rights of the employee in any disability benefit.

Subd. 9. **Return to state service.** Any employee receiving a disability benefit who is restored to active state service except employees receiving benefits as provided in subdivision 7, shall have deductions taken for the retirement fund and upon retirement have the payable retirement annuity based upon all allowable service including that upon which the disability benefits were based. No employee is entitled to receive disability benefits and a retirement annuity at the same time.

Subd. 10. **Employee again disabled after resuming employment.** If a disabled employee resumes gainful employment with the state and is not entitled to continued payment of a disability benefit as provided in subdivision 7, the right to a disability benefit ends when the employee has been employed for one year thereafter. If the employee again becomes totally and permanently disabled before reaching normal retirement

age, application for a disability benefit may again be made. If the employee is entitled to a disability benefit it must be computed as provided in subdivision 9.

Subd. 11. **Recomputation of benefit.** If an employee who has resumed employment as provided in subdivision 10 is reemployed for more than three months, but cannot continue for one year, the disability benefit must be recomputed allowing additional service credit for the period of reemployment. If the period of reemployment does not exceed three months, the deductions taken from salary after resuming employment must be returned to the employee. The employee is not entitled to service credit for the period covered by the returned deductions.

Subd. 12. **Retirement status at normal retirement age.** The disability benefit paid to a disabled employee under this section ends when the employee reaches normal retirement age. If the disabled employee is still totally and permanently disabled when the employee reaches normal retirement age, the employee shall be considered to be a retired employee. If the employee had chosen an optional annuity under subdivision 3, the employee shall receive an annuity in accordance with the terms of the optional annuity previously chosen. If the employee had not chosen an optional annuity pursuant to subdivision 3, the employee may then choose to receive either a normal retirement annuity equal in amount to the disability benefit paid before the employee reached normal retirement age or an optional annuity as provided in section 352.116, subdivision 3. The choice of an optional annuity must be made before reaching normal retirement age. If an optional annuity is chosen, the choice is effective on the date the employee attains normal retirement age and the optional annuity shall begin to accrue the first of the month following the month in which the employee attains this age.

Subd. 13. **Postretirement adjustment eligibility.** A disability benefit under this section is eligible for postretirement adjustments under section 356.415.

Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report all earnings from reemployment and income from workers' compensation to the system annually by May 15 in a format prescribed by the executive director. The executive director may waive the earnings report requirement for any disabled employee who is not required to undergo regular medical or psychological examinations under subdivision 6. If the form is not submitted by June 15, benefits must be suspended effective July 1. If the form deemed acceptable by the executive director is received after the June 15 deadline, benefits shall be reinstated retroactive to July 1.

History: *1951 c 441 s 21; 1955 c 239 s 15; 1957 c 928 s 13; Ex1959 c 6 s 13; Ex1961 c 67 s 9; 1963 c 383 s 22-25; Ex1967 c 57 s 15; 1971 c 12 s 3; 1971 c 194 s 2; 1975 c 359 s 23; 1975 c 368 s 18-20; 1981 c 68 s 10,11; 1981 c 224 s 47; 1983 c 128 s 5-7; 1984 c 564 s 6,7; 1984 c 574 s 5,6; 1986 c 444; 1987 c 229 art 6 s 1; art 11 s 1; 1987 c 372 art 9 s 1; 1989 c 319 art 13 s 5,6; 1992 c 432 art 1 s 4-7; 1993 c 307 art 1 s 8-10; 1Sp2001 c 10 art 3 s 6,7; 2004 c 267 art 8 s 1-4,41; 2006 c 271 art 3 s 2,42; 2009 c 169 art 1 s 13; art 2 s 9; 2010 c 359 art 1 s 2; 2013 c 111 art 2 s 13-17; 2018 c 211 art 9 s 7,8; art 15 s 1; 1Sp2019 c 8 art 1 s 4; 2020 c 108 art 5 s 6,7; 2022 c 65 art 5 s 2; 2024 c 102 art 5 s 3*

352.115 RETIREMENT ANNUITY.

Subdivision 1. **Age and service requirements.** After separation from state service, any employee who has attained the age of at least 55 years is entitled, upon application, to a retirement annuity if the employee:

(1) has received credit for at least three years of allowable service and was employed before July 1, 2010;

(2) has received credit for at least five years of allowable service if employed after June 30, 2010, and terminated employment before July 1, 2023;

(3) was actively employed on July 1, 2023, and has earned three years of allowable service prior to the employee's retirement application;

(4) has three or more years of allowable service if employed after June 30, 2023; or

(5) has received credit for at least 30 years of allowable service regardless of age.

Subd. 2. **Normal retirement annuity.** The retirement annuity hereunder payable at normal retirement age or thereafter must be computed in accordance with the applicable provisions of the formula stated in subdivision 3, on the basis of the employee's average salary for the period of allowable service. This retirement annuity is known as the "normal" retirement annuity.

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 352.116, subdivision 1, applies to a person who became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction with section 352.116, subdivision 1a, produces a higher annuity amount, in which case paragraph (b) applies.

(1) If the employee does not have allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.2 percent per year of allowable service for the first ten years and 1.7 percent for each later year of allowable service and pro rata for completed months less than a full year.

(2) If the employee has allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.2 percent per year of allowable service for the first ten years and 1.7 percent for each later year of allowable service through June 30, 2025, and 1.9 percent for each year of allowable service after June 30, 2025, and pro rata for completed months less than a full year.

(b) This paragraph applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with section 352.116, subdivision 1a, is higher than it is when calculated under paragraph (a), in conjunction with section 352.116, subdivision 1.

(1) If the employee does not have allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.7 percent for each year of allowable service and pro rata for completed months less than a full year.

(2) If the employee has allowable service after June 30, 2025, the employee's retirement annuity is equal to the employee's average salary multiplied by 1.7 percent for each year of allowable service through June 30, 2025, and 1.9 percent for each year of allowable service after June 30, 2025, and pro rata for completed months less than a full year.

Subd. 4. [Repealed, 1983 c 128 s 36]

Subd. 5. [Repealed, 1983 c 128 s 36]

Subd. 6. [Repealed, 1965 c 230 s 18]

Subd. 7. **Application for annuity.** Application for annuity or optional annuity payment may be made by the employee at time of retirement, or by someone acting on behalf of the employee upon proof of authority satisfactory to the director.

Subd. 7a. **Application procedure.** (a) The application for an annuity, refund, disability benefit, survivor benefit, death benefit, or other benefit authorized by this chapter or chapter 3A, 352B, 352D, or 490 must comply with this subdivision.

(b) Filing of an application is effective on the date an original application is received in an office of the system or received by a person authorized by the director. An original application may not be an electronic copy or facsimile copy and if received in an office of the system, must be delivered by personal service or mail.

(c) To complete the application, supporting documents must be received in an office of the system or received by a person authorized by the director no later than 60 days after filing the application. Supporting documents are not required to be original documents except as determined by the director. Supporting documents are:

(1) documents sufficient to verify birth date;

(2) documents sufficient to verify marital status or establish the terms of a divorce, if applicable; and

(3) the spousal acknowledgment required by section 356.46, subdivision 3, paragraph (b).

Subd. 8. **Accrual of annuity.** (a) The application for an annuity must not be filed more than 60 days before the date the state employee or former state employee elects to begin collecting a retirement annuity.

(b) If the director determines an applicant for annuity has fulfilled the legal requirements for an annuity, the director shall authorize the annuity payment in accordance with this chapter and payment must be made as authorized.

(c) An annuity shall begin to accrue no earlier than 180 days before the date the application is filed with the director, but not before the day following the termination of state service or before the day the employee is eligible to retire by reason of both age and service requirements.

(d) The retirement annuity shall cease with the last payment which had accrued during the lifetime of the retired employee unless an optional annuity provided in section 352.116, subdivision 3, had been selected and had become payable. The joint and last survivor annuity shall cease with the last payment received by the survivor during the lifetime of the survivor. If a retired employee had not selected an optional annuity, or a survivor annuity is not payable under the option, and a spouse survives, the spouse is entitled only to the annuity for the calendar month in which the retired employee died. If an optional annuity is payable after the death of the retired employee, the survivor is entitled to the annuity for the calendar month in which the retired employee died.

Subd. 9. **Annuities payable monthly.** All annuities, and disability benefits authorized by this chapter, must be paid in equal monthly installments and must not be increased, decreased, or revoked except as provided in this chapter or chapter 356.

Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received as a temporary employee of the legislature during a legislative session, if any retired employee again becomes entitled to receive salary or wages from any employer who employs state employees as that term is defined in section 352.01, subdivision 2, in a position covered by this chapter, the annuity or retirement allowance must cease the first

of the month following the month that the retired employee has earned an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the retired employee has not yet reached the minimum age for the receipt of Social Security benefits, the maximum earnings for the retired employee are equal to the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(b) The balance of the annual retirement annuity after cessation must be handled or disposed of as provided in section 356.47.

(c) The annuity must be resumed the first of the month following the month that state service ends, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of that calendar year, and payment must again end when the retired employee has earned the applicable reemployment earnings maximum specified in this subdivision. If the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance must be resumed during the period of sick leave.

(d) No payroll deductions for the retirement fund may be made from the earnings of a reemployed retired employee.

(e) No change may be made in the monthly amount of an annuity or retirement allowance because of the reemployment of an annuitant.

(f) If a reemployed annuitant whose annuity is suspended under paragraph (a) is having insurance premium amounts withheld under section 356.87, subdivision 2, insurance premium amounts must continue to be withheld and transferred from the suspended portion of the annuity. The balance of the annual retirement annuity after cessation, after deduction of the insurance premium amounts, must be treated as specified in paragraph (b).

(g) If a reemployed annuitant whose annuity is suspended under paragraph (a) has a former spouse receiving a portion of the annuity allowable under section 518.58, subdivision 1, the portion payable to the former spouse must continue to be paid.

(h) During the period of reemployment, the employer of a reemployed annuitant must make employer contributions. If the reemployed annuitant is working in a position that would otherwise be covered by the general state employees retirement plan, the employer must make employer contributions as specified in section 352.04, subdivision 3. If the reemployed annuitant is working in a position that would otherwise be covered by the correctional state employees retirement plan, the employer must make employer and supplemental contributions as specified in section 352.92, subdivisions 2 and 2a.

Subd. 11. **Accrued annuity at death.** Any annuity accrued before the death of a retired employee, and any disability benefit accrued before the death of a disabled employee shall be paid to the beneficiary whom the retired employee or the disabled employee had last designated. If (1) no beneficiary has been so designated, or (2) the designated beneficiary dies before making claim for payment of an annuity or benefit, payment must be made to the surviving spouse, or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the legal representative of the retired employee or disabled employee. If the designated beneficiary, surviving spouse, or legal representative entitled to the annuity does not apply for payment within five years from the date of death of the retired employee or disabled employee, the annuity or disability benefit which had accrued at the time of death must be credited to and become a part of the retirement fund.

Subd. 12. **Death, return of payments.** If at the time of death a retired employee, a disabled employee, or a survivor has in possession commissioner of management and budget's payments covering a retirement annuity, disability benefit or survivor benefit from the retirement fund, in the absence of probate proceedings, and upon the return of the payments for cancellation, payment of the accrued annuity or benefit, shall be made as provided in subdivision 11, or 352.12, subdivision 4. Payments made under this subdivision shall be a bar to recovery by any other person or persons.

Subd. 13. [Repealed, 1981 c 224 s 276]

Subd. 14. **Postretirement adjustment eligibility.** A retirement annuity under this section and section 352.116 is eligible for postretirement adjustments under section 356.415.

History: *1957 c 928 s 9; Ex1959 c 6 s 7,9,20; Ex1961 c 67 s 10; 1963 c 383 s 26-32; 1963 c 814 s 1; 1965 c 230 s 3-6; Ex1967 c 57 s 16; 1969 c 893 s 7; 1971 c 12 s 4; 1973 c 35 s 53; 1973 c 221 s 4; 1973 c 492 s 14; 1973 c 653 s 28-30; 1975 c 271 s 6; 1975 c 359 s 23; 1975 c 368 s 21-23; 1976 c 134 s 78; 1980 c 342 s 3; 1980 c 607 art 14 s 33; 1981 c 224 s 48; 1983 c 128 s 8; 1984 c 564 s 8,9; 1984 c 574 s 7; 1986 c 444; 1987 c 229 art 6 s 1; 1987 c 372 art 9 s 2; 1989 c 319 art 13 s 7-9; 1990 c 570 art 10 s 5; art 12 s 6; 1993 c 307 art 1 s 11; 1997 c 233 art 1 s 19; 2000 c 461 art 2 s 2; 2002 c 392 art 11 s 52; 1Sp2005 c 8 art 1 s 3,4; 2009 c 101 art 2 s 109; 2009 c 169 art 1 s 14; 2010 c 359 art 1 s 3; art 2 s 4; 2013 c 111 art 4 s 1; 2014 c 296 art 13 s 3,4; 1Sp2019 c 8 art 1 s 5,6; 1Sp2019 c 10 art 3 s 40; 2023 c 45 art 3 s 2; 2025 c 37 art 1 s 1; 2026 c 106 art 1 s 6-8; art 8 s 4*

352.1155 NO ANNUITY REDUCTION.

Subdivision 1. **Eligibility.** Except as indicated in subdivision 4, the annuity reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

(1) retires from the Minnesota State Colleges and Universities system with at least ten years of combined service credit in a system under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) was not a recipient of an early retirement incentive under section 136F.481;

(4) begins drawing an annuity from the general state employees retirement plan of the Minnesota State Retirement System; and

(5) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than $62,000 in a calendar year through employment after retirement in the system from which the person retired.

Subd. 2. **Approval requirements.** Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

Subd. 3. **Service credit; contributions.** (a) Notwithstanding any law to the contrary, a person eligible under this section may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a firefighter relief association governed by chapter 424A or the statewide volunteer firefighter plan governed by chapter 353G.

(b) A person eligible under this section must not be required to make employee contributions as specified in section 352.04, subdivision 2, during the period of reemployment.

(c) The employer of a person eligible under this section must make employer contributions as specified in section 352.04, subdivision 3, during the period of the person's reemployment.

Subd. 4. **Exemption limit.** For a person eligible under this section who earns more than $62,000 in a calendar year through reemployment in the Minnesota State Colleges and Universities system following retirement, the annuity reduction provisions of section 352.115, subdivision 10, apply only to income over $62,000.

Subd. 5. **Continuing rights.** A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

History: *1999 c 222 art 19 s 3; 2000 c 461 art 2 s 3,4; 2014 c 296 art 8 s 2,3; 2024 c 102 art 3 s 1; 2026 c 106 art 8 s 5*

352.116 ANNUITIES UPON RETIREMENT.

Subdivision 1. **Reduced annuity before normal retirement age.** (a) This subdivision applies only to a person who first became a covered employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with subdivision 1a.

(b) Any employee who is eligible for a retirement annuity under section 352.115, subdivision 1, and who retires before normal retirement age with credit for at least three but less than 30 years of allowable service shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the employee is under normal retirement age at the time of retirement. An employee who is eligible for a retirement annuity under section 352.115, subdivision 1, and who retires prior to age 62 with credit for at least 30 years of allowable service shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (a), reduced by one-quarter of one percent for each month that the employee is under age 62 at the time of retirement.

(c) Any person whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in section 352.115, subdivisions 2 and 3, paragraph (a), without any reduction by reason of early retirement.

Subd. 1a. **Actuarial reduction for early retirement.** (a) This subdivision applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee

who retires before the normal retirement age shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (b), reduced as described in paragraph (b) or (c), as applicable.

(b) For covered employees who retire on or after July 1, 2019, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at the applicable annual rate, compounded annually, from the day the annuity begins to accrue until the normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(1) until June 30, 2019, three percent if the employee became an employee before July 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

(2) beginning July 1, 2019, through June 30, 2024, a rate that changes each month, on the first day of the month, starting with the rate in clause (1), as applicable to the employee, and reducing the rate to zero in equal monthly increments over the five-year period; and

(3) after June 30, 2024, zero percent.

After June 30, 2024, actuarial equivalent, for the purpose of determining the reduced annuity commencing before normal retirement age under this clause, shall not take into account any augmentation.

(c) For covered employees who retire before July 1, 2019, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an annual rate of three percent, compounded annually, from the day the annuity begins to accrue until normal retirement age if the employee became an employee before July 1, 2006, and at an annual rate of 2.5 percent, compounded annually, from the day the annuity begins to accrue until normal retirement age if the employee became an employee after June 30, 2006.

Subd. 2. **Normal annuity at normal retirement age.** Any employee who retires after reaching normal retirement age shall be paid the annuity provided in section 352.115.

Subd. 3. **Optional annuities.** The board shall establish an optional retirement annuity in the form of a joint and survivor annuity. The board may also establish an optional annuity in the form of an annuity payable for a period certain and for life thereafter. In addition, the board may also establish an optional annuity that takes the form of an annuity calculated on the basis of the age of the retired employee at retirement and payable for the period before the retired employee becomes eligible for Social Security old age retirement benefits in a greater amount than the amount of the annuity calculated under subdivision 2 on the basis of the age of the retired employee at retirement. For each year that the retiring employee is under age 62, up to five percent of the total single life annuity required reserves may be used to accelerate the optional retirement annuity. This greater amount shall be paid until the end of the month in which the retired employee reaches age 62, at which time the annuity shall be reduced. Except as provided in subdivision 3a, the optional forms must be actuarially equivalent to the normal single life annuity forms provided in sections 352.115 and 352.116, whichever applies.

Subd. 3a. **Bounce-back annuity.** (a) If a retired employee or disabilitant selects a joint and survivor annuity option under subdivision 3 after June 30, 1989, the retired employee or disabilitant must receive a normal single-life annuity if the designated optional annuity beneficiary dies before the retired employee or

disabilitant. Under this option, no reduction may be made in the annuity to provide for restoration of the normal single-life annuity in the event of the death of the designated optional annuity beneficiary.

(b) The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options under subdivision 3 elected before July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph may not be interpreted as authorizing retroactive payments.

Subd. 3b. **Bounce-back annuity; correctional employees and State Patrol.** (a) The board of directors must provide a joint and survivor annuity option to members of the correctional employees and State Patrol retirement funds. Under this option, if a former member or disabilitant selects a joint and survivor annuity option after June 30, 1989, the former member or disabilitant must receive a normal single life annuity if the designated optional annuity beneficiary dies before the former member or disabilitant. Under this option, no reduction may be made in the person's annuity to provide for restoration of the normal single life annuity in the event of the death of the designated optional annuity beneficiary.

(b) The annuity adjustment specified in paragraph (a) also applies to joint and survivor annuity options elected before July 1, 1989. The annuity adjustment under this paragraph occurs on July 1, 1989, or on the first day of the first month following the death of the designated optional annuity beneficiary, whichever is later. This paragraph may not be interpreted as authorizing retroactive payments.

Subd. 3c. **Effective date of bounce-back annuity.** In the event of the death of the designated optional annuity beneficiary before the retired employee or disabilitant, the restoration of the normal single life annuity under subdivision 3a or 3b will take effect as of the first of the month following the date of death of the designated optional annuity beneficiary or on the first of the month following one year before the date on which a certified copy of the death record of the designated optional annuity beneficiary is received in the Office of the Minnesota State Retirement System, whichever date is later.

Subd. 4. **Determining actuarial equivalency.** In establishing the procedure for determining the actuarial equivalency of early retirement annuities as required under subdivision 1a or in establishing actuarial equivalent optional retirement annuity forms as required under subdivision 3, the board shall obtain the written recommendation of the actuary retained under section 356.214. The recommendations shall be a part of the permanent records of the board.

History: *1957 c 928 s 10; Ex1959 c 6 s 11; Ex1961 c 67 s 11; 1963 c 383 s 33-35; Ex1967 c 57 s 17; 1969 c 37 s 1; 1971 c 274 s 1; 1973 c 653 s 31; 1978 c 781 s 1; 1980 c 509 s 130; 1981 c 224 s 49; 1987 c 229 art 6 s 1; art 11 s 1; 1987 c 259 s 14-16; 1989 c 319 art 1 s 6; art 13 s 10; art 17 s 1; 1990 c 570 art 12 s 7-9; 1992 c 464 art 1 s 39; 1Sp2001 c 9 art 15 s 32; 2006 c 271 art 3 s 3,4,47; 2006 c 277 art 2 s 1; 2018 c 211 art 1 s 2*

352.117 Subdivision 1. [Repealed, 1963 c 383 s 59]

Subd. 2. [Repealed, 1963 c 383 s 59]

Subd. 3. [Repealed, 1959 c 162 s 3]

352.118 [Repealed, 1983 c 128 s 36]

352.1181 [Repealed, 1981 c 224 s 276]

352.119 Subdivision 1. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 2. [Repealed, 2009 c 169 art 1 s 77]

Subd. 3. [Repealed, 2009 c 169 art 1 s 77]

Subd. 4. [Repealed, 2009 c 169 art 1 s 77]

352.1191 [Repealed, 1983 c 128 s 36]

352.12 REFUND AFTER DEATH.

Subdivision 1. **Death before termination of service.** If an employee dies before state service has terminated and neither a survivor annuity nor a bounce-back annuity is payable on behalf of the employee, or if a former employee who has sufficient service credit to be entitled to an annuity dies before the annuity has become payable, a refund in an amount equal to the employee's accumulated contributions plus interest is payable upon filing a written application on a form prescribed by the executive director. The refund is payable to the last designated beneficiary or, if there is none, to the surviving spouse or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate. Interest must be computed as provided in section 352.22, subdivision 2. Upon the death of an employee who has received a refund that was later repaid in full, interest must be paid on the repaid refund only from the date of the repayment. If the repayment was made in installments, interest must be paid only from the date on which the installment payments began. The designated beneficiary, the surviving spouse, or the representative of the estate of an employee who had received a disability benefit is not entitled to the payment of interest upon any balance remaining to the decedent's credit in the fund at the time of death, unless the death occurred before any payment could be negotiated.

Subd. 2. **Surviving spouse benefit.** (a) If an employee or former employee has satisfied the applicable allowable service credit requirement under section 352.115, subdivision 1, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund with interest under subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee or former employee could have qualified for on the date of death.

(b) If the employee was an active employee at the time of the employee's death, was under age 55, 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 based on the age of the employee and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1, paragraph (b), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the employee was an active employee at the time of the employee's death, was under age 55, and has satisfied the applicable allowable service credit requirement under section 352.115, subdivision 1, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(d) The surviving spouse eligible for benefits under paragraph (a) may apply for the annuity at any time after the date on which the employee or former employee would have attained the required age for retirement based on the allowable service earned. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity at any time after the employee's death. The annuity must be computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1, 1a, and 3. Section 352.22, subdivisions 3 and 3a, apply to a deferred annuity payable to a surviving spouse under this subdivision. The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving

spouse, or upon expiration of a term certain benefit payment to a surviving spouse under subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid and payable to the surviving spouse must be paid to the deceased employee's or former employee's last designated beneficiary or, if none, as specified under subdivision 1.

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

Subd. 2a. **Surviving spouse coverage term certain.** (a) In lieu of the 100 percent optional annuity under subdivision 2, or refund under subdivision 1, the surviving spouse of a deceased employee or former employee may elect to receive survivor coverage in a term certain of ten, 15, or 20 years. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

(b) If a survivor elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Subd. 2b. **Dependent child survivor coverage.** If there is no surviving spouse eligible for benefits under subdivision 2, a dependent child or children as defined in section 352.01, subdivision 26, is eligible for monthly payments under this subdivision, but only if the dependent child or children did not elect to receive a refund under subdivision 1. Payments to a dependent child must be paid from the date of the employee's death to the date the dependent child attains age 20 if the child is under age 15. If the child is 15 years or older on the date of death, payment must be made for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 2 using the age of the employee and age of the dependent child at the date of death in lieu of the age of the surviving spouse. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the employee's account.

Subd. 2c. **Postretirement adjustment eligibility.** A survivor benefit under subdivision 2, 2a, or 2b is eligible for postretirement adjustments under section 356.415.

Subd. 3. **Refund of $3,000 or less.** If a state employee or former state employee dies without having designated a beneficiary, or if the beneficiary should die before applying for refund of the sum to the credit of the deceased employee or former employee, and there is no surviving spouse, and the amount of the refund does not exceed $3,000 exclusive of interest, the director may refund the amount to the deceased or former employee's next of kin. The amount may be refunded 90 days after the date of death of the employee or former employee in the absence of probate proceedings, and upon proper application. The next of kin must be determined by the director with the concurrence of the board, to be entitled to the refund consistent with the laws of descent. A determination and payment without notice are conclusive and final and are a bar against claims of all other persons.

Subd. 4. **Refund to minor beneficiary.** If an employee or former employee dies having named as a beneficiary a person who is a minor at the time of the application for refund, and the amount of the refund does not exceed $3,000, exclusive of interest, the director in the absence of guardianship or probate proceedings may make payment to the natural guardian having custody of the minor beneficiary, for the benefit of the child. Any annuity, retirement allowance, or disability benefit accrued at the time of death of a disabled or retired employee, payable to a minor beneficiary, may similarly be paid. Payment is a bar to recovery by any other person or persons.

Subd. 5. [Repealed, 1993 c 307 art 7 s 1]

Subd. 6. **Death after service termination.** Except as provided in subdivision 1, if a former employee covered by the system who has not received an annuity, a retirement allowance, or a disability benefit dies, a refund is payable to the last designated beneficiary or, if there is none, to the surviving spouse or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate in an amount equal to accumulated employee contributions plus interest. The interest on the refund must be computed as provided in section 352.22, subdivision 2.

Subd. 7. **Absence of optional or bounce-back annuity.** Upon the death of a retired employee who selected neither an optional annuity or a bounce-back annuity, a refund must be paid in an amount equal to the excess, if any, of the accumulated contributions to the credit of the retired employee immediately before retirement in excess of the sum of (1) all annuities, retirement allowances, and disability benefits that had been received and had accrued in the lifetime of the decedent, and (2) the annuity, retirement allowance, or disability benefit if not negotiated, payable to the surviving spouse under section 352.115, subdivision 8, or 352.113, subdivision 4, for the calendar month in which the retired employee died. The refund must be paid to the named beneficiary or, if there be none, to the surviving spouse or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate.

Subd. 8. **Optional or bounce-back annuity.** If the last eligible recipient of an optional annuity dies and the total amounts paid under it are less than the accumulated contributions to the credit of the retired employee immediately before retirement, the balance of accumulated contributions must be paid to the person designated by the retired employee in writing to receive payment. If no designation has been made by the retired employee, the remaining balance of accumulated contributions must be paid to the surviving children of the deceased recipient of the optional annuity in equal shares. If there are no surviving children, payment must be made to the deceased recipient's parents or, if none, to the representative of the deceased recipient's estate.

Subd. 9. **Beneficiary designation.** The designation of a beneficiary or person to receive any accumulated contributions remaining to the credit of an employee, a former employee, or a retired employee, at the time of death, as provided in this section, must be in writing and must be filed with the director before the death of the employee, former employee, or retired employee.

Subd. 10. **Death of beneficiary before refund.** If the last designated beneficiary or beneficiaries and the surviving spouse of a (1) deceased employee, (2) former employee, or (3) retired employee, dies before receiving a refund of the sum to the credit of the deceased employee, former employee, or retired employee at the time of death, the refund must be made to the estate of the deceased employee or as provided in subdivision 3 if the amount of the refund does not exceed $3,000 exclusive of interest.

Subd. 11. **Death of disability annuitant.** If an employee who has received a disability benefit dies, a payment must be made of an amount equal to the excess, if any, of the accumulated contributions to the credit of the employee at the time the disability benefit began to accrue over and above the aggregate of (1) all disability benefits received and which had accrued during life, and (2) the benefit for the month in which the disabled employee died, payable, if applicable, to the surviving spouse under section 352.113, subdivision 4. The payment must be paid to the last designated beneficiary or, if there be none, to the surviving spouse, or if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate.

Subd. 12. **Refund, failure to request.** If the last designated beneficiary, surviving spouse, legal representative, or next of kin, as determined by the director with the concurrence of the board, fails to claim

the refund as provided in this section (1) within five years from the date of death of a retired employee or disabled employee, or (2) within five years after the last deduction was taken from the salary of a deceased employee or deceased former employee, the accumulated contributions of the deceased employee, former employee, retired employee, or disabled employee must be credited to the retirement fund. However, if claim to refund is made within ten years after the transfer of accumulated contributions to the fund or within ten years after the date of death, whichever is later, and the amount transferred to the fund is over $25, the sum must be restored to the account of the deceased employee, former employee, retired employee, or disabled employee. The refund must then be made to the surviving spouse or, if none, to the legal representative of the estate irrespective of any designation of beneficiary made by the deceased employee, former employee, retired employee, or disabled employee.

Subd. 13. **Refund, beneficiary.** If upon death a former employee has in possession a commissioner of management and budget's payment which does not exceed $1,000 covering a refund of accumulated contributions in the retirement fund, in the absence of probate proceedings the commissioner of management and budget's payment may be returned for cancellation, and then upon application made by the last designated beneficiary of the deceased former employee, refund of the accumulated contributions must be paid to the last designated beneficiary. Payments made under this subdivision are a bar to recovery by any other person or persons.

History: *(254-11) 1929 c 191 s 14; 1933 c 326 s 1; 1935 c 238 s 12; 1941 c 391 s 11; 1947 c 631 s 15; 1949 c 644 s 15; 1951 c 441 s 22-24; 1957 c 928 s 12; 1959 c 162 s 1,2; 1963 c 383 s 36-45; 1965 c 230 s 7-9; Ex1967 c 57 s 18; 1969 c 188 s 1; 1969 c 893 s 10; 1971 c 12 s 6; 1971 c 194 s 3,4; 1973 c 221 s 5-7; 1973 c 492 s 14; 1975 c 368 s 24-29; 1981 c 224 s 50; 1983 c 128 s 9-11; 1984 c 564 s 10,11; 1986 c 444; 1986 c 458 s 4; 1987 c 229 art 6 s 1; 1987 c 284 art 4 s 1; 1987 c 372 art 9 s 3; 1989 c 319 art 13 s 11-13; 1992 c 432 art 1 s 8; 1993 c 307 art 1 s 12-17; art 6 s 1; 1993 c 336 art 6 s 2-4; 1995 c 141 art 3 s 1-4; 2004 c 267 art 9 s 2,3; 2007 c 134 art 2 s 6; 2008 c 349 art 4 s 1; 2009 c 101 art 2 s 109; 2009 c 169 art 1 s 15; 2010 c 359 art 1 s 4; 1Sp2019 c 10 art 3 s 40; 2024 c 102 art 5 s 4-8*

352.13 [Repealed, 1963 c 383 s 59]

352.14 [Repealed, 1963 c 383 s 59]

352.15 EXEMPTION FROM PROCESS AND TAXATION.

Subdivision 1. **Exemption.** The provisions of section 356.401 apply to the general state employees retirement plan and to the correctional state employees retirement plan.

Subd. 1a. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 2. [Repealed, 1994 c 528 art 1 s 15]

Subd. 3. **Deducting health or dental insurance premiums.** The board may authorize, at its discretion, the deduction of a retiree's health or dental insurance premiums and transfer of the amounts to a health or dental insurance carrier covering state employees. The insurance carrier must certify that the retired employee has signed an authorization for the deduction and provide a computer readable roster of covered retirees and amounts. The health or dental insurance carrier must refund deductions withheld from a retiree's check in error directly to the retiree. The board shall require that the insurance carrier reimburse the fund for the administrative expense of withholding the premium amounts. The insurance carrier shall assume liability for any failure of the system to properly withhold the premium amounts.

Subd. 4. **Direct transfer of refunds.** A direct transfer of refunds under this chapter may be made to an individual retirement savings account or a qualified retirement plan of the person upon the receipt of an application for transfer by a former employee, on forms acceptable to the executive director.

History: *(254-17) 1929 c 191 s 17; 1931 c 351; 1933 c 326; 1935 c 238 s 15; 1941 c 391 s 14; Ex1959 c 6 s 21; 1971 c 789 s 4; 1975 c 368 s 30; 1979 c 303 art 3 s 28; 1983 c 128 s 12; 1984 c 547 s 4; 1986 c 444; 1987 c 157 s 2; 1987 c 229 art 6 s 1; 1993 c 307 art 1 s 18; art 3 s 3,4; 1995 c 254 art 1 s 89; 1997 c 203 art 6 s 92; 2000 c 461 art 3 s 1; 2003 c 127 art 3 s 18; 1Sp2005 c 8 art 10 s 21-23*

352.16 INSURANCE LAWS NOT TO APPLY.

None of the laws of this state regulating insurance or insurance companies apply to the Minnesota State Retirement System or any of its funds.

History: *(254-18) 1929 c 191 s 18; 1933 c 326; 1935 c 238 s 16; 1941 c 391 s 15; Ex1967 c 57 s 19; 1987 c 229 art 6 s 1*

352.17 [Repealed, 1963 c 383 s 59]

352.18 [Repealed, 1963 c 383 s 59]

352.22 REFUND OR DEFERRED ANNUITIES.

Subdivision 1. **Service termination.** Any employee who ceases to be a state employee by reason of termination of state service or layoff is entitled to a refund provided in subdivision 2 or a deferred retirement annuity as provided in subdivision 3. Application for a refund may be made after the termination of state service or layoff if the applicant has not again become a state employee required to be covered by the system.

Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund payable to a person who ceased to be a state employee by reason of a termination of state service is an amount equal to employee accumulated contributions plus interest until the date on which the refund is paid, at the following rates for the applicable period:

(1) six percent per year compounded daily from the date that the contribution was made until June 30, 2011;

(2) four percent per year compounded daily from the date that the contribution was made or July 1, 2011, whichever is later, until June 30, 2018; and

(3) three percent per year compounded daily from the date that the contribution was made or July 1, 2018, whichever is later.

Included with the refund is any interest paid as part of repayment of a past refund, plus interest thereon from the date of repayment.

Subd. 2a. **Certain refund repayments prohibited.** No refunds of contributions made to the metropolitan transit commission-transit operating division employees retirement fund received before July 1, 1978, or for service rendered before July 1, 1978, may be repaid.

Subd. 2b. **Refund repayment.** Any person who has received a refund from the state employees retirement plan or the correctional state employees retirement plan and who is a member of any of the retirement plans specified in section 356.311, paragraph (b), may repay the refund with interest to the plan from which the refund was paid. If a refund is repaid to the plan and more than one refund has been received from the plan,

all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

Subd. 3. **Deferred annuity.** (a) After separation from state service, an employee may elect to leave the employee's accumulated contributions in the retirement fund and thereby be entitled to a deferred retirement annuity if the employee:

(1) is a member of the state employees retirement plan and satisfies the allowable service requirement under section 352.115, subdivision 1, applicable to the employee; or

(2) is a member of the correctional state employees retirement plan and satisfies the allowable service requirement under section 352.925 applicable to the employee.

(b) The annuity must be computed under the law in effect when the employee separates from state service, on the basis of the allowable service credited to the person before the separation from state service.

(c) An employee on layoff or on leave of absence without pay, except a leave of absence for health reasons, and who does not return to state service must have an annuity, deferred annuity, or other benefit to which the employee may become entitled computed under the law in effect on the employee's last working day.

(d) No application for a deferred annuity may be made more than 60 days before the time the former employee reaches the required age for entitlement to the payment of the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the application is filed in the office of the system, but not (1) before the date on which the employee reaches the required age for entitlement to the annuity nor (2) before the day following the termination of state service in a position which is not covered by the retirement system.

(e) Application for the accumulated contributions left on deposit with the fund may be made at any time following the date of the termination of service.

(f) Deferred annuities must be augmented as provided in subdivision 3a.

Subd. 3a. **Computation of deferred annuity.** (a) The deferred annuity of any former state employee must be augmented from the first day of the month following termination of active service or July 1, 1971, whichever is later, to the effective date of retirement.

(b) For a person who became a state employee before July 1, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent thereafter until January 1 of the year following the year in which the former employee attains age 55 or January 1, 2012, whichever is earlier;

(3) five percent from the January 1 next following the attainment of age 55 until December 31, 2011;

(4) two percent from January 1, 2012, until December 31, 2018; and

(5) after December 31, 2018, the deferred annuity must not be augmented.

(c) For a person who became a state employee after June 30, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) 2.5 percent until December 31, 2011;

(2) two percent from January 1, 2012, until December 31, 2018; and

(3) after December 31, 2018, the deferred annuity must not be augmented.

(d) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the investment return actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained under section 356.214.

Subd. 3b. **Segmented annuity.** (a) If a person otherwise entitled to an annuity has more than one period of uninterrupted service, the person is entitled to augmentation under subdivision 3a for each period of uninterrupted service. "Uninterrupted service" for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from state service for more than two years. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality and investment rate of return assumptions used to compute the annuity must be those in effect when the employee files an application for annuity.

(b) If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system.

(c) The requirements and provisions for retirement before normal retirement age in sections 352.115, subdivision 1, and 352.116 also apply to an employee fulfilling the requirements with a combination of service as provided in this subdivision.

(d) This subdivision does not reduce the annuity otherwise payable under this chapter.

Subd. 3c. **Adjustment for certain deferred annuities.** The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under Laws 1997, chapter 233, section 58, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained under section 356.214.

Subd. 4. [Repealed, 1983 c 128 s 36]

Subd. 5. **Refund generally unlimited.** The right of refund provided in this section is not restricted as to time unless specifically provided and the statute of limitation does not apply to it.

Subd. 6. [Repealed, 1965 c 230 s 18]

Subd. 7. [Repealed, Ex1967 c 57 so 20]

Subd. 8. **Refund specifically limited.** (a) If a former employee covered by the system does not apply for refund within five years after the last deduction was taken from salary for the retirement fund, and does not have enough service to qualify for a deferred annuity, accumulated member and employer contributions must be credited to and become a part of the retirement fund.

(b) If the former employee returns to state service and becomes a state employee covered by the system, the amount credited to the retirement fund, if more than $25, must be restored to the individual account. If the amount credited to the fund is over $25 and the former employee applies for refund or an annuity under

section 356.30 or 356.311, the amount must be restored to the former employee's individual account and a refund made or an annuity paid, whichever applies.

Subd. 9. [Repealed, 1993 c 307 art 7 s 1]

Subd. 10. **Other refunds.** Former employees covered by the system are entitled to apply for refunds if they are or become members of the State Patrol retirement fund, the state Teachers Retirement Association, or employees of the University of Minnesota excluded from coverage under the system by action of the Board of Regents; or employees of the adjutant general who under federal law effectually elect membership in a federal retirement system; or officers or employees of the senate or house of representatives, excluded from coverage under section 352.01, subdivision 2b, clause (6), item (i). The refunds must include accumulated contributions plus interest as provided in subdivision 2.

Subd. 11. [Repealed, 1980 c 342 s 21]

History: *1957 c 928 s 14; Ex1959 c 6 s 14,15; Ex1961 c 67 s 13,14; 1963 c 383 s 46-52; 1965 c 230 s 10-13; Ex1967 c 57 s 20; 1969 c 31 s 1; 1969 c 188 s 2; 1969 c 893 s 11; 1971 c 12 s 7,8; 1971 c 194 s 5; 1973 c 221 s 8; 1973 c 653 s 35,36; 1975 c 368 s 31,32; 1978 c 538 s 5; 1980 c 342 s 4,5; 1981 c 37 s 2; 1981 c 224 s 51-53; 1Sp1981 c 4 art 1 s 163; 1983 c 128 s 13; 1984 c 564 s 12; 1984 c 654 art 5 s 58; 1Sp1985 c 7 s 6; 1986 c 444; 1987 c 229 art 6 s 1; 1987 c 372 art 9 s 4; 1989 c 319 art 1 s 7,8; art 13 s 14,15; 1992 c 432 art 1 s 9; 1993 c 307 art 2 s 3,4; 1994 c 528 art 1 s 7; 1995 c 54 s 27; 1Sp2001 c 10 art 3 s 8; 2004 c 267 art 9 s 4,5; 1Sp2005 c 8 art 10 s 24; 2008 c 349 art 5 s 5; 2010 c 359 art 1 s 5,6; 2013 c 111 art 2 s 18; 2015 c 21 art 1 s 109; 2015 c 68 art 13 s 7,8; 2018 c 211 art 1 s 3-6; 2019 c 50 art 1 s 106; 1Sp2019 c 8 art 8 s 4,5,23; 2025 c 37 art 1 s 2,3*

352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.

(a) When any employee accepts a refund as provided in section 352.22, all existing allowable service credits and all rights and benefits to which the employee was entitled before accepting the refund terminate.

(b) Terminated service credits and rights must not again be restored until the former employee acquires at least six months of allowable service credit after taking the last refund and repays all refunds previously taken from the retirement fund with interest as provided in paragraph (d). An employee will not be considered as entitled to any other benefit, including benefits for which the employee may be eligible because of the employee's original hire date into public employment, until full repayment of all refunds has been made.

(c) Repayment of refunds entitles the employee only to credit for service covered by (1) salary deductions; (2) payments previously made in lieu of salary deductions as permitted under law in effect when the payment in lieu of deductions was made; (3) payments made to obtain credit for service as permitted by laws in effect when payment was made; and (4) allowable service previously credited while receiving temporary workers' compensation as provided in section 352.01, subdivision 11, paragraph (a), clause (3).

(d) Payments under this section for repayment of refunds are to be paid with interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date the refund was taken until the date the refund is repaid. Repayment may be made in a lump sum during employment or up to six months after termination from service.

History: *1957 c 928 s 15; Ex1959 c 6 s 22; 1965 c 230 s 14; Ex1967 c 57 s 21; 1969 c 1083 s 1; 1973 c 653 s 37; 1980 c 607 art 14 s 34; 1986 c 444; 1987 c 229 art 6 s 1; 1992 c 598 art 1 s 4; 1993 c 307 art 2 s 5; 2015 c 68 art 2 s 5; art 13 s 9,64; 2018 c 211 art 6 s 6; art 9 s 9; 1Sp2019 c 8 art 1 s 7; 2020 c 108 art 5 s 8*

352.24 [Repealed, 1963 c 383 s 59]

352.241 [Repealed, 1963 c 383 s 59]

352.25 [Repealed, 1963 c 383 s 59]

352.26 [Repealed, 1963 c 383 s 59]

352.27 FEDERALLY PROTECTED PURCHASE OF SERVICE CREDIT FOR 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 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 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 three years, the contributions required under paragraph (b) to receive service credit must be made within 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.

History: *1957 c 928 s 20; Ex1959 c 6 s 25; 1963 c 383 s 53; 1965 c 230 s 15; Ex1967 c 57 s 22; 1969 c 188 s 3; 1973 c 653 s 38; 1986 c 444; 1987 c 229 art 6 s 1; 1992 c 598 art 1 s 5; 2004 c 267 art 3 s 1; 2007 c 134 art 2 s 7; 2015 c 68 art 3 s 2; 2018 c 211 art 6 s 7; 2022 c 65 art 1 s 1*

352.271 [Repealed, 2015 c 68 art 13 s 65]

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.

History: *2022 c 65 art 1 s 2*

352.275 MS 2006 [Repealed, 2000 c 461 art 4 s 4; 1Sp2003 c 12 art 6 s 3; 2004 c 267 art 17 s 7; 2005 c 156 art 4 s 10; 1Sp2005 c 8 art 2 s 4]

352.28 Subdivision 1. [Repealed, 1975 c 368 s 51]

Subd. 2. [Repealed, 1975 c 368 s 51]

Subd. 3. [Repealed, Ex1967 c 57 s 29]

Subd. 4. [Repealed, 1975 c 368 s 51]

Subd. 5. [Repealed, 1963 c 383 s 59]

Subd. 6. [Repealed, 1963 c 383 s 59]

Subd. 7. [Repealed, 1975 c 368 s 51]

Subd. 8. [Repealed, 1975 c 368 s 51]

352.29 [Repealed, 1963 c 383 s 59]

352.30 [Repealed, Ex1959 c 6 s 34]

352.31 [Repealed, 1963 c 383 s 59]

352.32 [Repealed, 1975 c 368 s 51]

352.33 [Repealed, 1963 c 383 s 59]

352.34 [Repealed, 1963 c 383 s 59]

352.35 [Repealed, 1963 c 383 s 59]

352.36 [Repealed, 1963 c 383 s 59]

352.37 [Repealed, 1963 c 383 s 59]

352.38 Subdivision 1. [Repealed, 1975 c 368 s 51]

Subd. 2. [Repealed, 1963 c 383 s 59]

Subd. 3. [Repealed, 1975 c 368 s 51]

352.61 [Repealed, 1963 c 383 s 59]

352.62 Subdivision 1. [Repealed, 1963 c 383 s 59]

Subd. 2. [Repealed, 1963 c 383 s 59]

Subd. 3. [Repealed, Ex1961 c 67 s 23]

352.63 [Repealed, 1963 c 383 s 59]

352.64 [Repealed, 1963 c 383 s 59]

352.65 [Repealed, 1963 c 383 s 59]

352.651 [Repealed, 1963 c 383 s 59]

352.66 Subdivision 1. [Repealed, 1959 c 162 s 3]

Subd. 2. [Repealed, 1959 c 162 s 3]

Subd. 3. [Repealed, 1963 c 383 s 59]

352.67 [Repealed, 1963 c 383 s 59]

352.68 [Repealed, 1963 c 383 s 59]

352.69 [Repealed, 1963 c 383 s 59]

352.71 [Repealed, 1983 c 128 s 36]

352.715 [Repealed, 1975 c 368 s 51]

352.72 MS 2016 [Repealed, 2018 c 211 art 1 s 11]

352.73 [Repealed, 1993 c 307 art 7 s 1]

352.75 TRANSFER OF PENSION COVERAGE SAVINGS CLAUSE; INCREASE IN EXISTING ANNUITIES AND BENEFITS.

Subdivision 1. [Repealed, 2015 c 68 art 13 s 65]

Subd. 2. **New employees.** All persons employed by the Metropolitan Council as employees of the Transit Operating Division are:

(1) members of the general state employees retirement plan of the Minnesota State Retirement System unless specifically covered by the probation and telecommunicator retirement subplan under section 352.88; and

(2) state employees for purposes of this chapter unless specifically excluded under section 352.01, subdivision 2b.

Subd. 3. [Repealed, 2015 c 68 art 13 s 65]

Subd. 4. [Repealed, 2015 c 68 art 13 s 65]

Subd. 5. [Repealed, 2015 c 68 art 13 s 65]

Subd. 6. [Repealed, 2015 c 68 art 13 s 65]

History: *1978 c 538 s 8-10; 1980 c 607 art 14 s 35,45 subd 2; 1981 c 224 s 56; 1987 c 229 art 6 s 1; 1994 c 628 art 3 s 29; 1996 c 305 art 1 s 75; 2009 c 169 art 1 s 16,17; 2010 c 359 art 1 s 9; 2015 c 68 art 13 s 10; 2026 c 106 art 4 s 1*

352.76 [Repealed, 2015 c 68 art 13 s 65]

SPECIAL COVERAGE

352.85 MILITARY AFFAIRS PERSONNEL.

Subdivision 1. **Eligibility; retirement annuity.** Any person who is employed by the Department of Military Affairs other than as a full-time firefighter, who is covered by the general employee retirement plan of the system as provided in section 352.01, subdivision 23, who is ordered to active duty under section 190.08, subdivision 3, who elects this special retirement coverage under subdivision 4, who is required to retire from federal military status at an age earlier than normal retirement age by applicable federal laws or regulations, and who terminates employment as a state employee upon attaining that mandatory retirement age is entitled, upon application, to a retirement annuity computed in accordance with section 352.115, subdivisions 2 and 3, without any reduction for early retirement under section 352.116, subdivision 1 or 1a.

Subd. 2. **Disability benefit.** An employee described in subdivision 1, who is less than the applicable federal military status mandatory retirement age and who becomes disabled and physically or mentally unfit to perform occupational duties due to injury, sickness, or other disability, and who is found disqualified for retention on active duty as a result of a physical examination required by applicable federal laws or regulations, is entitled upon application to disability benefits computed in the manner specified in section 352.113. Disability benefits are otherwise governed by section 352.113, except that the age for the termination of the disability benefit is the applicable federal military status mandatory retirement age.

Subd. 3. **Additional contributions.** The special retirement annuities and disability benefits authorized by this section shall be financed by an employee contribution from the covered Department of Military Affairs employee of 1.6 percent and an employer contribution from the Department of Military Affairs of 1.6 percent. These contributions are in addition to the contributions required by section 352.04, subdivisions 2 and 3. They must be made as provided in section 352.04, subdivisions 4, 5, and 6.

Subd. 4. **Election of coverage.** To be covered by this section, any employee of the Department of Military Affairs, described in subdivision 1, must file a notice with the executive director of the system on a form prescribed by the executive director stating that the employee elects to be covered. Notice must be filed within 90 days of employment. Elected coverage is effective retroactively as of the first day of employment. Amounts that would have been deducted from the employee's salary starting with the first day of employment but were not deducted because the employee had not yet filed the election must be deducted from the employee's future salary in accordance with a schedule of deductions determined by the executive director and the Department of Military Affairs. Elections are irrevocable during any period of covered employment. A failure to file a timely notice is deemed a waiver of coverage by this section.

Subd. 5. **Restriction on coverage.** Nothing in this section applies to the adjutant general.

Subd. 6. [Repealed, 1991 c 269 art 3 s 21]

History: *1980 c 607 art 15 s 22; 1981 c 224 s 57; 1982 c 575 s 1,2; 1Sp1985 c 7 s 35; 1986 c 444; 1987 c 229 art 6 s 1; 1987 c 259 s 18; 1987 c 372 art 1 s 3; 1988 c 709 art 9 s 1,2; 1989 c 319 art 13 s 19; 1993 c 307 art 1 s 19; 1Sp2019 c 8 art 1 s 8*

352.86 TRANSPORTATION DEPARTMENT PILOTS.

Subdivision 1. **Eligibility.** This section applies to any employee of the Department of Transportation in the civil service employment classification of aircraft pilot or chief pilot, who is covered for that employment by the general employee retirement plan, and who elected before June 1, 2008, special retirement coverage under this section by an irrevocable election on forms provided by the executive director.

Subd. 1a. MS 2008 [Renumbered subd 6]

Subd. 2. MS 2008 [Renumbered subd 7]

Subd. 3. [Repealed, 2009 c 169 art 12 s 17]

Subd. 4. [Repealed, 1991 c 269 art 3 s 21]

Subd. 5. **Retirement annuity.** An eligible person under subdivision 1 who terminates employment as a state employee on or after age 62 but prior to normal retirement age is entitled, upon application, to a retirement annuity computed under section 352.115, subdivisions 2 and 3, without any reduction for early retirement under section 352.116, subdivision 1.

Subd. 6. **Disability benefits.** An employee described in subdivision 1, who becomes disabled and physically or mentally unfit to perform occupational duties due to injury, sickness, or other disability, and who is found disqualified for retention as chief pilot or pilot as a result of a physical examination required by applicable federal laws or regulations, may submit an application for disability benefits calculated under section 352.113, subdivision 3. In considering the disability benefit application, the executive director must use the disability standard specified in this subdivision rather than the total and permanent standard specified in section 352.113, subdivision 1. If disability benefits commence under section 352.113, subdivision 3, the appointing authority shall also provide payments from the state airports fund, totaling 75 percent of current monthly salary less the amount payable under section 352.113, subdivision 3. Payments from the state airports fund must be made for five years or until normal retirement age, whichever is earlier. These benefits are in lieu of all other state benefits for the disability, including, but not limited to, workers' compensation benefits.

Subd. 7. **Additional contributions.** An employee covered by this section must pay an additional employee contribution of 1.6 percent of salary. The Department of Transportation must pay an additional employer contribution of 1.6 percent of salary. These contributions are in addition to the contributions required by section 352.04, subdivisions 2 and 3. They must be made in the manner provided for in section 352.04, subdivisions 4, 5, and 6.

History: *1982 c 575 s 3; 1983 c 293 s 98,99; 1985 c 248 s 70; 1Sp1985 c 7 s 35; 1986 c 444; 1987 c 229 art 6 s 1; art 11 s 1; 1987 c 259 s 19; 2004 c 267 art 7 s 1; 2009 c 169 art 12 s 1-3*

352.87 STATE FIRE MARSHAL DIVISION EMPLOYEES.

Subdivision 1. **Eligibility.** (a) A member of the general state employees retirement plan who is employed by the Department of Public Safety, State Fire Marshal Division, as a deputy state fire marshal, fire/arson investigator, is entitled to retirement or disability benefits, as applicable, as stated in this section for eligible

service under this section rendered after July 1, 1999, for which allowable service credit is received if the member is first employed as a deputy state fire marshal, fire/arson investigator:

(1) before July 1, 2026, and the member elected special benefit coverage under the laws in effect on the day the member was first employed as a deputy state fire marshal, fire/arson investigator; or

(2) after June 30, 2026.

(b) The covered member must be at least age 55 to qualify for the retirement annuity specified in subdivision 3.

Subd. 2. **Retirement annuity eligibility.** A person specified in subdivision 1 who meets all eligibility requirements specified in this chapter applicable to members of the general state employees retirement plan is eligible for retirement benefits as specified in subdivision 3.

Subd. 3. **Retirement annuity formula.** A person specified in subdivision 1 is entitled to receive a retirement annuity applicable for allowable service credit under this section calculated by multiplying the employee's average salary, as defined in section 352.01, subdivision 14a, by 2.0 percent for each year or portions of a year of allowable service credit. No reduction for retirement before the normal retirement age, as specified in section 352.01, subdivision 25, applies to service to which this section applies.

Subd. 4. **Non-job-related disability benefits.** An eligible member described in subdivision 1 who becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury while not engaged in covered employment is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 assuming the member has 15 years of service qualifying under this section and waiving the minimum age requirement. If the eligible member becomes disabled under this subdivision with more than 15 years of service covered under this section, the eligible member is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 based on all years of service credited under this section and waiving the minimum age requirement.

Subd. 5. **Job-related disability benefits.** An eligible member defined in subdivision 1 who becomes disabled and physically or mentally unfit to perform the duties of the position because of sickness or injury while engaged in covered employment is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 assuming the member has 20 years of service qualifying under this section and waiving the minimum age requirement. An eligible member who becomes disabled under this subdivision with more than 20 years of service credited under this section is entitled to a disability benefit amount equivalent to an annuity computed under subdivision 3 based on all years of service credited under this section and waiving the age requirement.

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 352.22, subdivision 3a, while the employee is receiving a disability benefit under this section.

Subd. 7. **Additional contributions.** The special retirement annuity and disability coverage under this section must be financed by an employee contribution of 2.78 percent of covered salary and an employer contribution of 4.20 percent of covered salary. These contributions are in addition to the contributions required by section 352.04, subdivisions 2 and 3, and must be made in the manner provided for in section 352.04, subdivisions 4, 5, and 6.

Subd. 8. MS 2024 [Repealed, 2026 c 106 art 1 s 14]

History: *1999 c 222 art 15 s 1; 1Sp2001 c 10 art 3 s 9,10; 2002 c 392 art 11 s 52; 1Sp2005 c 8 art 1 s 5; 2013 c 111 art 4 s 2; 2015 c 68 art 13 s 11; 1Sp2019 c 8 art 1 s 9; 2022 c 65 art 9 s 1; 2026 c 106 art 1 s 9,10*

352.88 PROBATION OFFICERS AND PUBLIC SAFETY TELECOMMUNICATORS.

Subdivision 1. **Policy.** It is the policy of the legislature that special consideration should be given to the pension benefits for employees of the state and governmental subdivisions who devote their time and skills to assisting the community and the courts as probation officers or serving the public and public safety partners as telecommunicators. Since this work can be hazardous or high stress, special provisions are made by this section for earlier full retirement than is provided to members of the general state employees retirement plan under section 352.01, subdivision 25. The additional cost of this benefit is split between the employees and employers.

Subd. 2. **Definitions.** (a) For purposes of this section and section 352.881, each of the following terms has the meaning given unless the language or context clearly indicates that a different meaning is intended. The definitions in section 352.01 apply to terms used in this section and section 352.881 unless the term is defined in this section.

(b) "Committee" means the probation and telecommunicator subplan membership committee established pursuant to section 352.881.

(c) "Employee organization" has the meaning given in section 179A.03, subdivision 6.

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

(e) "Member" means an individual to whom this section applies under subdivision 3.

(f) "Normal retirement age" means age 60.

(g) "Offset amount" means an amount available to offset the cost to purchase credit for past service upon the election by a member under subdivision 6, if state funding becomes available.

(h) "Past service" means allowable service credited to a member before January 1, 2027, and covered by the general plan that would have been service covered by this section had this section been in effect before January 1, 2027.

(i) "Probation officer" means a state employee, as defined in section 352.01, employed by the Department of Corrections:

(1) as:

(i) a corrections agent;

(ii) a corrections agent career;

(iii) a corrections agent senior;

(iv) a corrections field service district supervisor;

(v) a corrections community services regional director;

(vi) a corrections field services director;

(vii) a corrections field services program director; or

(2) whom the commissioner of corrections or the commissioner's delegate certifies, in the manner prescribed by the executive director, as having substantial responsibility for:

(i) providing community supervision services or overseeing the delivery of probation services; or

(ii) supervising employees eligible under item (i).

(j) "Public safety telecommunicator" means a state employee, as defined in section 352.01, employed by the Department of Public Safety or Metropolitan Council:

(1) as:

(i) a radio communications operator;

(ii) a radio communications supervisor;

(iii) a public safety answering point (PSAP) manager, as defined in Minnesota Rules, part 7580.0100, subpart 12;

(iv) a supervisor, transit control center; or

(2) whom the commissioner of public safety, the commissioner's delegate, the Metro Transit general manager, or the general manager's delegate, as applicable, certifies, in the manner prescribed by the executive director, as having substantial responsibility for:

(i) receiving, processing, transmitting, or dispatching emergency and nonemergency calls for law enforcement, fire, emergency medical, or other public safety services; or

(ii) supervising employees eligible under item (i).

(k) "Vesting" or "vested" means obtaining or having obtained a nonforfeitable entitlement to an annuity or benefit under this section by having earned credit for not less than three years of allowable service covered by this section or the general plan.

Subd. 3. **Eligibility.** This section applies to probation officers and public safety telecommunicators, unless the probation officer or public safety telecommunicator is age 60 or older with at least three years of allowable service in the general plan on January 1, 2027.

Subd. 4. **Retirement annuity.** (a) After separation from state service, a member who has attained at least normal retirement age and is vested is entitled, upon application, to a normal retirement annuity. The normal retirement annuity is equal to the member's average salary multiplied by 1.9 percent for each year of allowable service.

(b) After separation from state service, a member who has reached the age of 55 and is vested is entitled, upon application, to an early retirement annuity that is actuarially equivalent to the normal retirement annuity.

(c) Allowable service credited to a member under this section is credited in lieu of service credited to the general plan.

Subd. 5. **Additional contributions.** (a) A member must make an additional employee contribution of 2.71 percent of salary.

(b) The employer of a member must make an additional employer contribution of two percent of salary.

(c) Contributions under paragraphs (a) and (b) are in addition to the contributions required by section 352.04, subdivisions 2 and 3.

(d) Contributions under paragraphs (a) and (b) must be made in the manner provided in section 352.04, subdivisions 4 to 6.

Subd. 6. **Purchase of credit for past service.** (a) A member is entitled to elect a onetime purchase of credit for periods of past service to be added to the member's allowable service covered by this section and used in calculating the member's retirement annuity. The member must repay any refunds of employee contributions previously received from the general plan before purchasing past service credit under this section.

(b) A member may request an estimate of the cost of a service credit purchase under this paragraph.

(1) A member may file a request with the executive director for an estimate of the purchase price for up to three different periods of past service by filing an application on a form approved by the executive director.

(2) The member must file the request for an estimate before filing an election to purchase past service under paragraph (c).

(3) The member must submit with the estimate request payment of the administrative fee in the amount of $250 to cover the cost of preparing the estimates. If the member proceeds with the purchase, the executive director must credit the administrative fee toward the purchase price.

(4) The executive director must estimate the purchase price using the assumptions and applying any offset amount as directed under subdivision 7 for the periods of past service requested by the member and provide the estimates to the member.

(c) To purchase credit for past service, a member must file an application with the executive director on a form approved by the executive director before the annuity starting date of the member's retirement annuity or benefit. The application must:

(1) include documentation of the member's eligibility to make the purchase, signed written permission to allow the executive director to request and receive verification of applicable facts and eligibility requirements from the member's employer, and any other relevant information that the executive director may require;

(2) state the amount of credit for past service the member plans to purchase and be accompanied by a certification from one or more employers that the past service fulfills the requirements under subdivision 2, paragraph (h); and

(3) if the member did not previously pay the administrative fee under paragraph (b), include payment of the administrative fee of $250 to cover the cost of calculating the purchase price. If the member proceeds with the purchase, the executive director must credit the administrative fee toward the purchase price.

(d) The executive director must apply the assumptions and any offset amount under subdivision 7 to calculate the purchase price and notify the member. If the member elects to make the purchase of credit for past service, the member must arrange for the transfer of pretax money from another retirement plan. Payment must be made in one lump sum prior to the annuity starting date of the member's retirement annuity or benefit.

(e) Upon receipt of payment, the executive director must grant the member service credit for the period of past service for which credit was purchased.

Subd. 7. **Determination of past service purchase price.** (a) The executive director must calculate the purchase price for the period of past service elected by the member. The purchase price is an amount equal to the actuarial present value, on the date of payment, of the amount of the additional retirement annuity obtained by the additional service credit being purchased minus any offset amount.

(b) The executive director must calculate the purchase price by:

(1) using the investment return assumption specified in section 356.215, subdivision 8, and the mortality table in effect for the general plan;

(2) assuming continuous future service in the plan until the plan's minimum requirements for normal retirement or retirement with an annuity unreduced for retirement at an early age are met with the additional service credit purchased;

(3) assuming 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; and

(4) reducing the amount determined under clauses (1) to (3) by any offset amount.

History: *2026 c 106 art 4 s 2*

352.881 SUBPLAN COVERAGE CHANGES.

Subdivision 1. **Standing review committees.** (a) The commissioner of corrections must appoint a standing review committee to review and determine positions or employees of the Department of Corrections that should be covered by section 352.88. The commissioner of public safety must appoint a standing review committee to review and determine positions or employees of the Department of Public Safety that should be covered by section 352.88. The Metro Transit general manager must appoint a standing review committee to review and determine positions or employees of the Metropolitan Council that should be covered by section 352.88.

(b) The Department of Corrections, Department of Public Safety, and Metropolitan Council must each establish a procedure for the department's or agency's respective committee to evaluate coverage by section 352.88. Each committee must follow:

(1) subdivision 2 when evaluating a change in the title of an employment position listed in section 352.88, subdivision 2, paragraph (i), clause (1), or (j), clause (1); and

(2) subdivision 3 when evaluating requests for starting or ceasing coverage by section 352.88.

(c) If a committee has received one or more requests for changes to the title of an employment position or the commencement or cessation of coverage of an employee by section 352.88, the committee must convene at least as frequently as once every three months. If a committee has not received any requests during a three-month period, the review committee is not required to convene a meeting.

(d) Each committee must retain each request to the committee and the related documentation and final determination for an employee or employment position in the committee's respective department or agency.

(e) Meetings of a standing review committee are not subject to chapter 13D.

(f) A standing review committee is not an agency for the purposes of sections 15.0597 and 15.0599.

Subd. 2. **Procedures for changing employment titles.** (a) The applicable standing review committee must review a change in the title of an employment position listed in section 352.88, subdivision 2, paragraph (i), clause (1), or (j), clause (1), and determine whether the responsibilities of the employment position satisfy the requirements under section 352.88, subdivision 2, paragraph (i) or (j).

(b) If the committee determines that the responsibilities of the employment position have not changed, or the responsibilities of the employment position have changed but the changes do not affect the eligibility of the employment position for coverage by section 352.88, the department or agency affected by the determination must:

(1) submit the title change to the executive director of the Legislative Commission on Pensions and Retirement before the start of the next legislative session and request legislation to replace the title in section 352.88, subdivision 2, paragraph (i) or (j), as applicable, with the new title; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that the title change will not affect the continued coverage of the employee by section 352.88 and that the department or agency, as applicable, has submitted a request to the legislature to change the title in section 352.88, subdivision 2, paragraph (i) or (j), as applicable.

(c) If the committee determines that the responsibilities of the employment position have changed and the changes result in the employment position no longer being qualified for coverage by section 352.88, the department or agency affected by the determination must communicate the committee's determination to all affected employees no later than ten days after the date of the meeting at which the determination was made and inform the employees of the right to appeal the determination under subdivision 4.

(d) The department or agency affected by the determination to remove a title must contact the executive director of the Legislative Commission on Pensions and Retirement before the start of the next legislative session and request legislation to remove the title in section 352.88, subdivision 2, paragraph (i) or (j), as applicable, if:

(1) an employee appeals the determination and the determination is upheld; or

(2) an employee does not appeal the determination.

(e) The committee must include an effective date in any determination to change or remove an employment position from the lists in section 352.88, subdivision 2, paragraph (i) or (j). The effective date may be retroactive for a determination to change an employment position.

Subd. 3. **Procedures for starting or ceasing coverage.** (a) The applicable standing review committee must consider requests to provide coverage by section 352.88 to an employee who satisfies the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2), or to cease coverage of an

employee who does not satisfy the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2).

(b) An employee, an employee's employee organization, or an employee's manager may submit a request to the committee to provide coverage to an employee who satisfies the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2). The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employee that describes the extent to which the employee's job duties meet the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2).

(c) An employer may submit a request to the committee to cease coverage of an employee who no longer satisfies the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2). The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employee's employer describing how the employee no longer meets the requirements of section 352.88, subdivision 2, paragraph (i), clause (2), or (j), clause (2).

(d) After making a determination of coverage or no coverage for an employee, the department or agency affected by the determination must communicate the committee's determination to the affected employee no later than ten days after the date of the meeting at which the determination was made and inform the employee of the right to appeal the determination under subdivision 4.

(e) If after making a determination of coverage, the committee determines that an employment position should be added to the list of employment positions in section 352.88, subdivision 2, paragraph (i) or (j), as applicable, the department or agency affected by the determination must submit the employment position addition to the executive director of the Legislative Commission on Pensions and Retirement before the start of the next legislative session and request legislation to make the change.

(f) The committee must include an effective date in any determination that an employee must begin to receive coverage under section 352.88 or that coverage must cease. The effective date may be retroactive to the date on which the coverage requirements were first satisfied or were no longer met.

Subd. 4. **Right to appeal.** (a) No later than 30 days after receiving a determination under subdivision 2 or 3, the affected employee may appeal the determination from a standing review committee by filing an appeal with the human resources director or the chief human resources director of the department or agency, as applicable, in which the employee is employed. The appeal must include:

(1) the reasons for the appeal, including the reasons the determination should be reversed; and

(2) new or additional information, if any, not previously submitted or considered by the committee, including a new or revised position description.

(b) The appeal must be decided by the commissioner of corrections if the employee is an employee of the Department of Corrections, by the commissioner of public safety if the employee is an employee of the Department of Public Safety, or by the Metro Transit general manager if the employee is an employee of the Metropolitan Council. The decision of the commissioners or general manager, as applicable, is final.

(c) A determination not timely appealed under paragraph (a) is not entitled to further administrative or judicial review. A determination under subdivision 2 or 3 or an appeal decided under paragraph (b) may not be appealed under section 356.96.

History: *2026 c 106 art 4 s 3*

CORRECTIONAL EMPLOYEES

352.90 POLICY.

It is the policy of the legislature to provide special retirement benefits for and special contributions by certain correctional employees who may need to retire at an early age because they lose the mental or physical capacity required to maintain the safety, security, discipline, and custody of incarcerated persons at state correctional facilities or patients and clients in the forensic services program or the Minnesota Sex Offender Program.

History: *1973 c 653 s 39; 1980 c 600 s 2; 1981 c 224 s 58; 1987 c 229 art 6 s 1; 1996 c 408 art 8 s 9; 1999 c 222 art 13 s 1; 2006 c 271 art 2 s 1; 2012 c 286 art 3 s 1; 2014 c 296 art 5 s 1; 2025 c 37 art 5 s 4*

352.901 DEFINITIONS.

Subdivision 1. **Terms.** Unless the language or context clearly indicates a different meaning is intended, the terms defined in this section have the meanings given. The definitions in this section apply only to the correctional employees retirement plan and supplement the definitions in section 352.01.

Subd. 2. **Chief executive officer.** "Chief executive officer" means the Direct Care and Treatment chief executive officer appointed under section 246C.08 or a person the chief executive officer has delegated responsibilities to under sections 352.90 to 352.955, including the duty to certify direct contact under section 352.905, subdivision 2.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of corrections appointed under section 241.01, subdivision 1, or a person the commissioner has delegated responsibilities to under sections 352.90 to 352.955, including the duty to certify direct contact under section 352.905, subdivision 2.

Subd. 4. **Custody.** "Custody" means an employee's exercise of legal and physical control over an incarcerated person, patient, or client who is detained, confined, or otherwise restricted from freedom of movement.

Subd. 5. **Direct Care and Treatment.** "Direct Care and Treatment" means the agency established under section 246C.02.

Subd. 6. **Direct contact.** "Direct contact" means interactions between an employee and one or more patients, clients, or incarcerated persons where the employee is physically present and engaged with patients, clients, or incarcerated persons as part of the employee's normal duties, as defined in section 352.01, subdivision 17d, which must include regular involvement in rehabilitation, treatment, custody, or supervision of patients, clients, or incarcerated persons, while maintaining safety, security, and order.

Subd. 7. **Direct contact requirement.** "Direct contact requirement" means the requirement that the employee spend at least 75 percent of the employee's working time in direct contact.

Subd. 8. **Eligible facility.** "Eligible facility" means:

(1) Minnesota Correctional Facility-Faribault;

(2) Minnesota Correctional Facility-Lino Lakes;

(3) Minnesota Correctional Facility-Moose Lake;

(4) Minnesota Correctional Facility-Oak Park Heights;

(5) Minnesota Correctional Facility-Red Wing;

(6) Minnesota Correctional Facility-Rush City;

(7) Minnesota Correctional Facility-Shakopee;

(8) Minnesota Correctional Facility-St. Cloud;

(9) Minnesota Correctional Facility-Stillwater;

(10) Minnesota Correctional Facility-Togo; or

(11) Minnesota Correctional Facility-Willow River.

Subd. 9. **Eligible program.** "Eligible program" means:

(1) the forensic services program; or

(2) the Minnesota Sex Offender Program.

Subd. 10. **Employee organization.** "Employee organization" has the meaning given in section 179A.03, subdivision 6.

Subd. 11. **Rehabilitation.** "Rehabilitation" means the process of providing treatment, education, or other interventions designed to improve the mental, physical, or behavioral condition of a patient, client, or incarcerated person with the goal of facilitating the reintegration into society or improving the quality of life of the patient, client, or incarcerated person.

Subd. 12. **Supervision.** "Supervision" means the oversight and management of patients, clients, or incarcerated persons by an employee at an eligible facility or eligible program to ensure compliance with rules, regulations, and treatment plans; monitor behavior; enforce discipline; and provide guidance or direction.

Subd. 13. **Treatment.** "Treatment" means the broad range of services, including medical, psychological, or therapeutic interventions, aimed at addressing the health, mental health, or behavioral needs and overall condition of patients, clients, or incarcerated persons by or under the supervision of employees at an eligible facility or eligible program.

Subd. 14. **Working time.** "Working time" means time spent performing the normal duties of an employee's employment position, not including time spent in training or on a leave of absence for vacation, illness, or other reasons as authorized in the human resources policies applicable to the employee.

History: *2025 c 37 art 5 s 5*

352.905 COVERED CORRECTIONAL SERVICE.

Subdivision 1. **Direct contact not required.** (a) For all periods of service that an employee is performing covered correctional service as defined in this subdivision, the employee is a member of the correctional employees retirement plan, whether or not the employee has any direct contact.

(b) "Covered correctional service" under this subdivision means service performed by a state employee employed at an eligible facility or in an eligible program in one of the following employment positions:

(1) corrections officer 1;

(2) corrections officer 2;

(3) corrections officer 3;

(4) corrections lieutenant;

(5) corrections captain;

(6) security counselor;

(7) security counselor lead; or

(8) corrections canine officer.

Subd. 2. **Direct contact required.** (a) For all periods of service that an employee is performing covered correctional service as defined in this subdivision, the employee is a member of the correctional employees retirement plan, but only if the employee satisfies the direct contact requirement and the employee's employer has certified to the executive director, in the manner prescribed by the executive director, that the employee satisfies the direct contact requirement.

(b) "Covered correctional service" under this subdivision means service performed by a state employee employed at an eligible facility or in an eligible program in one of the employment positions specified in subdivisions 3 to 6.

Subd. 3. **Employment positions A to C.** Employment positions with a title that begins with the letters "A" to "C":

(1) automotive mechanic;

(2) baker;

(3) behavior analyst 1;

(4) behavior analyst 2;

(5) behavior analyst 3;

(6) building maintenance coordinator;

(7) building maintenance lead worker;

(8) building maintenance supervisor 2;

(9) building utilities mechanic;

(10) carpenter;

(11) carpenter lead;

(12) central services administrative specialist intermediate;

(13) central services administrative specialist principal;

(14) central services administrative specialist senior;

(15) certified occupational therapy assistant 1;

(16) certified occupational therapy assistant 2;

(17) chaplain;

(18) client advocate;

(19) clinical program therapist 1;

(20) clinical program therapist 2;

(21) clinical program therapist 3;

(22) clinical program therapist 4;

(23) cook;

(24) cook coordinator;

(25) corrections chief cook;

(26) corrections discipline unit supervisor;

(27) corrections food services supervisor;

(28) corrections industries production supervisor;

(29) corrections inmate program coordinator;

(30) corrections manufacturing specialist-tool and die;

(31) corrections manufacturing specialist-engraving and drafting;

(32) corrections manufacturing specialist-graphics;

(33) corrections manufacturing specialist-light assembly;

(34) corrections manufacturing specialist-light manufacturing;

(35) corrections manufacturing specialist-mechanical;

(36) corrections manufacturing specialist-sales and service;

(37) corrections manufacturing specialist-transportation and warehouse;

(38) corrections manufacturing specialist-wood;

(39) corrections security caseworker;

(40) corrections security caseworker career;

(41) corrections teaching assistant;

(42) corrections transitions program coordinator;

(43) culinary supervisor; and

(44) customer services specialist principal.

Subd. 4. **Employment positions D to M.** Employment positions with a title that begins with the letters "D" to "M":

(1) delivery van driver;

(2) dental assistant;

(3) dental hygienist;

(4) dentist;

(5) electrical/electronics specialist;

(6) electrician;

(7) electrician lead;

(8) electrician master of record;

(9) electrician supervisor;

(10) food service supervisor;

(11) food service worker;

(12) general maintenance worker;

(13) general maintenance worker lead;

(14) general repair worker;

(15) groundskeeper senior;

(16) group supervisor;

(17) group supervisor assistant;

(18) human services support specialist;

(19) institution maintenance lead worker;

(20) laborer trades and equipment;

(21) library technician;

(22) library/information resource services specialist;

(23) library/information resource services specialist supervisor;

(24) licensed alcohol/drug counselor;

(25) licensed practical nurse;

(26) machinery repair worker;

(27) maintenance machinist;

(28) management analyst 3;

(29) mason;

(30) medical assistant, certified; and

(31) music therapist.

Subd. 5. **Employment positions O to R.** Employment positions with a title that begins with the letters "O" to "R":

(1) occupational therapist;

(2) occupational therapist senior;

(3) painter;

(4) painter lead;

(5) physical therapist;

(6) plant maintenance engineer;

(7) plant maintenance engineer lead;

(8) plumber;

(9) plumber chief;

(10) plumber master in charge;

(11) plumber supervisor;

(12) psychiatric advanced practice registered nurse;

(13) psychologist 1;

(14) psychologist 2;

(15) psychologist 3;

(16) recreation program assistant;

(17) recreation therapist;

(18) recreation therapist coordinator;

(19) recreation therapist senior;

(20) refrigeration mechanic;

(21) registered nurse;

(22) registered nurse advanced practice;

(23) registered nurse principal;

(24) registered nurse senior;

(25) rehabilitation counselor senior; and

(26) residential program lead.

Subd. 6. **Employment positions S to W.** Employment positions with a title that begins with the letters "S" to "W":

(1) security supervisor;

(2) sentencing to service crew leader, institution community work crews;

(3) skills development specialist;

(4) social work specialist;

(5) social work specialist senior-human services;

(6) social worker senior;

(7) special education program assistant;

(8) special teacher: doctoral;

(9) special teacher: master of arts/master of science/five-year+teachers license;

(10) special teacher: five-year career technical credential;

(11) special teacher: five-year career technical credential+10 credits;

(12) special teacher: five-year career technical credential+20 credits;

(13) special teacher: five-year career technical credential+30 credits;

(14) special teacher: five-year career technical credential+40 credits;

(15) special teacher: five-year career technical credential+50 credits;

(16) special teacher: bachelor of arts/bachelor of science+teachers license;

(17) special teacher: bachelor of arts/bachelor of science+teachers license+10 credits;

(18) special teacher: bachelor of arts/bachelor of science+teachers license+20 credits;

(19) special teacher: bachelor of arts/bachelor of science+teachers license+30 credits;

(20) special teacher: bachelor of arts/bachelor of science+teachers license+40 credits;

(21) special teacher: career technical credential;

(22) special teacher: master of arts/master of science+teachers license+10 graduate credits;

(23) special teacher: master of arts/master of science+teachers license+20 graduate credits;

(24) special teacher: master of arts/master of science+teachers license+30 graduate credits;

(25) special teacher: no degree/teachers license;

(26) speech pathology clinician;

(27) sports medicine specialist;

(28) work therapy assistant;

(29) work therapy program coordinator; and

(30) work therapy technician.

Subd. 7. **Former employees of Minnesota Specialty Health System-Cambridge.** A Department of Human Services or Direct Care and Treatment employee who was employed at the Minnesota Specialty Health System-Cambridge immediately preceding the 2014 conversion to community-based homes and was in covered correctional service at the time of the transition will continue to be covered by the correctional employees retirement plan while employed in the direct care and treatment of patients by and without a break in service with the Department of Human Services or Direct Care and Treatment.

Subd. 8. **Employees of labor organization.** Employees who meet the coverage and election requirements of section 352.029 will continue to be covered by the correctional employees retirement plan.

History: *2025 c 37 art 5 s 6; 2026 c 106 art 1 s 11*

352.907 PLAN COVERAGE CHANGES.

Subdivision 1. **Correctional plan membership committee.** (a) A correctional plan membership committee is established to make determinations regarding changes to employment positions and to coverage of employees.

(b) The members of the correctional plan membership committee are:

(1) the commissioner or the commissioner's designee;

(2) the chief executive officer or the chief executive officer's designee;

(3) the executive director or the executive director's designee;

(4) the commissioner of management and budget or the commissioner's designee;

(5) one representative from each employee organization that represents one or more employees of the Department of Corrections or Direct Care and Treatment and who are covered by the correctional employees retirement plan;

(6) the human resources director or the director's designee from the Department of Corrections; and

(7) the human resources director or the director's designee from Direct Care and Treatment.

(c) A member of the correctional plan membership committee under paragraph (b), clause (5), need not attend a meeting of the committee if none of the employees represented by the employee organization will be impacted by any action to be taken by the committee at the meeting.

(d) If the executive director has received one or more requests for changes to the title of an employment position, the addition or removal of an employment position from the lists in section 352.905, or the commencement or cessation of coverage of an employee by the correctional employees retirement plan, the executive director must convene the correctional plan membership committee at least as frequently as once every calendar quarter. If the executive director has not received any requests during a calendar quarter, the executive director is not required to convene a meeting.

(e) The human resources directors of the Department of Corrections and Direct Care and Treatment must retain each request to the correctional plan membership committee and the related documentation and final determination for an employee or employment position in their respective department or agency.

Subd. 2. **Change in the title of an employment position.** (a) No later than 60 days before the effective date of a change in the title of an employment position listed in section 352.905, the Department of Corrections or Direct Care and Treatment, as applicable, must submit a request to the commissioner of management and budget to review the title change and determine whether the responsibilities of the employment position have changed. The commissioner of management and budget must provide a response to the Department of Corrections or Direct Care and Treatment, as applicable, by the effective date of the change.

(b) If the commissioner of management and budget determines that the responsibilities of the employment position have not changed or the responsibilities of the employment position have changed but the changes do not affect the eligibility of the employment position for coverage by the correctional employees retirement plan, the department or agency, as applicable, must:

(1) submit the title change to the executive director of the Legislative Commission on Pensions and Retirement before the start of the next legislative session and request legislation to replace the title in section 352.905 with the new title; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that the title change will not affect the continued coverage of the employee by the correctional employees retirement plan and that the department or agency, as applicable, has submitted a request to the legislature to change the title in section 352.905.

(c) If the commissioner of management and budget determines that the responsibilities of the employment position have changed and the changes result in the employment position no longer being qualified for coverage by the correctional employees retirement plan, the employer must:

(1) submit a request to the correctional plan membership committee for confirmation that the employment position must be removed from the lists of employment positions in section 352.905; and

(2) notify each employee in the employment position no later than 30 days after the effective date of the title change that a determination was made by the commissioner of management and budget that, because the responsibilities of the employment position have changed, the employment position and all employees in the employment position are no longer eligible for coverage by the correctional employees retirement plan subject to confirmation by the correctional plan membership committee.

Subd. 3. **Transfers to new eligible facility or eligible program.** (a) If the Department of Corrections or Direct Care and Treatment adds a facility to the list of eligible facilities under section 352.901, subdivision 8, or a program to the list of eligible programs under section 352.901, subdivision 9, and the department or agency, as applicable, responsible for the new facility or program transfers a state employee who was rendering covered correctional service under section 352.905 to the new facility or program, the state employee must continue to be covered by the correctional employees retirement plan if the employee is employed in the same employment position at the new facility or in the new program.

(b) The employee continues to be covered by the correctional employees retirement plan unless the department or agency, as applicable, completes the process under subdivision 5 and the correctional plan membership committee has determined that the employee no longer qualifies for coverage.

Subd. 4. **Procedures for making employment position changes.** (a) The correctional plan membership committee must consider requests to add or remove an employment position listed in section 352.905,

subdivisions 3 to 6, or to confirm a determination under subdivision 2 by the commissioner of management and budget that, because the responsibilities of the employment position have changed, the employment position and all employees in the employment position are no longer eligible for coverage by the correctional employees retirement plan.

(b) An employee, employee organization, or employer may submit a request to the correctional plan membership committee to add an employment position to section 352.905, subdivisions 3 to 6. The correctional plan membership committee may determine that an employment position must be added if the committee determines that at least one employee in the employment position satisfies the direct contact requirement.

(c) The correctional plan membership committee may, at the request of an employer, determine under this subdivision or confirm a determination under subdivision 2, clause (2), that an employment position must be removed from the lists in section 352.905, subdivisions 3 to 6, if the committee determines that no employee in the employment classification satisfies the direct contact requirement.

(d) The correctional plan membership committee must include an effective date in any determination to add or remove an employment position from the lists in section 352.905, subdivisions 3 to 6. The effective date may be retroactive for a determination to add an employment position.

(e) If the correctional plan membership committee determines that an employment position must be added to or removed from the lists of employment positions in section 352.905, subdivisions 3 to 6, the department or agency affected by the determination must submit the employment position change to the executive director of the Legislative Commission on Pensions and Retirement before the start of the next legislative session and request legislation to make the change.

(f) After making a determination that an employment position must be added to or removed from the lists of employment positions in section 352.905, subdivisions 3 to 6, the correctional plan membership committee must designate a member of the committee to communicate the committee's determination to all affected employees no later than ten days after the date of the meeting at which the determination was made and inform the employees of the right to appeal the determination under subdivision 6.

Subd. 5. **Procedures for adding or ceasing coverage.** (a) The correctional plan membership committee must consider requests to provide coverage by the correctional employees retirement plan to an employee in an employment position listed in section 352.905, subdivisions 3 to 6, or to cease coverage of an employee.

(b) An employee, an employee's employee organization, or an employee's manager may submit a request to the correctional plan membership committee to provide coverage to an employee in an employment position listed in section 352.905, subdivisions 3 to 6. The request may include a description of the extent of the physical hazard that the employee is routinely subjected to in the course of employment, the extent of intervention routinely expected of the employee in the event of a facility incident, and the extent the employee is routinely involved in the rehabilitation, treatment, custody, or supervision of patients, clients, or incarcerated persons. The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employer's human resources director or the director's designee and the commissioner or the chief executive officer, as applicable, that the employee satisfies the direct contact requirement.

(c) An employer may submit a request to the correctional plan membership committee to cease coverage of an employee. The request must include:

(1) a signed and dated position description for the employee's position; and

(2) a statement signed by the employee's employer that the employee no longer satisfies the direct contact requirement.

(d) The correctional plan membership committee must include an effective date in any determination that an employee must begin to receive coverage by the correctional employees retirement plan or that coverage must cease. The effective date may be retroactive to the date as of which the coverage requirements were first satisfied or were no longer met.

(e) After making a determination of coverage or no coverage for an employee, the correctional plan membership committee must designate a member of the committee to communicate the committee's determination to the affected employee no later than ten days after the date of the meeting at which the determination was made and inform the employee of the right to appeal the determination under subdivision 6.

Subd. 6. **Right to appeal.** (a) No later than 30 days after receiving a determination under subdivision 4 or 5, the affected employee may appeal a determination of the correctional plan membership committee by filing an appeal with the human resources manager of the department or agency, as applicable, in which the employee is employed. The appeal must include:

(1) the reasons for the appeal and rationale for a determination that the employee be covered by the correctional employees retirement plan; and

(2) new or additional information, if any, not previously submitted or considered by the correctional plan membership committee, including a new or revised position description and samples of work product.

(b) The appeal must be decided by the commissioner of corrections if the employee is an employee of the Department of Corrections or by the chief executive officer of Direct Care and Treatment if the employee is an employee of Direct Care and Treatment. The decision of the commissioner or chief executive officer, as applicable, is final.

(c) A determination not timely appealed under paragraph (a) is not entitled to further administrative or judicial review. A determination under subdivision 4 or 5 or an appeal decided under paragraph (b) may not be appealed under section 356.96.

Subd. 7. **Certain laws not applicable to the membership committee.** (a) Meetings of the correctional plan membership committee are not subject to chapter 13D.

(b) The correctional plan membership committee is not an agency for the purposes of sections 15.0597 and 15.0599.

History: *2025 c 37 art 5 s 7; 2026 c 106 art 1 s 12*

352.908 CORRECTION OF PLAN COVERAGE ERRORS.

Section 356.637 applies if an employee is erroneously covered by:

(1) the correctional employees retirement plan when the employee should have been covered by one of the other plans specified in section 356.637; or

(2) a plan specified in section 356.637, other than the correctional employees retirement plan, when the employee should have been covered by the correctional employees retirement plan.

History: *2025 c 37 art 5 s 8*

352.91 Subdivision 1. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 2. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 2a. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 3. [Repealed, 1996 c 408 art 8 s 29]

Subd. 3a. [Repealed, 2015 c 68 art 13 s 65]

Subd. 3b. [Repealed, 2015 c 68 art 13 s 65]

Subd. 3c. MS 2025 Supp [Repealed, 2025 c 37 art 5 s 11]

Subd. 3d. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 3e. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 3f. MS 2025 Supp [Repealed, 2025 c 37 art 5 s 11]

Subd. 3g. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 3h. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 3i. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 3j. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 4. [Repealed, 2000 c 461 art 6 s 6]

Subd. 4a. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 4b. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 4c. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

Subd. 5. [Repealed, 2010 c 359 art 2 s 19]

Subd. 6. MS 2024 [Repealed, 2025 c 37 art 5 s 11]

352.911 CORRECTIONAL EMPLOYEES RETIREMENT FUND.

Subdivision 1. **Fund created.** There is created a special fund to be known as the correctional employees retirement fund.

Subd. 2. **Revenue sources.** Employee contributions under section 352.92, subdivision 1, and employer contributions under section 352.92, subdivision 2, and other amounts, including any investment income on invested fund assets as authorized by law, shall be deposited in the fund.

Subd. 3. **Investment.** The assets of the fund must be deposited in the Minnesota combined investment funds as provided in section 11A.14, if applicable, or otherwise under section 11A.23.

Subd. 4. **Collection of contributions.** The collection of employee and employer contributions shall be governed by the applicable procedures set forth in section 352.04, subdivisions 4, 5, 6, 8, and 9.

Subd. 5. **Fund disbursement restricted.** The correctional employees retirement fund must be disbursed only for the purposes provided for in the applicable provisions in this chapter. The proportional share of the expenses of the system and any benefits provided in section 352.90 must be paid from the correctional employees retirement fund. The retirement allowances, retirement annuities, the disability benefits, the survivorship benefits, and any refunds of accumulated deductions must be paid from the correctional employees retirement fund. The amounts necessary to make the payments from the correctional employees retirement fund are annually appropriated from that fund for those purposes.

History: *1987 c 259 s 20; 2009 c 169 art 1 s 18,19*

352.92 CORRECTIONAL EMPLOYEE CONTRIBUTIONS.

Subdivision 1. **Employee contributions.** (a) Employee contributions of covered correctional employees must be in an amount equal to the following percent of salary:

from July 1, 2014, to June 30, 2018	9.1
after June 30, 2018	9.6

(b) These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Subd. 2. **Employer contributions.** (a) The employer shall contribute for covered correctional employees an amount equal to the following percent of salary:

from July 1, 2014, to June 30, 2018	12.85
after June 30, 2018	14.4

(b) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Subd. 2a. **Supplemental employer contribution.** (a) Effective July 1, 2019, the employer shall pay a supplemental contribution. The supplemental contribution is 1.45 percent of salary for covered correctional employees from July 1, 2019, through June 30, 2020; 2.95 percent of salary for covered correctional employees from July 1, 2020, through June 30, 2021; and 4.45 percent of salary for covered correctional employees thereafter. The supplemental contribution rate of 4.45 percent remains in effect until, for three consecutive years, the market value of the assets of the correctional state employees retirement plan of the Minnesota State Retirement System equals or exceeds 110 percent of the actuarial accrued liability of the plan as determined by the actuary retained under section 356.214. The expiration of the supplemental employer contribution is effective the first day of the first full pay period of the fiscal year immediately following the issuance of the third actuarial valuation upon which the expiration is based.

(b) The supplemental contribution under paragraph (a) must be paid starting the first day of the first full pay period after June 30, 2018.

Subd. 3. **Plan administration.** The Minnesota State Retirement System shall administer the correctional employees retirement plan established by sections 352.90 to 352.951 in accordance with this chapter and chapters 356 and 356A.

History: *1973 c 653 s 41; 3Sp1981 c 2 art 1 s 66,67; 1982 c 641 art 1 s 11,12; 1984 c 564 s 13; 1987 c 229 art 6 s 1; 1989 c 319 art 8 s 11; 1990 c 591 art 2 s 3; 1996 c 408 art 8 s 18; 1997 c 233 art 1 s 21,22; 1999 c 222 art 13 s 3,4; 2006 c 271 art 1 s 4,5; 2014 c 296 art 3 s 3,4; 2018 c 211 art 7 s 3-5; 2023 c 45 art 3 s 3; 2025 c 37 art 16 s 1*

352.925 VESTING.

(a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit from the correctional state employees retirement plan by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies.

(b) A member who first became a member of the correctional state employees retirement plan before July 1, 2010, is vested when the person has accrued credit for not less than three years of allowable service as defined under section 352.01, subdivision 11.

(c) A member who first becomes a member of the correctional state employees retirement plan after June 30, 2010, is vested at the following percentages when the person has accrued credited allowable service as defined under section 352.01, subdivision 11, as follows:

(i) 50 percent after five years;

(ii) 60 percent after six years;

(iii) 70 percent after seven years;

(iv) 80 percent after eight years;

(v) 90 percent after nine years; and

(vi) 100 percent after ten years.

History: *2010 c 359 art 1 s 10*

352.93 RETIREMENT ANNUITY.

Subdivision 1. **Basis of annuity; when to apply.** After separation from state service, an employee covered under section 352.905 who has reached age 55 years and is vested under section 352.925, is entitled upon application to a retirement annuity under this section, based only on covered correctional employees' service. Application may be made no earlier than 60 days before the date the employee is eligible to retire by reason of both age and service requirements.

Subd. 2. **Calculating monthly annuity.** The monthly annuity under this section must be determined by multiplying the average monthly salary by the number of years, or completed months, of covered correctional service by 2.4 percent if employed as a correctional state employee before July 1, 2010, or 2.2 percent if employed as a correctional state employee after June 30, 2010.

Subd. 2a. **Early retirement.** Any covered correctional employee who becomes at least 50 years old and is vested under section 352.925, is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced by two-tenths of one percent for each month that the correctional employee is under age 55 at the time of retirement if first employed as a correctional state

employee before July 1, 2010, and if retired before July 1, 2015, or reduced by 0.417 percent for each month that the correctional employee is under age 55 at the time of retirement if first employed as a correctional state employee after June 30, 2010, or if first employed as a correctional state employee before July 1, 2010, and if retired after June 30, 2015.

Subd. 3. **Annuity accrual.** The annuity under this section must begin to accrue as provided in section 352.115, subdivision 8.

Subd. 3a. **Optional annuities.** The board may establish optional annuity forms to pay a higher amount from the date of retirement until an employee is first eligible to draw Social Security benefits, reaches age 65, or reaches the age the employee is eligible to receive unreduced Social Security benefits, at which time the monthly benefits must be reduced. The optional annuity forms must be actuarially equivalent to the normal single life annuity form provided in subdivision 2. The optional annuity forms must be certified as actuarially equivalent by the actuary retained under section 356.214.

Subd. 4. **Employee with regular and correctional service.** A former employee who has both regular and correctional service shall, if qualified, receive an annuity based on both periods of service under applicable sections of law but no period of service shall be used more than once in calculating the annuity.

Subd. 5. [Repealed, 1983 c 128 s 36]

Subd. 6. [Repealed, 1983 c 128 s 36]

Subd. 7. **Postretirement adjustment eligibility.** A retirement annuity under this section is eligible for postretirement adjustments under section 356.415.

History: *1973 c 653 s 42; 1975 c 368 s 36; 1980 c 607 art 14 s 46; 1983 c 128 s 14; 1984 c 564 s 14,15; 1986 c 444; 1987 c 229 art 6 s 1; 1987 c 372 art 9 s 6; 1989 c 319 art 1 s 9; art 13 s 20,21; art 17 s 2,3; 1990 c 570 art 12 s 11,12; 1993 c 307 art 1 s 20; 1994 c 528 art 1 s 8; 1997 c 233 art 1 s 23-25; 1999 c 222 art 13 s 5; 2002 c 392 art 11 s 52; 1Sp2005 c 8 art 1 s 6; 2006 c 271 art 3 s 47; 2009 c 169 art 1 s 20; 2010 c 359 art 1 s 11-13; 2013 c 111 art 4 s 3; 2025 c 37 art 5 s 9*

352.931 SURVIVOR BENEFITS.

Subdivision 1. **Surviving spouse benefit.** (a) If the correctional employee was at least age 50, was vested under section 352.925, and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund under section 352.12, subdivision 1, an annuity for life equal to the joint and 100 percent survivor annuity which the employee could have qualified for had the employee terminated service on the date of death. The election may be made at any time after the date of death of the employee. The surviving spouse benefit begins to accrue as of the first of the month next following the date on which the application for the benefit was filed.

(b) If the employee was under age 50, dies, and was vested under section 352.925, but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the early retirement reduction under section 352.93, subdivision 2a, to age 50, and one-half of the early retirement reduction from age 50 to the age payment begins. The surviving spouse eligible for surviving spouse benefits under this paragraph may apply for the annuity at any time after the employee's death. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision.

(c) The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse. Any employee may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

Subd. 2. **Surviving spouse coverage; term certain.** In lieu of the 100 percent optional annuity under subdivision 1, the surviving spouse of a deceased employee may elect to receive survivor coverage in a term certain of ten, 15, or 20 years. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 1 and must be approved by the actuary retained under section 356.214. The optional annuity ceases upon the expiration of the term certain period. If a survivor elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Subd. 3. **Dependent child survivor coverage.** If there is no surviving spouse eligible for benefits under subdivision 1, a dependent child as defined in section 352.01, subdivision 26, is eligible for a dependent child survivor benefit. Benefits to a dependent child must be paid from the date of the employee's death to the date the dependent child attains age 20 if the child is under age 15 on the date of death. If the child is 15 years or older on the date of death, the benefit is payable for five years. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent joint and survivor optional annuity using the age of the employee and age of the dependent child at the date of death in lieu of the age of the surviving spouse. If there is more than one dependent child, each dependent child shall receive a proportionate share of the actuarial value of the employee's account, with the amount of the benefit payable to each child to be determined based on the portion of the total eligibility period that each child is eligible. The process for calculating the dependent child survivor benefit must be approved by the actuary retained under section 356.214.

Subd. 4. **Death refund.** An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid to the surviving spouse and surviving child or children must be paid to the deceased employee's last designated beneficiary or, if none, as specified under section 352.12, subdivision 1.

Subd. 5. **Application.** The benefit elections under this section must be made on an application form prescribed by the executive director and must be filed with the executive director.

Subd. 6. **Postretirement adjustment eligibility.** A survivor benefit under this section is eligible for postretirement adjustments under section 356.415.

History: *1997 c 233 art 1 s 26; 2006 c 271 art 3 s 47; 2008 c 349 art 4 s 2; 2009 c 169 art 1 s 21; 2010 c 359 art 1 s 14*

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 356.311.

History: *1973 c 653 s 43; 1986 c 444; 1987 c 229 art 6 s 1; 1993 c 307 art 1 s 21; 2022 c 65 art 9 s 2*

352.95 DISABILITY BENEFITS.

Subdivision 1. **Duty disability; computation of benefit.** A covered correctional employee who is determined to have a duty disability, physical or psychological, as defined under section 352.01, subdivision

17b, is entitled to a duty disability benefit. The duty disability benefit must be based on covered correctional service only. The duty disability benefit amount is 50 percent of the average salary defined in section 352.93, plus an additional 2.4 percent if employed as a correctional state employee before July 1, 2010, or 2.2 percent if employed as a correctional state employee after June 30, 2010, for each year of covered correctional service in excess of 20 years, ten months, prorated for completed months.

Subd. 1a. **Optional annuity election.** A disabled correctional employee may elect the normal disability benefit or an optional annuity as provided in section 352.116, subdivision 3. The election of an optional annuity must be made before commencement of payment of the disability benefit and becomes effective the date on which the disability benefit begins to accrue as provided in subdivision 3. Upon becoming effective, the optional annuity shall begin to accrue on the same date as provided for the disability benefit.

Subd. 2. **Regular disability; computation of benefit.** A covered correctional employee who was hired before July 1, 2009, after rendering at least one year of covered correctional service, or a covered correctional employee who was first hired after June 30, 2009, is vested under section 352.925, and who is determined to have a regular disability, physical or psychological, as defined under section 352.01, subdivision 17c, is entitled to a regular disability benefit. The regular disability benefit must be based on covered correctional service only. The regular disability benefit must be computed as provided in section 352.93, subdivisions 1 and 2. The regular disability benefit of a covered correctional employee who was first hired before July 1, 2009, and who is determined to have a regular disability, physical or psychological, under this subdivision must be computed as though the employee had at least 15 years of covered correctional service.

Subd. 3. **Applying for benefits; accrual.** No application for disability benefits may be made until after the last day physically on the job. The disability benefit begins to accrue the day following the last day for which the employee is paid sick leave or annual leave, but not earlier than 180 days before the date the application is filed. A terminated employee must file a written application in an office of the system or with a person authorized by the executive director. Applications must comply with section 352.113, subdivision 2, paragraph (b).

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 may 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 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.

Subd. 5. **Retirement status at normal retirement age.** The disability benefit paid to a disabled correctional employee under this section terminates at the end of the month in which the employee reaches age 55, or the five-year anniversary of the effective date of the disability benefit, whichever is later. If the disabled correctional employee is still disabled when the employee reaches age 55, or the five-year anniversary of the effective date of the disability benefit, whichever is later, the employee must be deemed to be a retired employee. If the employee had elected an optional annuity under subdivision 1a, the employee shall receive an annuity in accordance with the terms of the optional annuity previously elected. If the employee had not elected an optional annuity under subdivision 1a, the employee may within 90 days of attaining age 55 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later, either elect to receive a normal retirement annuity computed in the manner provided in section 352.93 or elect to receive an optional annuity as provided in section 352.116, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. Election of an optional annuity must be made within 90 days before attaining age 55 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later. If an optional annuity is elected, the optional annuity begins to accrue on the first of the month following the month in which the employee reaches age 55 or the five-year anniversary of the effective date of the disability benefit, whichever is later.

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 352.22, subdivision 3a, while the employee is receiving a disability benefit under this section.

Subd. 7. **Resumption of employment.** If the disabled employee resumes gainful work, the disability benefit must be continued in an amount which when added to current earnings and workers' compensation benefits does not exceed the salary rate of the disabled employee at the date of disability as adjusted by the same percentage increase in United States average wages used by Social Security in calculating average indexed monthly earnings for the same period.

Subd. 8. **Postretirement adjustment eligibility.** A disability benefit under this section is eligible for postretirement adjustments under section 356.415.

History: *1973 c 653 s 44; 1980 c 342 s 6; 1981 c 68 s 12,13; 1983 c 128 s 15,16; 1984 c 564 s 16; 1984 c 574 s 9; 1Sp1985 c 7 s 7; 1986 c 444; 1987 c 229 art 6 s 1; 1989 c 319 art 13 s 22,23; art 17 s 4,5; 1993*

c 307 art 1 s 22; art 2 s 6-8; 1994 c 465 art 3 s 30; 1996 c 438 art 2 s 2; 1997 c 233 art 1 s 27,28; 1Sp2001 c 10 art 3 s 11-13; 2002 c 392 art 11 s 52; 2004 c 267 art 8 s 5-7; 2009 c 169 art 1 s 22; art 2 s 10-14; 2010 c 359 art 1 s 15; 2013 c 111 art 4 s 4; 2014 c 275 art 2 s 25; 2020 c 108 art 5 s 9; 2022 c 65 art 5 s 3; art 9 s 3; 2024 c 102 art 5 s 10

352.951 APPLICABILITY OF GENERAL LAW.

Except as otherwise provided, this chapter applies to covered correctional employees, military affairs personnel covered under section 352.85, Transportation Department pilots covered under section 352.86, state fire marshal employees covered under section 352.87, and probation officers and public safety telecommunicators covered under section 352.88.

History: *1981 c 224 s 60; 1987 c 229 art 6 s 1; 1993 c 307 art 1 s 23; 2007 c 134 art 2 s 8; 2026 c 106 art 4 s 4*

352.955 TRANSFER OF PRIOR MSRS-GENERAL SERVICE CREDIT.

Subdivision 1. **Election to transfer prior MSRS-general service credit.** (a) An eligible employee described in paragraph (b) may elect to transfer service credit in the general state employees retirement plan of the Minnesota State Retirement System to the correctional state employees retirement plan for eligible prior correctional employment.

(b) An eligible employee is a person who the correctional plan membership committee determines is entitled to coverage by the correctional employees retirement plan under section 352.907.

(c) Eligible prior correctional employment is employment covered by the general state employees retirement plan of the Minnesota State Retirement System, is continuous service, and is certified by the commissioner of corrections and the Direct Care and Treatment executive board, whichever applies, and by the commissioner of management and budget to the executive director of the Minnesota State Retirement System as service that would qualify for correctional state employees retirement plan coverage under section 352.905, if the service had been rendered after the date of coverage transfer.

(d) The election to transfer past service credit under this section must be made in writing by the applicable person on a form prescribed by the executive director of the Minnesota State Retirement System and must be filed with the executive director of the Minnesota State Retirement System on or before the one year anniversary of the coverage transfer or the date of the eligible employee's termination of state employment, whichever is earlier.

Subd. 2. [Repealed, 2013 c 111 art 2 s 33]

Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible employee who is transferred to plan coverage and who elects to transfer past service credit under this section must pay an additional member contribution for that prior service period. The additional member contribution is the amount computed under paragraph (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer.

(b) The executive director shall compute, for the most recent 12 months of service credit eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at the applicable monthly rate or rates specified in section 356.59, subdivision 2.

(c) The executive director shall compute, for any service credit being transferred on behalf of the eligible employee and not included under paragraph (b), the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at the applicable monthly rate or rates specified in section 356.59, subdivision 2.

(d) The executive director shall compute an amount using the process specified in paragraph (b), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(e) The executive director shall compute an amount using the process specified in paragraph (c), but based on differences in employer contribution rates between the general state employees retirement plan and the correctional state employees retirement plan rather than employee contribution rates.

(f) The additional equivalent member contribution under this subdivision must be paid in a lump sum. Payment must accompany the election to transfer the prior service credit. No transfer election or additional equivalent member contribution payment may be made by a person or accepted by the executive director after the one year anniversary date of the effective date of the retirement coverage transfer, or the date on which the eligible employee terminates state employment, whichever is earlier.

(g) If an eligible employee elects to transfer past service credit under this section and pays the additional equivalent member contribution amount under paragraph (a), the applicable department shall pay an additional equivalent employer contribution amount. The additional employer contribution is the amount computed under paragraph (d), plus the greater of the amount computed under paragraph (e), or 60 percent of the unfunded actuarial accrued liability attributable to the past service credit transfer.

(h) The unfunded actuarial accrued liability attributable to the past service credit transfer is the present value of the benefit obtained by the transfer of the service credit to the correctional state employees retirement plan reduced by the amount of the asset transfer under subdivision 4, by the amount of the member contribution equivalent payment computed under paragraph (b), and by the amount of the employer contribution equivalent payment computed under paragraph (d).

(i) The additional equivalent employer contribution under this subdivision must be paid in a lump sum and must be paid within 30 days of the date on which the executive director of the Minnesota State Retirement System certifies to the applicable department that the employee paid the additional equivalent member contribution.

Subd. 4. **Transfer of assets.** Assets related to the transferred service credit of an eligible employee must be transferred from the general state employees retirement fund to the correctional state employees retirement fund in an amount equal to the present value of benefits earned under the general state employees retirement plan by the eligible employee transferring past service to the correctional state employees retirement plan, as determined by the actuary retained under section 356.214, multiplied by the accrued liability funding ratio of the active members of the general state employees retirement plan as derived from the most recent actuarial valuation prepared under section 356.215. The transfer of assets must be made within 45 days after the coverage transfer election is made.

Subd. 5. **Effect of asset transfer.** Upon the transfer of assets under subdivision 4, the service credit in the general state employees retirement plan of the Minnesota State Retirement System related to the period being transferred is forfeited and may not be reinstated. The transferred service credit and the transferred assets must be credited to the correctional state employees retirement plan and fund, respectively.

Subd. 6. **Cost of actuarial calculations.** The applicable department shall pay the cost of the actuarial calculations required by this section as billed by the executive director of the Minnesota State Retirement System.

History: *2007 c 134 art 3 s 5; 2007 c 148 art 2 s 83; 2008 c 349 art 5 s 6,7; 2009 c 101 art 2 s 109; 2013 c 111 art 2 s 19,20; 2015 c 68 art 3 s 3; 2018 c 211 art 6 s 8; 2024 c 79 art 10 s 3; 2025 c 37 art 5 s 10*

DEFERRED COMPENSATION

352.96 [Repealed, 2008 c 349 art 11 s 12]

352.965 MINNESOTA STATE DEFERRED COMPENSATION PLAN.

Subdivision 1. **Establishment.** (a) The Minnesota deferred compensation plan is established. For purposes of this section, "plan" means the Minnesota deferred compensation plan, unless the context clearly indicates otherwise. The Minnesota State Retirement System shall administer the plan.

(b) The purpose of the plan is to provide a means for a public employee to contribute a portion of the employee's compensation to a tax-deferred investment account. The plan is an eligible tax-deferred compensation plan under section 457(b) of the Internal Revenue Code, United States Code, title 26, section 457(b), and the applicable regulations under Code of Federal Regulations, title 26, parts 1.457-3 to 1.457-10.

(c) The board of directors of the Minnesota State Retirement System is the plan trustee and plan sponsor. The board's executive director is the plan administrator. Fiduciary activities of the plan must be undertaken in a manner consistent with chapter 356A.

(d) The executive director, with the approval of the board of directors, shall adopt and amend, as required to maintain tax-qualified status, a written plan document specifying the material terms and conditions for eligibility, benefits, applicable limitations, and the time and form under which benefit distributions can be made. With the approval of the board of directors, the executive director may also establish policies and procedures necessary for the administration of the deferred compensation plan.

(e) The plan document must include provisions that are necessary to cause the plan to be an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code. The plan document may provide additional administrative and substantive provisions consistent with state law, provided that those provisions do not cause the plan to fail to be an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code and may include provisions for certain optional features and services.

(f) The board of directors may authorize the executive director to establish and administer a Roth 457 plan if authorized by the Internal Revenue Code or a Roth individual retirement account as defined under section 408A of the Internal Revenue Code.

(g) All amounts contributed to the deferred compensation plan and all earnings on those amounts must be held in trust, in custodial accounts, or in qualifying annuity contracts for the exclusive benefit of the plan participants and beneficiaries, as required by section 457(g) of the Internal Revenue Code and in accordance with sections 356.001 and 356A.06, subdivision 1.

(h) The information and data maintained in the accounts of the participants and beneficiaries are private data and must not be disclosed to anyone other than the participant or beneficiary pursuant to a court order or under section 356.49.

(i) The plan document is not subject to the rule adoption process under the Administrative Procedure Act, including section 14.386, but must conform with applicable federal and state laws.

Subd. 2. **Right to participate in deferred compensation plan.** (a) At the request of an officer or employee of the state, an officer or employee of a political subdivision, or an employee covered by a retirement fund in section 356.20, subdivision 2, the appointing authority shall defer the payment of part of the compensation of the public officer or employee through payroll deduction.

(b) The amount to be deferred must be as provided in an agreement between the officer or employee and the plan sponsor. The agreement must be in a form specified by the executive director of the Minnesota State Retirement System and must be consistent with the requirements for an eligible plan under federal and state tax laws, regulations, and rulings.

Subd. 3. **Failure to implement plan.** The public employer must complete implementation of the deferred compensation plan within 45 days of the request as provided in subdivision 2. If the public employer fails to implement the deferred compensation plan, the public employer may not defer compensation under any existing or new deferred compensation plan from the date of the request until the date on which the deferred compensation plan provided for in this section is implemented. Upon the petition of a public officer or employee, the executive director of the Minnesota State Retirement System may order the public officer's or employee's public employer to implement the deferred compensation plan provided for in this section and may enforce that order in appropriate legal proceedings.

Subd. 4. **Plan investments.** Available investments are those investments chosen by the State Board of Investment under section 356.645 for the plan.

Subd. 4a. **Exclusive benefit.** All amounts contributed to the deferred compensation plan and all earnings on those amounts must be held for the exclusive benefit of the plan participants and beneficiaries. These amounts must be held in trust, in custodial accounts, or in qualifying annuity contracts as required by federal law in accordance with section 356A.06, subdivision 1.

Subd. 4b. **Employer contribution prohibition.** Except as authorized in section 356.24, subdivision 1, clause (5), employer contributions are prohibited.

Subd. 5. [Repealed, 2014 c 296 art 13 s 28]

Subd. 6. **Plan administrative expenses.** (a) The reasonable and necessary administrative expenses of the deferred compensation plan may be charged to plan participants in the form of an annual fee, an asset-based fee, a percentage of the contributions to the plan, or a combination thereof, as set forth in the plan document. The executive director of the system at the direction of the board of directors shall establish procedures to carry out this section including allocation of administrative costs of the plan to participants. Processes and procedures shall be set forth in the plan document. Fees cannot be charged on contributions and investment returns attributable to contributions made to the Minnesota supplemental investment funds before July 1, 1992.

(b) The plan document must conform to federal and state tax laws, regulations, and rulings, and is not subject to the Administrative Procedure Act.

(c) The executive director may contract with a third party to perform administrative and record keeping functions. The executive director may solicit bids and negotiate such contracts. Participating employers must provide the necessary data to the third-party record keeper as determined by the executive director. The third-party record keeper and the Minnesota State Retirement System shall follow the data privacy

provisions under chapter 13. The third-party record keeper may not solicit participants for any product or services not related to the deferred compensation plan.

(d) The board of directors may authorize a third-party investment consultant to provide investment information and advice if the offering of such information and advice is consistent with the investment advice requirements applicable to private plans under Title VI, subtitle A, of the Pension Protection Act of 2006, Public Law 109-280, section 601.

Subd. 7. **Other laws not applicable.** Except as provided in this section, no provisions of this chapter or other law specifically referring to this chapter applies to this section unless the Minnesota deferred compensation plan is specifically referenced.

Subd. 8. **Exemption from process.** No amount of deferred compensation is assignable or subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

Subd. 9. **Missing participants.** The plan document shall establish procedures to assist in locating participants. If a participant cannot be located the participant's benefits shall be deemed abandoned and the provisions of section 356.65 shall apply to their disposition.

History: *2008 c 349 art 11 s 3; 2010 c 359 art 2 s 6,7; art 3 s 1; 2014 c 296 art 13 s 5-7*

352.97 PRIOR DEFERRED COMPENSATION PLANS; CONSTRUCTION.

Sections 352.965 and 352.97 do not preempt, prohibit, ratify, or approve any other deferred compensation plan established before or after June 3, 1975.

History: *1975 c 273 s 2; 1987 c 229 art 6 s 1; 2008 c 349 art 11 s 4*

POSTRETIREMENT HEALTH CARE SAVINGS

352.98 HEALTH CARE SAVINGS PLAN.

Subdivision 1. **Plan created.** This section must be administered by the executive director of the system with the advice and consent of the board of directors. The executive director shall establish a plan or plans, known as health care savings plans, through which an officer or employee of the state or of a political subdivision, including officers or employees covered by a plan or fund specified in chapter 353D, 354B, 354D, 424A, or section 356.20, subdivision 2, may save to cover health care costs. For purposes of this section, a volunteer or paid on-call firefighter is an employee. The executive director shall make available one or more trusts, including a governmental trust or governmental trusts, authorized under the Internal Revenue Code to be eligible for tax-preferred or tax-free treatment through which employers and employees can save to cover health care costs.

Subd. 2. **Contracting authorized.** (a) The executive director shall administer the plan and contract with public and private entities to provide investment services, record keeping, benefit payments, and other functions necessary for the administration of the plan.

(b) As specified in section 356.645, the State Board of Investment shall determine an appropriate selection of investment options that shall be offered by the health care savings plan.

Subd. 3. **Contributions.** (a) Contributions to the plan must be defined in a personnel policy, collective bargaining agreement, participation plan, or resolution of the governing body of a public employer or political subdivision.

(b) The executive director may offer different types of trusts permitted under the Internal Revenue Code to best meet the needs of different employer units.

(c) Contributions to the plan by or on behalf of the participant must be held in trust for reimbursement of eligible health-related expenses for participants and their dependents following termination from public employment or in other circumstances set forth in the plan document. The executive director shall maintain a separate account of the contributions made by or on behalf of each participant and the earnings thereon. The executive director shall make available a limited range of investment options, and each participant may direct the investment of the accumulations in the participant's account among the investment options made available by the executive director.

(d) This section does not obligate a public employer to meet and negotiate in good faith with the exclusive bargaining representative of any public employee group regarding an employer contribution to a postretirement or active employee health care savings plan authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent of the legislature to authorize the state to incur new funding obligations for the costs of retiree health care or the costs of administering retiree health care plans or accounts.

Subd. 4. **Reimbursement for health-related expenses.** The executive director shall reimburse participants at least quarterly for eligible health-related expenses, as allowable by federal and state law, until the participant exhausts the accumulation in the participant's account. If a participant dies prior to exhausting the participant's account balance, the participant's spouse or dependents are eligible to be reimbursed for health care expenses from the account until the account balance is exhausted. If an account balance remains after the death of a participant and all of the participant's legal dependents, the remainder of the account must be paid to the participant's beneficiaries or, if none, to a living person or persons named by the personal representative of the estate. The person or persons named must use the account for reimbursement of allowable health care expenses.

Subd. 5. **Fees.** The executive director is authorized to charge fees to participants to cover the ongoing cost of operating the plan. The fees must be deposited in an administrative fee account. On January 1, following the end of the prior fiscal year, the executive director shall estimate the amount needed to cover plan expenses, record keeping costs, and custodial fees for the new fiscal year. If the balance of the administrative fee account is in excess of this amount, the excess must revert to participant accounts, or plan fees must be reduced to eliminate the excess, or the executive director may use a combination of both approaches to eliminate the excess.

Subd. 6. [Repealed, 2007 c 133 art 2 s 13]

Subd. 7. **Contracting with private entities.** Nothing in this section prohibits employers from contracting with private entities to provide for health care reimbursement plans.

Subd. 8. **Exemption from process.** Assets in a health care savings plan account described in this section must be used for the reimbursement of health care expenses and are not assignable or subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

History: *1Sp2001 c 10 art 7 s 1; 2004 c 267 art 11 s 1; 2007 c 134 art 2 s 9; 2008 c 349 art 5 s 8-12; 2012 c 286 art 4 s 1-4; 2014 c 296 art 13 s 8; 2026 c 106 art 11 s 1; art 15 s 8*