CHAPTER 353

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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353.01 DEFINITIONS.

Subdivision 1. **Terms.** Unless the language or context clearly indicates that a different meaning is intended, each of the following terms, for the purposes of this chapter, has the meaning given it.

Subd. 2. **Public employee.** "Public employee" means a governmental employee or a public officer performing personal services for a governmental subdivision defined in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. For purposes of membership in the association, the term includes the classes of persons listed in subdivision 2a and excludes the classes of persons listed in subdivision 2b. The term also includes persons who elect

association membership under subdivision 2d, paragraph (a), and persons for whom the applicable governmental subdivision had elected association membership under subdivision 2d, paragraph (b).

Subd. 2a. **Included employees; mandatory membership.** (a) Any public employee whose salary from one governmental subdivision is expected to exceed $425 in any month and who is not specifically excluded under subdivision 2b or has not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate beginning on the employee's first day of employment as a member of the association with retirement coverage by the general employees retirement plan under this chapter, the public employees police and fire plan under this chapter, the local government correctional employees retirement plan under chapter 353E, or the local government probation and telecommunicator retirement plan under chapter 353H, whichever applies. For any employee whose salary is not expected to exceed $425 in any month, membership commences on the first day that the employee's salary exceeds $425 and the other eligibility criteria are met. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society;

(6) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b;

(7) employees of the Seaway Port Authority of Duluth who are not excluded employees under subdivision 2b;

(8) employees of the Stevens County Housing and Redevelopment Authority who were first employed by the Stevens County Housing and Redevelopment Authority before May 1, 2014, and who are not excluded employees under subdivision 2b;

(9) employees of the Minnesota River Area Agency on Aging who were first employed by a Regional Development Commission before January 1, 2016, and who are not excluded employees under subdivision 2b; and

(10) employees of the Public Employees Retirement Association.

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) If the salary of an included public employee is less than $425 in any subsequent month, the member retains membership eligibility.

(d) For the purpose of participation in the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010.

Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to participate as members of the association with retirement coverage by the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, the public employees police and fire plan, or the local government probation and telecommunicator retirement plan under chapter 353H:

(1) persons whose salary from one governmental subdivision never exceeds or is never expected to exceed $425 in a month;

(2) public officers who are elected to a governing body, city mayors, or persons who are appointed to fill a vacancy in an elected office of a governing body, whose term of office commences on or after July 1, 2002, for the service to be rendered in that elected position;

(3) election judges and persons employed solely to administer elections;

(4) patient and inmate personnel who perform services for a governmental subdivision;

(5) except as otherwise specified in subdivision 12a, employees who are employed solely in a temporary position as defined under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days of that resignation in the same governmental subdivision;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster, but if the person becomes a probationary or provisional employee within the same pay period, other than on a temporary basis, the person is a "public employee" retroactively to the beginning of the pay period;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion must not be construed to prevent a person from being a member of and contributing to the Public Employees Retirement Association and also belonging to and contributing to another public pension plan or fund for other service occurring during the same period of time, and a person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement plan on the salary based on the other service or to the Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are members of a religious order and 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 1954, as amended;

(9) persons who are:

(i) employed by a governmental subdivision who have not reached the age of 23 and who are enrolled on a full-time basis to attend or are attending classes on a full-time basis at an accredited school, college, or university in an undergraduate, graduate, or professional-technical program, or at a public or charter high school;

(ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist interns and are serving in a degree or residency program in a public hospital or in a public clinic; or

(iii) students who are serving for a period not to exceed five years in an internship or a residency program that is sponsored by a governmental subdivision, including an accredited educational institution;

(10) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(11) for the first three years of employment, foreign citizens who are employed by a governmental subdivision, except that the following foreign citizens must be considered included employees under subdivision 2a:

(i) H-1B, H-1B1, and E-3 status holders;

(ii) employees of Hennepin County or Hennepin Healthcare System, Inc.;

(iii) employees legally authorized to work in the United States for three years or more; and

(iv) employees otherwise required to participate under federal law;

(12) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(13) volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the Public Employees Retirement Association and participants in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the Public Employees Retirement Association and a participant in the general employees retirement plan or the public employees police and fire plan, whichever applies, on the basis of compensation received from public employment activities other than those as a volunteer firefighter;

(15) employees in the building and construction trades, as follows:

(i) pipefitters and associated trades personnel employed by Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters local 455 pension plan who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12;

(ii) electrical workers, plumbers, carpenters, and associated trades personnel employed by Independent School District No. 625, St. Paul, or the city of St. Paul, with coverage under a collective bargaining agreement by the electrical workers local 110 pension plan, the plumbers local 34 pension plan, or the carpenters local 322 pension plan who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

(iii) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters, allied tradesworkers, and plasterers employed by the city of St. Paul or Independent School District No. 625, St. Paul, with coverage under a collective bargaining agreement by the bricklayers and allied craftworkers local 1 pension plan, the cement masons local 633 pension plan, the glaziers and glassworkers local 1324 pension plan, the painters and allied trades local 61 pension plan, or the plasterers local 265 pension plan who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(iv) plumbers employed by the Metropolitan Airports Commission, with coverage under a collective bargaining agreement by the plumbers local 34 pension plan, who were either first employed after May 1, 2001, or if first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

(v) electrical workers or pipefitters employed by the Minneapolis Park and Recreation Board, with coverage under a collective bargaining agreement by the electrical workers local 292 pension plan or the pipefitters local 539 pension plan, who were first employed before May 2, 2015, and elected to be excluded under Laws 2015, chapter 68, article 11, section 5;

(vi) laborers and associated trades personnel employed by the city of St. Paul or Independent School District No. 625, St. Paul, who are designated as temporary employees with coverage under a collective bargaining agreement by a multiemployer plan as defined in section 356.27, subdivision 1, who were either first employed on or after June 1, 2018, or if first employed before June 1, 2018, elected to be excluded under Laws 2018, chapter 211, article 16, section 13; and

(vii) employees who are trades employees as defined in section 356.27, subdivision 1, first hired on or after July 1, 2020, by the city of St. Paul or Independent School District No. 625, St. Paul, except for any trades employee for whom contributions are made under section 356.24, subdivision 1, clause (8), (9), or (10), by either employer to a multiemployer plan as defined in section 356.27, subdivision 1;

(16) employees who are hired after June 30, 2002, solely to fill seasonal positions under subdivision 12b which are limited in duration by the employer to a period of six months or less in each year of employment with the governmental subdivision;

(17) persons who are provided supported employment or work-study positions by a governmental subdivision and who participate in an employment or industries program maintained for the benefit of these persons where the governmental subdivision limits the position's duration to up to five years, including persons participating in a federal or state subsidized on-the-job training, work experience, senior citizen, youth, or unemployment relief program where the training or work experience is not provided as a part of, or for, future permanent public employment;

(18) independent contractors and the employees of independent contractors;

(19) reemployed annuitants of the association during the course of that reemployment;

(20) persons appointed to serve on a board or commission of a governmental subdivision or an instrumentality thereof;

(21) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan Transit Commission who are members of the International Brotherhood of Teamsters Local 638 and who are, by virtue of that employment, members of the International Brotherhood of Teamsters Central States pension plan; and

(22) persons employed by the Duluth Transit Authority or any subdivision thereof who are members of the Teamsters General Local Union 346 and who are, by virtue of that employment, members of the Central States Southeast and Southwest Areas Pension Fund.

(b) Any person performing the duties of a public officer in a position defined in subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an employee of an independent contractor.

[See Note.]

Subd. 2c. [Repealed, 1989 c 319 art 3 s 26]

Subd. 2d. **Optional membership.** (a) Membership in the association is optional by action of the individual employee for the following public employees who meet the conditions set forth in subdivision 2a:

(1) members of the coordinated plan who are also employees of labor organizations as defined in section 353.017, subdivision 1, for their employment by the labor organization only, if they elect to have membership under section 353.017, subdivision 2;

(2) persons who are elected or appointed to elected positions, other than local governing body elected positions, and who elect to participate within 30 days of taking office by completing and signing a membership election on a form prescribed by the executive director of the association and filing the membership election with the association within 60 days of taking office;

(3) members of the association who are appointed by the governor to be a state department head and who elect not to be covered by the general state employees retirement plan of the Minnesota State Retirement System under section 352.021;

(4) city managers as defined in section 353.028, subdivision 1, who do not elect to be excluded from membership in the association under section 353.028, subdivision 2; and

(5) employees of the Port Authority of the city of St. Paul on January 1, 2003, who were at least age 45 on that date, and who elected to participate by completing and signing a membership election.

(b) Membership in the association is optional by action of the governmental subdivision for the employees of the following governmental subdivisions under the conditions specified:

(1) the Minnesota Association of Townships if the board of that association, at its option, certifies to the executive director that its employees who meet the conditions set forth in subdivision 2a are to be included for purposes of retirement coverage, in which case the status of the association as a participating employer is permanent;

(2) a county historical society if the county in which the historical society is located, at its option, certifies to the executive director that the employees of the historical society who meet the conditions set forth in subdivision 2a are to be considered county employees for purposes of retirement coverage under this chapter. The status as a county employee must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society; and

(3) Hennepin Healthcare System, Inc., a public corporation, with respect to employees other than paramedics, emergency medical technicians, and protection officers, if the corporate board establishes alternative retirement plans for certain classes of employees of the corporation and certifies to the association the applicable employees to be excluded from future retirement coverage.

(c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or covered by paragraph (b), clause (1) or (2), if the necessary membership election is not made, the employee is excluded from retirement coverage under this chapter. For employees who are covered by paragraph (a), clause (4), if the necessary election of exclusion is not made, the employee must become a member and have retirement coverage under the applicable provisions of this chapter. For employees specified in paragraph (b), clause (3), membership continues until the exclusion option is exercised for the designated class of employee.

(d) The option to become a member, once exercised under this subdivision, may not be withdrawn until the termination of public service as defined under subdivision 11a.

Subd. 3. **Head of department.** "Head of department" means the head of any department, institution, office, or branch of service of any governmental subdivision which directly pays salaries out of its revenue or is empowered to authorize the payment of such salaries.

Subd. 4. **Accumulated deductions.** "Accumulated deductions" means the total of the amounts deducted from the salary of a member, exclusive of interest, and the total of the amounts paid by a member in lieu of such deductions and credited to the member's individual account in the retirement fund.

Subd. 5. [Repealed, 1971 c 106 s 40]

Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department, unit or instrumentality of state or local government, or any public body established under state or local authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of employees of the entity, and receives a major portion of its revenues from taxation, fees, assessments or from other public sources.

(b) Governmental subdivision also means the Public Employees Retirement Association, the League of Minnesota Cities, the Association of Metropolitan Municipalities, charter schools formed under chapter 124E, service cooperatives exercising retirement plan participation under section 123A.21, subdivision 5, joint powers boards organized under section 471.59, subdivision 11, paragraph (a), family service collaboratives and children's mental health collaboratives organized under section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives are governmental units that otherwise qualify for retirement plan membership, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the Association of Minnesota Counties, the Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan Airports Commission, the University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan, the Range Association of Municipalities and Schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089 other than the Port Authority of the city of St. Paul or the Seaway Port Authority of

Duluth and other than the Red Wing Port Authority; or any hospital district organized or reorganized before July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board of a family service collaborative or children's mental health collaborative organized under sections 142D.15, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

(d) A nonprofit corporation governed by chapter 317A or organized under Internal Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a governmental subdivision unless the entity has obtained a written advisory opinion from the United States Department of Labor or a ruling from the Internal Revenue Service declaring the entity to be an instrumentality of the state so as to provide that any future contributions by the entity on behalf of its employees are contributions to a governmental plan within the meaning of Internal Revenue Code, section 414(d).

(e) A public body created by state or local authority may request membership on behalf of its employees by providing sufficient evidence that it meets the requirements in paragraph (a).

(f) An entity determined to be a governmental subdivision is subject to the reporting requirements of this chapter upon receipt of a written notice of eligibility from the association.

Subd. 7. **Member.** "Member" means a person who accepts employment as a "public employee" under subdivision 2, who is an employee who works in one or more positions that require or allow membership in the association under subdivision 2a or 2d, for whom contributions have been withheld from salary and who is not covered by the plan established in chapter 353D or excluded under subdivision 2b. A person who is a member remains a member while performing services as a public employee and while on an authorized leave of absence or an authorized temporary layoff.

Subd. 7a. **Former member.** "Former member" means a member of the association who terminates public service under subdivision 11a or membership under subdivision 11b.

Subd. 8. **Association.** "Association" means the Public Employees Retirement Association.

Subd. 9. [Repealed, 1957 c 935 s 27]

Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

(1) the wages or periodic compensation payable to a public employee by the employing governmental subdivision before:

(i) employee retirement deductions that are designated as picked-up contributions under section 356.62;

(ii) any employee-elected deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs that would have otherwise been available as a cash payment to the employee; and

(iii) employee deductions for contributions to a supplemental plan or to a governmental trust established under section 356.24, subdivision 1, clause (7), to save for postretirement health care expenses, unless otherwise excluded under paragraph (b);

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the applicable supplemental retirement plan when an agreement between the parties establishes that the contributions will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages;

(3) a payment from a public employer through a grievance proceeding, settlement, or court order that is attached to a specific earnings period in which the employee's regular salary was not earned or paid to the member due to a suspension or a period of involuntary termination that is not a wrongful discharge under section 356.50; provided the amount is not less than the equivalent of the average of the hourly base salary rate in effect during the last six months of allowable service prior to the suspension or period of involuntary termination, plus any applicable increases awarded during the period that would have been paid under a collective bargaining agreement or personnel policy but for the suspension or involuntary termination, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the suspension or period of involuntary termination, but not to exceed the compensation that the public employee would have earned if regularly employed during the applicable period;

(4) compensation paid during an authorized leave of absence; and

(5) for a public employee who receives performance or merit bonus payment under a written compensation plan, policy, or collective bargaining agreement in addition to regular salary or in lieu of regular salary increases, the compensation paid to the employee for attaining or exceeding performance goals, duties, or measures during a specified period of employment.

(b) Salary does not mean:

(1) fees paid to district court reporters;

(2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or periodic payments;

(3) for the donor, payment to another person of the value of hours donated under a benevolent vacation, personal, or sick leave donation program;

(4) any form of severance or retirement incentive payments;

(5) an allowance payment or per diem payments for or reimbursement of expenses;

(6) lump-sum settlements not attached to a specific earnings period;

(7) workers' compensation payments, payments from the family and medical benefit insurance account for Minnesota paid leave under chapter 268B, or disability insurance payments, including payments from employer self-insurance arrangements;

(8) employer-paid amounts used by an employee toward the cost of insurance coverage, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(9) employer-paid fringe benefits, including but not limited to:

(i) employer-paid premiums or supplemental contributions for employees for all types of insurance;

(ii) membership dues or fees for the use of fitness or recreational facilities;

(iii) incentive payments or cash awards relating to a wellness program;

(iv) the value of any nonmonetary benefits;

(v) any form of payment made in lieu of an employer-paid fringe benefit;

(vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity program; and

(vii) any amount paid by the employer as a supplement to salary, either as a lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not available to the employee as cash;

(10) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages;

(11) except as provided in section 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision 35 or 36;

(12) the amount of compensation that exceeds the limitation provided in section 356.611;

(13) amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant; and

(14) bonus pay that is not performance or merit pay under paragraph (a), clause (5).

(c) Amounts, other than those provided under paragraph (a), clause (3), provided to an employee by the employer through a grievance proceeding, a court order, or a legal settlement are salary only if the settlement or court order is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

Subd. 10a. **Unit value; Minneapolis firefighters.** "Unit value," for a member of the public employees police and fire retirement plan who was a member of the former Minneapolis Firefighters Relief Association on December 29, 2011, is $82.32 for calendar year 2011, $96.899 for calendar year 2012, $100.775 for calendar year 2013, $104.264 for calendar year 2014, $124.031 for calendar year 2015, and for calendar years after calendar year 2015, the prior year's unit value plus an increase equal to the adjustment percentage determined under section 356.415, subdivision 1c, effective for the January 1 of the calendar year.

Subd. 10b. **Unit value; Minneapolis police.** "Unit value," for a member of the public employees police and fire retirement plan who was a member of the former Minneapolis Police Relief Association on December 29, 2011, is $86.71 for calendar year 2011, $104.651 for calendar year 2012, $109.011 for calendar year 2013, $114.825 for calendar year 2014, $124.031 for calendar year 2015, and for calendar years after calendar year 2015, the prior year's unit value plus an increase equal to the adjustment percentage determined under section 356.415, subdivision 1c, effective for the January 1 of the calendar year.

Subd. 11. **Public service.** "Public service" means service as an officer or employee of a governmental subdivision.

Subd. 11a. **Termination of public service.** (a) "Termination of public service" occurs when:

(1) a member resigns or is dismissed from public service by the employing governmental subdivision and the employee does not, within 30 days of the date the employment relationship ended, return to an employment position with a governmental subdivision; or

(2) the employer-employee relationship is severed due to the expiration of a layoff under subdivision 12 or 12c.

(b) The termination of public service must be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision.

(c) A termination of public service does not occur if:

(1) prior to termination of service, the member has an agreement, verbal or written, to provide service to a governmental subdivision as an employee or to the same governmental subdivision as an independent contractor or employee of an independent contractor; or

(2) within 30 days after the date the employment relationship ended, the member provides service to the same governmental subdivision as an independent contractor or employee of an independent contractor.

Subd. 11b. **Termination of membership.** (a) "Termination of membership" means the conclusion of membership in the association for a person who has not terminated public service under subdivision 11a and occurs:

(1) when a person files a written election with the association to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1);

(2) when a city manager files a written election with the association to discontinue employee deductions under section 353.028, subdivision 2;

(3) when a member transfers to a temporary position and becomes excluded from membership under subdivision 2b, clause (5); or

(4) when a member is approved to participate in the postretirement option authorized under section 353.371.

(b) The termination of membership under paragraph (a), clauses (3) and (4), must be reported to the association by the governmental subdivision.

Subd. 12. **Authorized temporary or seasonal layoff.** "Authorized temporary or seasonal layoff," including seasonal leave of absence, means a suspension of public service for a limited period during a year that is authorized by the employing governmental subdivision for a member who is expected at the start of the period to return to the same position at the end of the layoff period and for whom there has been no termination of public service under subdivision 11a.

Subd. 12a. **Temporary position.** (a) "Temporary position" means an employment position predetermined by the employer at the time of hiring to be a period of six months or less. Temporary position also means an employment position occupied by a person hired by the employer as a temporary replacement who is employed for a predetermined period of six months or less.

(b) "Temporary position" does not mean an employment position for a specified or unspecified term in which a person serves a probationary period as a requirement for subsequent employment on a permanent or unlimited basis.

(c) If employment in a temporary position extends beyond six consecutive months, the head of the department shall report the employee for membership if salary in any month exceeds the salary threshold specified in subdivision 2a. The membership eligibility of an employee who resigns or is dismissed from a temporary position and accepts another temporary position in the same governmental subdivision within 30 days must be determined on the total length of employment rather than on each separate position.

Subd. 12b. **Seasonal position.** "Seasonal position" means a position where the nature of the work or its duration are related to a specific season or seasons of the year, regardless of whether or not the employing agency anticipates that the same employee will return to the position each season in which it becomes available. The entire period of employment in a year must be used to determine whether or not a position may be excluded as seasonal when there is less than a 30-day break between one seasonal position and a subsequent seasonal position for employment with the same governmental employer. Seasonal positions include, but are not limited to, coaching athletic activities or employment to plow snow or to maintain roads or parks, or to operate skating rinks, ski lodges, golf courses, or swimming pools.

Subd. 12c. **Indefinite layoff.** "Indefinite layoff" occurs when a member is placed on a layoff that is not a temporary or seasonal layoff under subdivision 12, for which no date has been specified by the employing governmental subdivision for the employee's return to work, and there has been no termination of public service under subdivision 11a.

Subd. 13. [Repealed, 1963 c 641 s 38]

Subd. 14. **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 with each actuarial present value based on the appropriate mortality table adopted by the board of trustees 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. 15. **Dependent child.** For the purpose of survivor benefit eligibility, "dependent child" means:

(1) a biological or adopted child of a deceased member who is unmarried and has not reached the age of 23;

(2) 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; and

(3) a child who has not reached the age of 23 and is the subject of adoption proceedings filed by a member and who, within two years after death of the member, by judgment and decree duly entered, is adjudged to be the adopted child of the deceased member. The child is a dependent child effective on the date of the decree of adoption.

Subd. 15a. MS 2022 [Repealed, 2023 c 47 art 2 s 14]

Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service" means:

(1) service during years of actual membership in the course of which employee deductions were withheld from salary and contributions were made at the applicable rates under section 353.27, 353.65, 353E.03, or 353H.04;

(2) periods of service covered by payments in lieu of salary deductions under sections 353.27, subdivisions 12 and 12a, and 353.35;

(3) service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect;

(4) a period of authorized leave of absence during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4), from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized leave of absence without pay, or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4), for which salary deductions are not authorized, and for which a member obtained service credit for up to 12 months of the authorized leave period by payment under section 353.0162, to the fund made in place of salary deductions;

(6) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year. An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

(7) a period of uniformed services leave purchased under section 353.014;

(8) a period of military service purchased under section 353.0141; or

(9) a period of reduced salary purchased under section 353.0162.

(b) No member may receive more than 12 months of allowable service credit in a year either for vesting purposes or for benefit calculation purposes.

(c) For an active member who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Firefighters Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011. For an active member who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police Relief Association as reflected in the transferred records of the association up to December 30, 2011, and the period of service credited under paragraph (a), clause (1), after December 30, 2011.

Subd. 16a. 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]

Subd. 16b. MS 2008 [Renumbered 353.013]

Subd. 17. **Approved actuary.** "Approved actuary" means an actuary who meets the definition in section 356.215, subdivision 1, paragraph (c).

Subd. 17a. **Average salary.** (a) "Average salary," unless otherwise specified, means an amount equivalent to the average of the highest salary of the member, police officer, or firefighter, whichever applies, upon which employee contributions were paid for any five successive years of allowable service, based on dates of salary periods as listed on salary deduction reports. "Average salary" includes the salary of the employee during the period of covered employment rendered after reaching the allowable service credit limit of section 353.651, subdivision 3, paragraph (b). Average salary must be based upon all allowable service if this service is less than five years.

(b) "Average salary" may not include any reduced salary paid during a period in which the employee is entitled to benefit payments from workers' compensation for temporary disability, unless the average salary is higher, including this period.

(c) "Average salary," for purposes of calculating benefits for a surviving spouse or dependent children under section 353.657, subdivision 2 or 3, means the average of the full-time monthly base salary rate in effect during the last six months of allowable service. If the employment during the last six months of allowable service was part time, the average salary must be prorated based on the actual number of hours worked.

Subd. 18. **Year of allowable service.** "Year of allowable service" means any 12 calendar months not necessarily consecutive in which a public employee received compensation from the governmental subdivision or was eligible to credit for service. It also means 12 months credit each year for employees who are paid on a yearly basis and who may or may not receive compensation in every calendar month in the year.

Subd. 19. **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 which can be expected to be of long-continued and indefinite duration. Long-continued and indefinite duration means that the disability has been or is expected to be for a period of at least one year.

Subd. 20. **Surviving spouse.** "Surviving spouse" means the spouse of a deceased member or disabilitant who was legally married to the member at the time of death.

Subd. 21. [Repealed, 1971 c 106 s 40]

Subd. 22. [Repealed, 1971 c 106 s 40]

Subd. 23. **Retirement annuity.** "Retirement annuity" means the amount paid or payable by the fund to a former member after retirement.

Subd. 24. **Optional annuity.** "Optional annuity" means the allowance paid or payable by the fund to the designated optional annuity beneficiary of a member or former member, pursuant to an optional annuity form selected at or before retirement, or to the spouse of a deceased member under section 353.32, subdivision 1a.

Subd. 25. [Repealed, 1973 c 753 s 85]

Subd. 26. [Repealed, 1971 c 106 s 40]

Subd. 27. **Benefit.** "Benefit" means a monthly survivor benefit paid or payable by the fund to a surviving spouse or a dependent child and also includes a monthly disability benefit paid or payable by the fund to a member who is totally and permanently disabled.

Subd. 28. **Retirement.** (a) "Retirement" means the payment of an annuity by the association. A right to retirement is subject to termination of public service under subdivision 11a. A right to retirement requires a complete and continuous separation for 30 days from employment as a public employee.

(b) Notwithstanding the 30-day separation requirement under paragraph (a), a member of a defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan. A retirement annuity is also payable from a defined benefit plan under this chapter to an eligible member who terminates public service and who, within 30 days of separation, takes office as an elected official of a governmental subdivision.

(c) Elected officials included in association membership under subdivisions 2a and 2d meet the 30-day separation requirement under this section by resigning from office before filing for a subsequent term in the same office and by remaining completely and continuously separated from that office for 30 days prior to the date of the election.

(d) The 30-day separation requirement under paragraph (a) does not apply to a retirement annuity payable from a defined benefit plan under this chapter to a public employee if the public employee:

(1) is covered by a covered retirement plan under section 356.30, subdivision 3;

(2) is eligible for a combined service annuity under section 356.30, subdivision 1; and

(3) has entered into a phased retirement agreement or its equivalent permitted by the laws applicable to the covered retirement plan with coverage of the last period of public service.

Subd. 29. **Designated beneficiary.** "Designated beneficiary" means the person, organization, trust, or estate designated by a member, former member, or a person legally authorized to act on behalf of the member or former member to receive a refund of the balance of the member's or former member's accumulated deductions after death. A beneficiary designation is valid if it is made in the form prescribed by the executive director and is received by the association on or before the date of death of the member or former member. If a beneficiary designation is deemed to be invalid for any reason, any remaining balance of the member's or former member's accumulated deductions are subject to the provisions of section 353.32, subdivisions 4 and 5.

Subd. 30. **Designated optional annuity beneficiary.** "Designated optional annuity beneficiary" means the person designated by a former member to receive a joint and survivor annuity or a modified joint and survivor annuity.

Subd. 31. **Authorized leave of absence.** "Authorized leave of absence" means any period during which a member is authorized by an employer to refrain from active employment, with or without pay, evidenced by appropriate record of the employer and promptly transmitted to the association.

Subd. 32. **Coordinated member.** "Coordinated member" means a public employee, including a public hospital employee, who is covered by an agreement or modification made between the state and the Secretary of Health and Human Services, making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to the member if the membership eligibility criteria are met under this chapter. A coordinated member also is a former basic member who has a complete and continuous separation for at least 30 days from employment as a public employee meeting the requirements specified in subdivision 28, paragraph (a), and who reenters public service as a public employee and meets the membership eligibility criteria under this chapter.

Subd. 33. **Basic member.** "Basic member" means a public employee, including a public hospital employee, who is not covered by any agreement or modification made between the state and the Secretary of Health and Human Services.

Subd. 34. [Repealed, 1982 c 404 s 10]

Subd. 35. **Volunteer ambulance service personnel.** "Volunteer ambulance service personnel," for purposes of this chapter, are basic and advanced life-support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity.

Subd. 36. **Volunteer firefighter.** For purposes of this chapter, a person is considered a "volunteer firefighter" for all service for which the person receives credit in an association or fund operating under chapter 424A or credit in the retirement plan established under chapter 353G.

Subd. 37. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, clause (6), before July 1, 1989. For a person who first becomes a public 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.

(b) "Normal retirement age" means age 55 for a person who is a member of a pension fund listed in section 356.30, subdivision 3, clauses (7) and (8).

(c) "Normal retirement age" means the age stated in section 353H.01, subdivision 6, for a member of the local government probation and telecommunicator retirement plan.

Subd. 38. **Business year.** "Business year" means the first day of the first full pay period through the last day of the last full pay period of the 12-month fiscal year applicable to the respective governmental subdivision.

Subd. 39. [Repealed, 2002 c 392 art 3 s 9]

Subd. 40. [Repealed, 2010 c 359 art 5 s 28]

Subd. 41. **Duty disability.** "Duty disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the public employees police and fire retirement plan, and that is the direct result of an injury incurred during, or a disease arising out of, the performance of inherently dangerous duties that are specific to the positions covered by the public employees police and fire retirement plan.

Subd. 42. **Less frequent duties.** "Less frequent duties" means tasks which are 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. 43. **Line of duty death.** "Line of duty death" means:

(1) a death that occurs while performing or as a direct result of performing normal or less frequent duties which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the public employees police and fire plan; or

(2) a death that is determined by the commissioner of public safety to meet the requirements of section 299A.41, subdivision 3.

Subd. 44. **Normal duties.** "Normal duties" means specific tasks which are 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. 45. **Not line of duty death.** For purposes of survivor benefits under the public employees police and fire plan, a "not line of duty death" is any death not specified under subdivision 43.

Subd. 46. **Regular disability.** "Regular disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the public employees police and fire plan, and which results from a disease or an injury that arises from any activities while not at work, or while at work and performing those normal or less frequent duties that do not present inherent dangers that are specific to the occupations covered by the public employees police and fire plan.

Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit from a retirement plan administered by the association by having credit for sufficient allowable service under paragraph (b), (c), or (d), whichever applies.

(b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan member of the general employees retirement plan of the association, a public employee is 100 percent vested when the person has accrued credit for not less than three years of allowable service in the general employees retirement plan.

(c) For purposes of qualifying for an annuity or benefit as a member of the local government correctional service retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service in the local government correctional service retirement plan; and

(2) a public employee who first becomes a member of the association after June 30, 2010, is vested at the following percentages when the person has accrued credit for allowable service in the local government correctional service retirement plan, 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.

(d) For purposes of qualifying for an annuity or benefit as a member of the police and fire retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service in the public employees police and fire retirement plan; and

(2) a public employee who first becomes a member of the association after June 30, 2010, is vested at the following percentages when the person has accrued credited allowable service in the police and fire plan, 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.

Subd. 48. **MERF.** "MERF" means the former Minneapolis Employees Retirement Fund of which the actuarial liabilities and assets are merged with the general employees retirement plan of the Public Employees Retirement Association, and the benefits of which are governed by the applicable provisions of Minnesota Statutes 2008, chapter 422A.

Subd. 49. [Repealed, 2015 c 68 art 14 s 30]

Subd. 50. **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.

History: *(254-23) 1931 c 307 s 1; 1933 c 374 s 1; 1937 c 466 s 1; 1941 c 285 s 1; 1945 c 78 s 1; 1947 c 18 s 1; 1949 c 84 s 1; 1951 c 22 s 1-8; 1953 c 78 s 1; 1955 c 815 s 11; 1957 c 815 s 1; 1957 c 935 s 1-5; 1959 c 650 s 1-7,39,43,58; 1961 c 482 s 1; 1961 c 595 s 1; 1961 c 746 s 1; 1963 c 440 s 1; 1963 c 641 s 3-12; 1965 c 104 s 1; 1965 c 880 s 1,2; Ex1967 c 26 s 1; Ex1967 c 37 s 1; 1969 c 940 s 1,2; 1971 c 106 s 1-8; 1971 c 503 s 1,2; 1973 c 123 art 5 s 7; 1973 c 753 s 3-18; 1974 c 229 s 1-8; 1975 c 102 s 1-3; 1975 c 359 s 23; 1976 c 329 s 12-15; 1977 c 347 s 52,53; 1977 c 429 s 19-22,63; 1978 c 471 s 1; 1978 c 720 s 6; 1978 c 796 s 23-26; 1979 c 216 s 1-4,21; 1979 c 303 art 6 s 5; 1980 c 609 art 5 s 20; 1981 c 68 s 16-18; 1981 c 180 s 1; 1981 c 224 s 73-75; 1981 c 298 s 11; 1982 c 404 s 1-4; 1982 c 424 s 64,115,125; 1983 c 286 s 6; 1985 c 261 s 3; 1Sp1985 c 7 s 12; 1986 c 399 art 2 s 9; 1986 c 400 s 9; 1986 c 444; 1986 c 458 s 11; 1Sp1986 c 3 art 2 s 41; 1987 c 49 s 9; 1987 c 258 s 12; 1987 c 259 s 25; 1987 c 284 art 5 s 1,2; 1987 c 291 s 215; 1987 c 296 s 1-3; 1987 c 372 art 1 s 5; 1988 c 709 art 2 s 1; art 5 s 1-7; 1989 c 209 art 2 s 36; 1989 c 246 s 2; 1989 c 319 art 3 s 1-6; art 5 s 1; art 13 s 29; 1989 c 335 art 3 s 5; 1990 c 556 s 7; 1990 c 570 art 8 s 1; art 11 s 1-3; art 12 s 19; 1991 c 269 art 2 s 5; 1991 c 341 s 1-6; 1992 c 432 art 2 s 2-5; 1992 c 598 art 2 s 1; 1993 c 307 art 4 s 1-15; 1993 c 336 art 6 s 5,6; 1994 c 528 art 2 s 1-4; 1994 c 572 s 5; 1997 c 233 art 1 s 37; 1997 c 241 art 2 s 1; 1998 c 254 art 1 s 87; 1999 c 222 art 4 s 4-6; 2000 c 260 s 93; 2000 c 461 art 3 s 7-12; art 4 s 3; art 7 s 1; 1Sp2001 c 10 art 6 s 3,21; art 10 s 1-3; art 11 s 1-12; 2002 c 392 art 2 s 2; art 3 s 1-5; art 7 s 3; art 11 s 52; 1Sp2003 c 12 art 4 s 1,2; art 6 s 5; 2004 c 267 art 1 s 2-4; art 2 s 3; art 3 s 3; art 15 s 1; art 17 s 3; 2005 c 10 art 5 s 1,4,5; 2005 c 125 art 3 s 1-3; 1Sp2005 c 8 art 1 s 9,10; art 3 s 2; art 4 s 5; art 10 s 38,39; 2006 c 271 art 3 s 5-11; 2007 c 6 s 1; 2007 c 134 art 1 s 4; art 2 s 13-17; art 4 s 1-7; 2008 c 349 art 5 s 14-17; 2009 c 169 art 4 s 5,6; art 5 s 1; art 12 s 4-6; 2010 c 359 art 1 s 23; art 5 s 1-5; art 11 s 1-4; 1Sp2011 c 8 art 1 s 1,2; art 6 s 1,2,19; art 7 s 1,2,19; 2012 c 286 art 6 s 1,2; art*

13 s 1,2; 2013 c 111 art 3 s 1-4; art 5 s 48-52; art 10 s 1; art 11 s 1-3; 2014 c 275 art 2 s 25; 2014 c 296 art 1 s 3,4; art 4 s 5; art 6 s 3,49; 2015 c 68 art 3 s 8; art 11 s 3,4; art 12 s 4-8; art 13 s 15-18,64; art 14 s 2-4; 1Sp2015 c 3 art 4 s 10; 2018 c 211 art 6 s 16; art 10 s 1-3; art 16 s 1,2; art 19 s 1; 1Sp2019 c 8 art 2 s 1; art 8 s 7,23; 2020 c 108 art 2 s 1; art 6 s 1; 2021 c 22 art 2 s 2; art 3 s 1,2; 2022 c 65 art 2 s 1; art 5 s 6; 2023 c 45 art 4 s 1; 2023 c 47 art 2 s 1-3; 2023 c 48 s 13; 2024 c 80 art 4 s 26; 2024 c 115 art 16 s 42; 2025 c 37 art 2 s 1-3; 2026 c 106 art 5 s 1-4; art 8 s 6

NOTE: The amendment to subdivision 2b by Laws 2022, chapter 65, article 2, section 1, is effective on the date the persons employed by the Duluth Transit Authority or any subdivision thereof become public employees as defined in Minnesota Statutes, section 353.01, subdivision 2. Laws 2022, chapter 65, article 2, section 1, the effective date.

353.011 [Repealed, 1996 c 310 s 1]

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

A furloughed employee of the University of Minnesota who is a member of the public employees police and fire plan may obtain allowable service and salary credit for the furlough period. The allowable service and salary credit authorization is a leave of absence authorization for purposes of section 353.0162.

History: *2010 c 359 art 15 s 2; 2018 c 211 art 19 s 2*

353.013 MS 2012 [Repealed, 2008 c 349 art 5 s 17]

353.014 FEDERALLY PROTECTED MILITARY LEAVE.

Subdivision 1. **Service credit purchase authorized.** (a) Unless prohibited under paragraph (b), a member is eligible to purchase allowable service credit for one or more periods of service during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed services within the time frames required under United States Code, title 38, section 4312(e).

(b) The purchase of allowable service credit is prohibited if the member separated from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

Subd. 2. **Payments required.** (a) If the payments required by this section are made, a member shall be granted allowable service credit for one or more periods of military service as described in subdivision 1. The payments required by this section are equivalent employee contributions as described in paragraph (b), equivalent employer contributions or additional employer contributions as described in paragraph (c), and interest as described in paragraph (d).

(b) A member eligible under subdivision 1 electing to purchase allowable service credit shall pay into the fund within the time period described in subdivision 4 equivalent employee contributions 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 as defined in subdivision 3.

(c) If the member makes the payment under paragraph (b), the governmental subdivision employing the member shall pay the equivalent employer contribution and, if applicable, the equivalent additional employer contribution. The employer payments must be made from funds available to the employing unit, 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. The governmental subdivision involved may appropriate money for those payments.

(d) The employing unit shall pay interest on all equivalent employee and employer contribution amounts payable under this subdivision. Interest must be computed at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the end of each fiscal year during the leave to the end of the month in which the payment is received.

Subd. 3. **Annual salary rate defined.** The annual salary rate is the average annual salary during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than take the uniformed services leave, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service.

Subd. 4. **Time period for making member's payment.** Payment of the employee equivalent contributions must be made during a period that begins with the date on which the member returns to public employment and that is three times the length of the military leave period, or within five years of the date on which the member returns to public employment, whichever is less. If the payment period is less than three years, payment of the employee equivalent contributions may be made within three years of the date of the member's discharge from service in the uniformed services. Payment may not be accepted after six months following termination of public service under section 353.01, subdivision 11a.

Subd. 5. **Employer required to notify.** The employer shall notify the executive director, on a form prescribed by the executive director, of the reemployment of a member who is returning from service in the uniformed services as described in subdivision 1 and is eligible to purchase service credit under this section. The employer must provide the notice within 14 days of the member's reemployment. The employer shall maintain a copy of the notice in the member's employment file.

Subd. 6. **Executive director required to notify.** Within 30 days of receipt of notification from the employer under subdivision 5, the executive director shall notify the reemployed member in writing of the right to purchase service credit. The notification shall be mailed to the member's last known address.

Subd. 7. **Maximum amount of service credit and proration if full payment is not made.** (a) The maximum amount of service credit that may be purchased under this section is five years unless a longer purchase period is required to be offered under United States Code, title 38, section 4312.

(b) If the employee equivalent contributions under subdivision 2 are not paid in full, the member'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 contributions received by the total employee contributions otherwise required under this section.

History: *1Sp2019 c 8 art 2 s 2; 2021 c 22 art 3 s 3*

353.0141 OTHER MILITARY LEAVE.

Subdivision 1. **Service credit purchase authorized.** (a) Unless prohibited under paragraph (b), a member is eligible to purchase allowable service credit, not to exceed five cumulative years of allowable 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 member has at least three years of allowable service credit with the general employees retirement plan, the local government correctional employees retirement plan under chapter 353E, the public employees police and fire retirement plan, or the local government probation and telecommunicator retirement plan under chapter 353H;

(2) the member's current period of employment is at least six months; and

(3) one of the following applies:

(i) the member's service in the uniformed services occurred before becoming a public employee as defined in section 353.01, subdivision 2; or

(ii) the member failed to obtain service credit for a uniformed services leave of absence under section 353.01, subdivision 16, paragraph (a), clause (8).

(b) A service credit purchase is prohibited if:

(1) the member separated from service in the uniformed services with a dishonorable or bad conduct discharge or under other than honorable conditions; or

(2) the member 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 member must purchase the full period of service. If the period of service in the uniformed services is longer than one year, the member may purchase the full period, not to exceed five cumulative years, or may purchase a portion of the period of service. If a member wishes to purchase a portion of the period of service, 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.** A member who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the member'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 member 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 member 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 allowable service credit for service in the uniformed services that occurred before becoming a public employee or between periods of public employment, section 356.551, subdivision 2, paragraph (c), shall not apply.

(b) Allowable service credit must be granted by the applicable plan to the purchasing member upon the executive director's receipt of the purchase payment amount. The allowable service credit purchased under this section may not be used for the purpose of determining a disability benefit under section 353.031, 353.33, 353.656, or 353E.06.

(c) Payment must be made before the effective date of the member's retirement.

History: *1Sp2019 c 8 art 2 s 3; 2020 c 108 art 6 s 2; 2026 c 106 art 5 s 5*

353.015 [Repealed, 1973 c 753 s 85]

353.016 [Repealed, 1977 c 429 s 65]

353.0161 MS 2016 [Repealed, 2018 c 211 art 10 s 22]

353.0162 SALARY CREDIT PURCHASE FOR PERIODS OF REDUCED SALARY.

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them, unless the context clearly indicates another meaning is intended.

(b) "Differential salary credit" is the difference between the salary received by the member during a period of reduced salary as described in subdivision 2 and the salary of the member, excluding overtime, on which contributions to the applicable plan would have been made during the period based on the member's normal employment period, measured in hours or otherwise, as applicable, and rate of pay.

(c) "Reporting period" means a school year, for school year employees, or a calendar year, for all other employees, during which a member has a period of reduced salary.

Subd. 2. **Salary credit purchase permitted.** A member may purchase differential salary credit for a period of reduced salary.

The period of reduced salary must be a period occurring entirely within one school year, for school year employees, or one calendar year, for all other employees, during which the member receives no salary or a reduced salary from the employer while the member is:

(1) receiving workers' compensation payments related to the member's service to the public employer;

(2) on an authorized leave of absence;

(3) on an authorized leave of absence as a result of a budgetary or salary savings program offered or mandated by a governmental subdivision, if certified to the executive director by the governmental subdivision; or

(4) on a periodic, repetitive leave that is offered to all employees of a governmental subdivision where the leave program is certified by the employer to the association as one that does not exceed 208 hours during the school year or calendar year, as applicable.

Subd. 3. **Payment amount.** (a) To receive differential salary credit, the member shall pay the plan, by delivering payment to the executive director, an amount equal to:

(1) the applicable employee contribution rate under section 353.27, subdivision 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the differential salary amount;

(2) plus an employer equivalent payment equal to the applicable employer contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03, subdivision 2, as applicable, multiplied by the differential salary amount;

(3) plus, if applicable, an equivalent employer additional amount equal to the additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the differential salary amount.

(b) The employer, by appropriate action of its governing body and documented in its official records, may pay on behalf of the member the amounts determined under paragraph (a), clauses (2) and (3), as applicable, plus interest under paragraph (c). However, if the period of reduced salary is a periodic, repetitive leave under subdivision 2, clause (4), then the employer must pay on behalf of the member the amount determined under paragraph (a), clauses (2) and (3), as applicable, plus interest under paragraph (c).

(c) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, prorated for the number of months, if less than 12 months, from the end of the school year or calendar year, as applicable, until full payment is received by the executive director.

Subd. 4. **Timing of required payment.** Payment under this section must be completed no later than one year after the end of each reporting period.

History: *2010 c 359 art 5 s 7; 2015 c 68 art 3 s 10; art 12 s 10; 2018 c 211 art 6 s 17; art 10 s 4; 2021 c 22 art 3 s 4; 2023 c 47 art 2 s 4*

353.017 EMPLOYEES OF LABOR ORGANIZATIONS.

Subdivision 1. **Qualifications.** Unless specifically exempt under section 353.01, subdivision 2b, a coordinated member of the association who is on an authorized leave of absence, and who is an employee of a labor organization that represents public employees who are association members may elect, under subdivision 2, to continue to be a coordinated member with respect to employment by the labor organization subject to the limitations set forth in subdivisions 4 and 7.

Subd. 2. **Election.** A person described in subdivision 1 is covered by the association if written election to be covered is delivered to the association within six months of employment by the labor organization.

Subd. 3. **Contributions.** The employee, employer and additional employer contributions are the obligation of the employee who elects coverage herein in accord with this chapter; provided, however, the employer, labor organization may pay the employer and additional employer contributions. The employer shall, in any event, deduct the necessary contributions from the employee's salary, subject to the limitations under subdivision 6, and remit all contributions to the public employees retirement association under section 353.27, subdivisions 4, 7, 10, 11, and 12.

Subd. 4. MS 1980 [Repealed, 1982 c 404 s 10]

Subd. 4. **Termination of membership for retirement eligibility.** A retirement annuity is only payable, if the person has met any other applicable requirements, upon the termination by the person who elected coverage under subdivision 1 of employment by the labor organization. The reemployed annuitant earnings limitation set forth in section 353.37, subdivision 1, applies in the event that the person 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 Public Employees Retirement Association by virtue of that employment.

Subd. 5. **Board membership excluded.** Persons who become association members pursuant to this section shall not be eligible for election to the board of trustees.

Subd. 6. **Reemployment of annuitant.** The annuity of a person otherwise eligible for an annuity under this chapter is subject to the provisions of section 353.37.

Subd. 7. **Limitations on salary and contributions.** The covered salary for a labor organization employee who qualifies for membership under this section is limited to the lesser of:

(1) the employee's actual salary as defined under section 353.01, subdivision 10; or

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

The limited covered salary determined under this subdivision must be used in determining employee and employer contributions under section 353.27, subdivisions 2, 3, and 3a, and in determining retirement annuities and other benefits under this chapter and chapter 356.

History: *1975 c 102 s 4; 1978 c 796 s 27; 1979 c 216 s 5; 1986 c 444; 1993 c 307 art 4 s 16; 1994 c 528 art 2 s 5; art 4 s 4-7; 2015 c 68 art 13 s 19*

353.018 [Repealed, 1977 c 429 s 65]

353.019 [Repealed, 1977 c 429 s 65]

353.02 [Repealed, 1957 c 935 s 27]

353.022 [Repealed, 1981 c 68 s 46]

353.023 [Repealed, 1982 c 404 s 10]

353.024 [Repealed, 2000 c 461 art 3 s 47]

353.025 [Repealed, 2015 c 68 art 12 s 42]

353.026 [Repealed, 2014 c 275 art 2 s 26]

353.027 [Repealed, 2006 c 260 art 5 s 54]

353.028 CITY MANAGERS; ELECTION; DEFERRED COMPENSATION.

Subdivision 1. **Definitions.** (a) For purposes of this section, each of the terms in this subdivision has the meaning indicated.

(b) "City manager" means:

(1) a person who is duly appointed to and is holding the position of city manager in a Plan B statutory city or in a home rule city operating under the "council-manager" form of government; or

(2) a person who is appointed to and is holding the position of chief administrative officer of a home rule charter city or a statutory city under a charter provision, ordinance, or resolution establishing such a position and prescribing its duties and responsibilities.

(c) "Governing body" means the city council of the city employing the city manager.

(d) "Election" means the election described in subdivision 2.

(e) "First employed" means a city manager employed by a city who, prior to employment as a city manager, has not been an employee in any position covered by any retirement plan administered by the association to which the city contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the city.

Subd. 2. **Election.** (a) A city manager first employed by a city may make a onetime, irrevocable election to be excluded from membership in the general employees retirement plan of the association. The election of exclusion must be made within 30 days following the commencement of employment, must be made in writing on a form prescribed by the executive director, must be approved by a resolution adopted by the governing body of the city, and must be filed with the association within 60 days of commencing employment. The election of exclusion is not effective until it is filed with the executive director. Membership of a city manager in the general employees retirement plan ceases on the date the written election of exclusion is received by the executive director. Employee and employer contributions made during the first 60 days of employment on behalf of a person exercising the option to be excluded from membership under this paragraph must be refunded or credited in accordance with section 353.27, subdivision 7.

(b) A city manager who has previously been an employee in any position covered by any retirement plan administered by the association to which the city contributed or by any supplemental pension or deferred compensation plan under section 356.24 sponsored by the city is not eligible to make the election under paragraph (a).

(c) Any election under paragraph (a) must include a statement that the individual will not seek authorization to purchase service credit for any period of excluded service.

Subd. 3. **Deferred compensation; city contribution.** (a) If an election of exclusion under subdivision 2 is made, and if the city manager and the governing body of the city additionally agree in writing that the additional compensation is to be deferred and is to be contributed on behalf of the city manager to a deferred compensation program that meets the requirements of section 457 of the Internal Revenue Code of 1986, as amended, and section 356.24, the governing body may compensate the city manager, in addition to the salary allowed under any limitation imposed on salaries by law or charter, in an amount equal to the employer contribution that would be required by section 353.27, subdivision 3, if the city manager were a member of the general employees retirement plan.

(b) Alternatively, if an election of exclusion under subdivision 2 is made, the city manager and the governing body of the city may agree in writing that the equivalent employer contribution to the contribution under section 353.27, subdivision 3, be contributed by the city to the defined contribution plan of the Public Employees Retirement Association under chapter 353D. An election and agreement under this paragraph must be entered into within 30 days following the commencement of employment.

Subd. 4. **Refunds; deferred annuity.** A city manager who makes an election to be excluded from membership is entitled to a refund of accumulated deductions or, if otherwise qualified, a deferred annuity under section 353.34, at the option of the manager.

Subd. 5. **Other employment.** If a city manager who has made an election to be excluded under subdivision 2 subsequently accepts employment in another governmental subdivision or in a position other than as a city manager in the same city, the election is rescinded on the effective date of employment.

History: *1981 c 254 s 1; 1988 c 709 art 5 s 8; 1Sp2003 c 12 art 4 s 3; 1Sp2005 c 8 art 10 s 43; 2006 c 271 art 3 s 12; 2024 c 102 art 4 s 1-4; 2025 c 37 art 2 s 4,5*

353.03 BOARD OF TRUSTEES.

Subdivision 1. **Management; composition; election.** (a) The management of the Public Employees Retirement Association is vested in an 11-member board of trustees consisting of ten members and the state auditor. The state auditor may designate a deputy auditor with expertise in pension matters as the auditor's representative on the board. The governor shall appoint five trustees to four-year terms, one of whom shall

be designated to represent school boards, one to represent cities, one to represent counties, one who is a retired annuitant, and one who is a public member knowledgeable in pension matters. The membership of the association, including recipients of retirement annuities and disability and survivor benefits, shall elect five trustees for terms of four years, one of whom must be a member of the police and fire fund and one of whom must be a former member who met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at least five years prior to terminating membership and who is receiving a retirement annuity or a member who receives a disability benefit. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are seated. Except as provided in this subdivision, trustees elected by the membership of the association must be public employees and members of the association.

(b) For seven days beginning October 1 of each year preceding a year in which an election is held, the association shall accept filings of candidates for the board of trustees. A candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the association. No name may be withdrawn from nomination by the nominee after October 15. At the request of a candidate for an elected position on the board of trustees, the board shall provide a statement of up to 300 words prepared by the candidate to all persons eligible to vote in the election of the candidate. The board may adopt policies and procedures to govern the form and length of these statements and the timing and deadlines for submitting materials to be distributed to the eligible voters.

(c) By January 10 of each year in which elections are to be held, the board shall distribute to the eligible voters the instructions and materials necessary to vote for the candidates seeking terms on the board of trustees. Eligible voters are the members, retirees, and other benefit recipients. No voter may vote for more than one candidate for each board position to be filled. A vote for more than one person for any position is void. No special marking may be used to indicate incumbents. Votes cast by using paper ballots mailed to the association must be postmarked no later than January 31. Votes cast by using telephone or other electronic means authorized under the board's procedures must be entered by the end of the day on January 31. The design of the voting response media must ensure that each voter's vote is secret.

(d) A candidate who receives contributions, who makes expenditures in excess of $100, or who has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of $100 for the purpose of bringing about the candidate's election shall file a report with the campaign finance and public disclosure board disclosing the source and amount of all contributions to the candidate's campaign. The campaign finance and public disclosure board shall prescribe forms governing these disclosures. Expenditures and contributions have the meaning defined in section 10A.01. These terms do not include any distribution made by the association board on behalf of the candidate. A candidate shall file a report within 30 days from the day that the results of the election are announced. The Campaign Finance and Public Disclosure Board shall maintain these reports and make them available for public inspection in the same manner as the board maintains and makes available other reports filed with it.

(e) The secretary of state shall review and comment on the procedures defined by the board of trustees for conducting the elections specified in this subdivision, including board policies adopted under paragraph (b).

(f) The board of trustees and the executive director shall undertake their activities consistent with chapter 356A.

Subd. 1a. **Vacancy.** Any vacancy on the board caused by death, resignation, or removal of any trustee, or occurring because an elected trustee ceases to be a public employee and an active member of the association, must be filled by the board for trustees elected by members, and by the governor for other trustees, for the

unexpired portion of the term in which the vacancy occurs. The board shall adopt policies and procedures governing how the vacancy of an elected trustee is to be filled.

Subd. 2. **No compensation; expenses paid.** The members of the board of trustees shall serve without compensation, but shall be reimbursed out of the retirement fund for expenses actually and necessarily paid or incurred in the performance of their duties. Members of the board of trustees shall suffer no loss of compensation from a public employer by reason of service on or for the board or on any authorized committee thereof.

Subd. 2a. [Repealed, 1977 c 429 s 65]

Subd. 2b. **Legal authority.** The board is authorized to take legal action when necessary to effectively administer the various retirement plans administered by the association, consistent with applicable articles of incorporation, bylaws, law, and rules, as applicable, and including, but not limited to, the recapture of overpaid annuities, benefits, or refunds, and the correction of omitted or deficient deductions.

Subd. 3. **Duties and powers.** (a) The board shall:

(1) elect a president and vice-president;

(2) approve the staffing complement, as recommended by the executive director, necessary to administer the fund;

(3) adopt bylaws for its own government and for the management of the fund consistent with the laws of the state and may modify them at pleasure;

(4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and the terms of the applicable benefit plans for the administration and management of the fund, for the payment and collection of payments from members and for the payment of withdrawals and benefits, and that are necessary in order to comply with the applicable federal Internal Revenue Service and Department of Labor requirements;

(5) pass upon and allow or disallow all applications for membership in the fund and allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;

(6) adopt an appropriate mortality table based on experience of the fund as recommended by the association actuary and approved under section 356.215, subdivision 18, with interest set at the rate specified in section 356.215, subdivision 8;

(7) provide for the payment out of the fund of the cost of administering this chapter, of all necessary expenses for the administration of the fund and of all claims for withdrawals, pensions, or benefits allowed;

(8) approve or disapprove all recommendations and actions of the executive director made subject to its approval or disapproval by subdivision 3a; and

(9) approve early retirement and optional annuity factors, 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) In passing upon all applications and claims, the board may summon, swear, hear, and examine witnesses and, in the case of claims for disability benefits, may require the claimant to submit to a medical examination by a physician of the board's choice, at the expense of the fund, as a condition precedent to the

passing on the claim, and, in the case of all applications and claims, may conduct investigations necessary to determine their validity and merit.

(c) The board may continue to authorize the sale of life insurance to members under the insurance program in effect on January 1, 1985, but must not change that program without the approval of the commissioner of management and budget. The association shall not receive any financial benefit from the life insurance program beyond the amount necessary to reimburse the association for costs incurred in administering the program. The association shall not engage directly or indirectly in any other activity involving the sale or promotion of goods or services, or both, whether to members or nonmembers.

(d) The board shall establish procedures governing reimbursement of expenses to board members. These procedures must define the types of activities and expenses that qualify for reimbursement, must provide that all out-of-state travel be authorized by the board, and must provide for the independent verification of claims for expense reimbursement. The procedures must comply with the applicable rules and policies of the Department of Management and Budget and the Department of Administration.

(e) The board may purchase fiduciary liability insurance and official bonds for the officers and members of the board of trustees and employees of the association and may purchase property insurance or may establish a self-insurance risk reserve including, but not limited to, data processing insurance and "extra-expense" coverage.

Subd. 3a. **Executive director.** (a) **Appointment.** The board must 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 of experience in either an executive-level management position or a position with responsibility for the governance, management, or administration of a retirement plan. The executive director serves at the pleasure of the board. 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.

(b) **Duties.** The management of the association is vested in the executive director who shall be the executive and administrative head of the association. The executive director shall act as adviser to the board on all matters pertaining to the association and shall also act as the secretary of the board. The executive director shall:

(1) attend all meetings of the board;

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

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

(4) designate, with the approval of the board, up to two persons who may serve in the unclassified service and whose salaries are set in accordance with section 43A.18, subdivision 3, appoint a confidential secretary in the unclassified service, and appoint employees to carry out this chapter, who are subject to chapters 43A and 179A in the same manner as are executive branch employees;

(5) organize the work of the association as the director deems necessary to fulfill the functions of the association, and define the duties of its employees and delegate to them any powers or duties, subject to the control of, and under such conditions as, the executive director may prescribe;

(6) with the approval of the board, contract for the services of an approved actuary, professional management services, and any other consulting services as necessary to fulfill the purposes of this chapter. All contracts are subject to chapter 16C. The commissioner of administration shall not approve, and the association shall not enter into, any contract to provide lobbying services or legislative advocacy of any kind. Any approved actuary retained by the executive director shall function as the actuarial advisor of the board and the executive director. In addition to filing requirements 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. Copies of professional management survey reports shall 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 same time as reports are furnished to the board. Only management firms experienced in conducting management surveys of federal, state, or local public retirement systems shall be qualified to contract with the director hereunder;

(7) with the approval of the board provide in-service training for the employees of the association;

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

(9) determine the amount of the annuities and disability benefits of members covered by the association 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 association;

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

(12) prepare and submit biennial and annual budgets to the board for its approval and submit the approved budgets to the Department of Management and Budget for approval by the commissioner;

(13) reduce all or part of the accrued interest payable under section 353.27, subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the association of an unreasonable processing delay or other extenuating circumstances of the employing unit; and notwithstanding section 353.27, subdivision 7, may waive the payment of accrued interest to the member if a credit has been taken by the employer to correct an employee deduction taken in error and if the accrued interest is $10 or less. The executive director shall prescribe and submit for approval by the board the conditions under which such interest may be reduced; and

(14) with the approval of the board, perform such other duties as may be required for the administration of the association and the other provisions of this chapter and for the transaction of its business.

Subd. 3b. **Additional duties.** The executive director shall deduct from the annuity or benefit periodically the amount of any dues of any fraternal organization continuing or established after December 30, 2011, for former members of the former Minneapolis Firefighters Relief Association and December 30, 2011, for former members of the former Minneapolis Police Relief Association.

Subd. 4. **Offices.** The commissioner of administration shall make provision for suitable office space in the public pension fund facilities created under section 356B.10.

Subd. 5. **Application of laws.** Laws applicable to state agencies and agencies with statewide jurisdiction shall apply to the association.

History: *(254-25) 1931 c 307 s 3; 1949 c 84 s 2; 1951 c 22 s 16; 1959 c 650 s 8,58; 1963 c 641 s 13; 1967 c 641 s 1; 1969 c 940 s 3; 1971 c 106 s 10,11; 1973 c 753 s 19,20; 1974 c 229 s 9; 1975 c 102 s 5-8; 1976 c 329 s 17,18; 1977 c 429 s 18; 1978 c 796 s 28; 1979 c 216 s 6,7; 1981 c 180 s 2-4; 1981 c 224 s 79; 1984 c 462 s 27; 1985 c 11 s 5-10; 1986 c 444; 1987 c 259 s 26; 1987 c 284 art 5 s 3; 1988 c 709 art 5 s 9; 1989 c 319 art 8 s 16; 1991 c 341 s 7; 1994 c 528 art 2 s 6,7; 1997 c 202 art 2 s 63; 2Sp1997 c 3 s 18; 1998 c 386 art 2 s 87; 1999 c 99 s 16; 1999 c 222 art 22 s 2; 2002 c 392 art 11 s 52; 2004 c 223 s 3; 2006 c 271 art 3 s 13-15; 2007 c 134 art 2 s 19-21; art 6 s 1; 2008 c 204 s 40; 2009 c 101 art 2 s 109; 2009 c 169 art 4 s 8; 2010 c 359 art 5 s 8; art 12 s 12; 1Sp2011 c 8 art 6 s 3,19; art 7 s 3,19; 2013 c 111 art 8 s 3; 2015 c 68 art 12 s 11; 2016 c 173 s 2; 2018 c 211 art 10 s 5; 2024 c 102 art 10 s 1*

353.031 DISABILITY DETERMINATION PROCEDURES.

Subdivision 1. **Application.** (a) This section applies to all disability determinations for the public employees general fund, the public employees police and fire fund, the local government correctional service retirement plan, and the local government probation and telecommunicator retirement plan, and any other disability determination subject to approval by the board, except as otherwise specified in section 353.032, 353.33, 353.656, or 353E.05. These requirements and the requirements of section 353.03, subdivision 3, are in addition to the specific requirements of each plan and govern in the event there is any conflict between these sections and the procedures specific to any of those plans under section 353.33, 353.656, 353E.06, or 353H.06.

(b) Notwithstanding any law to the contrary, an employee, as defined in section 353.032, subdivision 1, clause (2), who applies for a duty disability benefit based on a psychological condition, as defined in section 353.032, subdivision 1, clause (7), is not eligible for duty disability benefits under this chapter until the employee has satisfied the additional procedure, including all completion of treatment requirements under section 353.032.

Subd. 2. **Plan document policy statement.** Disability determinations for the public employees general fund and the local government probation and telecommunicator retirement plan must be made subject to section 353.01, subdivision 19; and for the police and fire plan and the local government correctional service retirement plan must be made consistent with the legislative policy and intent set forth in section 353.63.

Subd. 3. **Procedure to determine eligibility; generally.** (a) Every claim for a disability benefit must be initiated in writing on an application form and in the manner prescribed by the executive director and filed with the executive director. To be valid, an application for disability benefits must be made within 18 months following termination of public service as defined under section 353.01, subdivision 11a, and include the required application form and the medical reports required by paragraph (c).

(b) All medical reports must support a finding that the disability arose before the employee was placed on any paid or unpaid leave of absence or terminated public service, as defined under section 353.01, subdivision 11a.

(c) An applicant for disability shall provide a detailed report signed by a licensed medical doctor and at least one additional report signed by a medical doctor, psychiatrist, psychologist, APRN, or chiropractor. The applicant must authorize the release of all medical and health care evidence, including all medical records and relevant information from any source, to support the application for initial, or the continuing payment of, disability benefits.

(d) All reports must contain an opinion regarding the applicant's prognosis, the duration of the disability, and the expectations for improvement. Any report that does not contain and support a finding that the disability will last for at least one year may not be relied upon to support eligibility for benefits.

(e) Where the medical evidence supports the expectation that at some point in time the applicant will no longer be disabled, any decision granting disability may provide for a termination date upon which disability can be expected to no longer exist. In the event a termination date is made part of the decision granting benefits, prior to the actual termination of benefits, the applicant shall have the opportunity to show that the disabling condition for which benefits were initially granted continues. In the event the benefits terminate in accordance with the original decision, the applicant may petition for review under section 356.96 or may reapply for disability in accordance with these procedures and section 353.33, 353.656, or 353E.06, as applicable.

(f) Upon receipt of a valid application, the executive director must notify the employer. No later than 30 days after receiving the notification, the employer must provide a report to the executive director indicating that there is no available work that the applicant can perform in the applicant's disabled 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 applicant. The employer shall also provide a certification of the applicant's past public service; the dates of any paid sick leave, vacation, or any other employer-paid salary continuation plan beyond the last working day; and whether or not any sick or annual leave has been allowed.

(g) An applicant who is placed on leave of absence without compensation because of a disability is not barred from receiving a disability benefit.

(h) An applicant for disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for disability benefits. If the application for disability benefits is approved, the retirement annuity application is canceled. If disability benefits are denied, the retirement annuity application must be processed upon the request of the applicant. No member of the general employees retirement plan, the police and fire plan, the local government correctional service retirement plan, or the local government probation and telecommunicator retirement plan may receive a disability benefit and a retirement annuity simultaneously from the same plan.

Subd. 4. **Additional requirements; eligibility for police and fire or local government correctional service retirement plan disability benefits.** (a) If an application for disability benefits is filed within two years of the date of the injury or the onset of the illness that gave rise to the disability application, the application must be supported by evidence that the applicant is unable to perform the duties of the position held by the applicant on the date of the injury or the onset of the illness causing the disability. The employer must provide evidence indicating whether the applicant is able or unable to perform the duties of the position held on the date of the injury or onset of the illness causing the disability, a clear explanation of any duties that the individual can or cannot perform, and an explanation of why the employer may or may not authorize continued employment to the applicant in the current or other position.

(b) If an application for disability benefits is filed more than two years after the date of injury or the onset of an illness causing the disability, the application must be supported by evidence that the applicant is unable to perform the duties that were expected to be performed by the applicant during the 90 days preceding the last day the applicant performed services for the employer. The employer must provide evidence of the duties that were expected to be performed by the applicant during the 90 days preceding the last day the applicant performed services, whether the applicant can or cannot perform those duties overall, a clear

explanation of any duties that the applicant can or cannot perform, and an explanation of why the employer may or may not authorize continued employment to the applicant in the current or other position.

(c) Any report supporting a claim to disability benefits under section 353.656 or 353E.06 must specifically relate the disability to its cause; and for any claim to duty disability from an injury or illness arising out of an act of duty, the report must state the specific act of duty giving rise to the claim, and relate the cause of disability to inherently dangerous duties specific to the positions covered by the public employees police and fire plan and the local government correctional service retirement plan. Any report that does not relate the cause of disability to specific inherently dangerous duties performed by the employee may not be relied upon as evidence to support eligibility for benefits and may be disregarded in the executive director's decision-making process.

(d) Any application for duty disability must be supported by a first report of injury as defined in section 176.231.

(e) If a member who has applied for and been approved for disability benefits before the termination of service does not terminate service or is not placed on an authorized leave of absence as certified by the governmental subdivision within 45 days following the date on which the application is approved, the application shall be canceled. If an approved application for disability benefits has been canceled, a subsequent application for disability benefits may not be filed on the basis of the same medical condition for a minimum of one year from the date on which the previous application was canceled.

(f) Notwithstanding section 353.01, subdivision 41, if the member has applied for a duty disability based on a psychological condition, the application must be supported by evidence that the applicant is unable to perform the duties of the position held by the applicant on the date of injury or the onset of the illness or to another position with the employer which provides salary and employer-provided benefits, including pension benefits, that are equal to or greater than those for the position held by the employee on the date of the injury, event, or onset of the mental illness.

Subd. 5. **Medical adviser.** The executive director may contract with an accredited independent organization specializing in disability determinations or a licensed physician to be the medical adviser of the association. The medical adviser shall review all medical reports submitted to the association, including the findings of an independent medical examination requested under this section, and shall advise the executive director.

Subd. 6. **Independent medical examination.** Any individual applying for or receiving disability benefits must submit to an independent medical examination if requested by the executive director. The medical examination must be paid for by the association.

Subd. 7. **Refusal of examination or medical evidence.** If a person applying for or receiving a disability benefit refuses to submit to a medical examination under subdivision 6, or fails to provide or to authorize the release of medical evidence under subdivision 3 or 8, the association shall cease the application process or shall discontinue the payment of a disability benefit, whichever is applicable. Upon the receipt of the requested medical evidence, the association shall resume the application process or the payment of a disability benefit upon approval for the continuation, whichever is applicable.

Subd. 8. **Proof of eligibility upon reapplication.** (a) A person must not be paid a disability benefit except upon furnishing adequate proof to the executive director of the association that the person is disabled and, upon reapplication, that the disability is the same disability for which disability benefits were initially granted.

(b) At the end of each year of disability payments for the first five years of disability payments and at the end of every three years of disability payments thereafter, the person receiving the disability payments must reapply and provide proof of disability to the executive director of the association. The executive director has the right, between applications, to require the person to submit proof of the continuance of the disability claimed.

(c) Adequate proof of a disability upon reapplication must include a written expert report by a licensed physician, an APRN, or a licensed chiropractor, or, with respect to a mental impairment, a licensed psychiatrist or psychologist.

(d) The reapplication requirement may be waived by the executive director if the executive director receives a written statement from the medical adviser retained by the association under subdivision 5 that no improvement can be expected in the person's disability condition that was the basis for the payment of the disability benefit.

(e) If the person's reapplication is denied, the person bears the burden of proving eligibility for a disability benefit in an appeal under section 356.96.

Subd. 9. **Application approval or denial; decision of executive director.** Any decision of the executive director is final, except that a member whose application for disability benefits or whose reapplication under subdivision 8 is denied may appeal the executive director's decision to the board of trustees under section 356.96. In developing the record for review by the board when a decision is appealed, the executive director may direct that the applicant participate in a fact-finding session conducted by an administrative law judge assigned by the Court of Administrative Hearings, and, as applicable, a vocational assessment conducted by the qualified rehabilitation counselor on contract with the association.

Subd. 10. **Restoring forfeited service and salary credit.** To restore forfeited service and salary credit, a repayment of a refund must be made within six months after the effective date of disability benefits or within six months after the date of the filing of the disability application, whichever is later, except that the salary credit purchase for periods of reduced salary must be made as authorized under section 353.0162.

History: *2007 c 134 art 4 s 8; 2013 c 111 art 11 s 4; 2015 c 68 art 12 s 12,13; 2022 c 65 art 5 s 7,8; art 9 s 5; 2023 c 47 art 2 s 5; 2023 c 48 s 14-18; 2025 c 39 art 2 s 68; 2026 c 106 art 5 s 6-8*

353.032 APPLICATION FOR PSYCHOLOGICAL CONDITION TREATMENT.

Subdivision 1. **Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "mental illness" means diagnosis of a mental illness by a mental health professional, and meeting the criteria for a condition or conditions included in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association;

(2) "employee" means an individual diagnosed with a mental illness who is a member under section 353.64 or was a member under section 353.64 within the 18 months preceding the date of the application under subdivision 2;

(3) "employer" means an employer of a current or former member of the police and fire plan;

(4) "firefighter" has the meaning given in section 299A.465, subdivision 5, paragraph (c);

(5) "mental health professional" has the meaning given in section 245I.02, subdivision 27;

(6) "peace officer" has the meaning given in section 299A.465, subdivision 5, paragraph (a);

(7) "psychological condition" means a mental illness, as defined in clause (1); and

(8) "treatment" includes but is not limited to active participation in psychological, psychopharmaceutical, and functional neurological approaches and active participation in the International Association of Fire Fighters Center of Excellence for Behavioral Health Treatment and Recovery. Treatment includes utilization of multiple treatment modalities, including chemical dependency treatment when indicated, and evidence-based trauma treatment.

Subd. 2. **Application; dual diagnosis.** (a) Notwithstanding any law to the contrary, and except as provided in paragraph (b), the procedure in this section applies to an application for a duty disability by an employee based on a psychological condition.

(b) The additional procedure in this section does not apply to a duty disability application under paragraph (a) that is also based on a dual diagnosis of a physical condition. An employee with a dual diagnosis may, but is not required to, seek treatment under subdivisions 4 and 7, subject to the procedure in this section.

Subd. 3. **Approval.** (a) An employee who applies for treatment of a psychological condition that was a result of the performance of duties related to the occupation and cannot perform the normal duties of the position held by the employee on the date of injury, event, or onset of mental illness must receive approval from the executive director for psychological treatment as provided under this subdivision. The executive director shall grant approval to an employee who submits, in the form and manner specified by the executive director, an application that includes:

(1) a report by a mental health professional diagnosing the employee with a mental illness and finding that the employee is currently unable to perform the normal duties of the position held by the employee on the date of the injury, event, or onset of the mental illness on a full- or part-time basis; and

(2) proof that a first report of injury was filed by the employee with the employer.

(b) An employee is eligible for treatment of a psychological condition under subdivision 4, paragraph (a), while maintaining full-time or part-time work for the employer when the mental injury was a result of the performance of the employee's occupational duties. The executive director shall grant approval to the employee who submits, in the form and manner specified by the executive director, an application that includes:

(1) a report by a mental health professional diagnosing the employee with a mental illness that was a result of the performance of the employee's occupational duties and determining that the employee is medically able to continuing working full time or part time in the position held by the employee at the time of the injury, event, or onset of the mental illness; and

(2) proof that a first report of injury was filed by the employee with the employer.

(c) An employee who receives approval under this subdivision is not considered disabled for the purposes of a duty disability under section 353.656, subdivision 1, unless the employee completes the additional requirements under this section, receives final confirmation under subdivision 6, and applies for disability benefits under section 353.031 before receiving duty disability benefits or related benefits.

(d) The executive director must notify an employing entity electronically and by mail that an application for psychological condition treatment has been submitted by an employee and request documentation from

the employer certifying the dates the employee was on duty in a position covered under the police and fire plan within six business days after the application has been received by the executive director.

(e) An employer shall submit the certification required under paragraph (d) within five business days of receiving notice from the executive director, and the employee shall receive approval no later than 14 business days after the employee's application is received by the executive director, whether or not the employer's certification has been submitted. Nothing in this paragraph shall delay the treatment of the psychological condition of the employee.

Subd. 4. **Treatment required.** (a) Except as provided in paragraph (f), beginning when the application is received by the executive director, an employee who receives approval under subdivision 3 shall complete up to 24 consecutive weeks of active treatment modalities for the employee's diagnosed mental illness, as provided under this subdivision, before a final confirmation can be made under subdivision 6. Treatment shall be at the direction of a mental health professional using treatment modalities indicated for the treatment of the diagnosed mental illness. An employee shall not be penalized for an interruption in active, consecutive treatment that is not initiated by or resulting from an intentional action of the employee. Subject to the limit under subdivision 9, the employer shall pay for the treatment costs to the extent not paid for by the employee's health insurance and may seek reimbursement.

(b) The employee's mental health professional must assess the employee's progress in treatment monthly and at the end of the 24 weeks or earlier, including any change to the employee's ability to return to the position held by the employee on the date of the injury, event, or onset of the mental illness, or to another position with the employer which provides salary and employer-provided benefits, including pension benefits, that are equal to or greater than those for the position held by the employee on the date of the injury, event, or onset of the mental illness. A final confirmation under subdivision 6 must be supported by a report from the employee's mental health professional containing an opinion about the employee's prognosis, the duration of the disability, and the expectations for improvement following the treatment. A report that does not contain and support a finding that the employee's disability as a result of a psychological condition will last for at least 12 months must not be relied upon to support approval of duty disability benefits.

(c) The employee may work full time or part time prior to the completion of the 24 weeks of treatment if the employee's mental health professional determines that they are medically able to do so.

(d) The employee may return to light duty assignments, subject to availability of a position, prior to the completion of the 24 weeks of treatment, if deemed medically appropriate by the employee's mental health professional and with the employer's approval.

(e) A fitness for duty presumption shall apply to an employee who is cleared to return to work or light duty under paragraph (c) or (d), except as provided under subdivision 10.

(f) No employee shall be required to complete treatment under this subdivision more than three times in ten years.

Subd. 5. **Continuation of salary and benefits.** (a) Subject to subdivision 9, for the period that an employee is seeking psychological condition treatment approval under subdivision 3 or 6, beginning when the application is received by the executive director, appealing a determination thereof, or receiving treatment under subdivision 4 or 7, the employer shall continue:

(1) to pay, for a current employee only, the employee's full salary and employer-provided benefits, including any employer contribution to health care and retirement benefits. The employer must not require the employee to use accrued vacation, sick, holiday, personal time off or any leave benefits while the

employee is receiving treatment under subdivision 4. The employer must proportionally reduce the salary paid to an employee who is otherwise receiving benefits for the disability that provide compensation for all or a portion of the employee's salary for the same time period. Nothing in this paragraph requires an employer to pay more than 100 percent of the employee's salary;

(2) to provide health insurance benefits to the employee and to the employee's dependents, if the employee was receiving dependent coverage at the time of the injury, event, or onset of the mental illness under the employer's group health plan; and

(3) to provide any other employment benefits provided to the employee under the employee's currently applicable collective bargaining agreement.

(b) An employee shall obtain service credit for the treatment period required under subdivision 4 or 7.

(c) Nothing prevents an employer from providing benefits in addition to those required by this section or otherwise affects an employee's rights with respect to any other employment benefit.

(d) If an employee is unable to receive treatment through the prescribed treatment program due to circumstances beyond the employee's control, which includes but is not limited to a lack of availability of a mental health facility or a mental health professional, the employee shall continue to receive their regular compensation, benefits, and retirement service credits, until such mental health facility or mental health professional becomes available to the employee for their treatment program. The employer must not require the employee to use sick or vacation leave during this period. The continuation of salary and benefits allowed under this paragraph must not exceed 30 days beyond the day treatment is prescribed, except that continuation of benefits and salary may be extended beyond 30 days if written documentation from the mental health facility or mental health professional providing the treatment start date is submitted by the employee to the executive director and the employer.

Subd. 6. **Termination or continuation of psychological condition treatment.** (a) Following completion of treatment under subdivision 4, the association shall confirm the treatment requirements are satisfied and make one of the following determinations based on the report of the employee's mental health professional:

(1) continue the approval for an additional eight weeks for the employee to complete additional treatment, as provided under subdivision 7;

(2) terminate the psychological condition treatment because the employee is:

(i) able to return to or continue full-time or part-time work in the position held by the employee on the date of the injury, event, or onset of the mental illness; or

(ii) able to return to another vacant full-time position with the employer which provides salary and employer-provided benefits, including pension benefits, that are equal to or greater than those for the position held by the employee on the date of the injury, event, or onset of the mental illness, as certified by the employer in the form and manner specified by the executive director; or

(3) confirm the employee has met the requirements under section 353.032, after which the employee may apply for a duty disability benefit based on a psychological condition under section 353.031.

(b) The association must notify the employee and the employer electronically and by mail of its determination under paragraph (a).

(c) After confirmation and application under paragraph (a), clause (3), the association must approve the employee's application for disability benefits if the employee is eligible under section 353.031, at which

time the employee is entitled to receive disability benefits as provided under this section and any related benefits. The disability benefit begins to accrue the day following the day on which the employer ceases to continue salary and benefits under subdivision 5 and section 353.656, subdivision 4, paragraph (a).

(d) Following completion of the additional treatment requirements under subdivision 7, if applicable, the association shall confirm the additional treatment requirements are satisfied, after which, the employee may apply for disability benefits because the employee is eligible under section 353.031, at which time the employee is entitled to receive disability benefits as provided under this section and any related benefits. The disability benefit begins to accrue the day following the day on which the employer ceases to continue salary and benefits under subdivision 5 and section 353.656, subdivision 4, paragraph (a).

(e) Treatment requirements that remain incomplete 60 days past the 24 weeks of treatment under subdivision 4 or the additional eight weeks of treatment under subdivision 7 terminate.

(f) A fitness for duty presumption shall apply to an employee who is determined able to return to work as provided under paragraph (a), clause (2), except as provided under subdivision 10.

Subd. 7. **Additional treatment.** (a) Except as provided in paragraph (g), if, after completing the treatment required under subdivision 4, the employee's mental health professional's report determines that the employee is making progress in treatment, and the employee's prognosis is expected to further improve with additional treatment, the association shall continue the employee's initial approval under subdivision 6, paragraph (a), clause (1), and the employee shall complete up to an additional eight consecutive weeks of active treatment modalities as provided under this subdivision. The association must notify the employer electronically and by mail that the initial approval has been continued within six business days after the executive director receives the mental health professional's report.

(b) Treatment shall be at the direction of a mental health professional using treatment modalities indicated for the treatment of the employee's diagnosed mental illness. An employee shall not be penalized for an interruption in active, consecutive treatment that is not initiated by or resulting from an intentional action of the employee. Subject to subdivision 9, the employer shall pay for the treatment costs to the extent not paid for by the employee's health insurance and may seek reimbursement.

(c) The employee's mental health professional must assess the employee's progress in treatment at the end of eight weeks, including any change to the employee's ability to return to the position held by the employee on the date of the injury, event, or onset of the mental illness, or to another position with the employer which provides salary and employer-provided benefits, including pension benefits, that are equal to or greater than those for the position held by the employee on the date of the injury, event, or onset of the mental illness. A final confirmation under subdivision 6, paragraph (c), must be supported by an updated report from the employee's mental health professional containing an opinion about the employee's prognosis, the duration of the disability, and the expectations for improvement following the additional treatment. An updated report that does not contain and support a finding that the employee's disability as a result of a psychological condition will last for at least 12 months must not be relied upon to support approval of duty disability benefits.

(d) The employee may return to full time or part time work for the employer or continue to work full time or part time for the employer during the eight weeks of treatment if the employee's mental health professional determines that they are medically able to do so and with the employer's approval.

(e) The employee may return to light duty assignments, subject to availability of a position, prior to the completion of the eight weeks of treatment, if deemed medically appropriate by the employee's mental health professional and with the employer's approval.

(f) A fitness for duty presumption shall apply to an employee who is cleared to return to work or light duty under paragraph (d) or (e), except as provided under subdivision 10.

(g) No employee shall be required to complete treatment under this subdivision more than three times in ten years.

Subd. 8. **Treatment data.** A "health record," as defined by section 144.291, subdivision 2, paragraph (c), arising from treatment sought under this section is classified as private data on individuals, as defined by section 13.02, subdivision 12, and must not be accessed by, shared with, or disclosed or disseminated to any individual, private entity, or government entity, including through discovery, search warrant, or subpoena, in any type of investigation or legal action.

Subd. 9. **Employer reimbursement; limit.** (a) Except as provided in paragraph (c), an employer subject to this section may annually apply by August 1 for the preceding fiscal year to the commissioner of public safety for reimbursement of:

(1) the treatment costs incurred by the employer under subdivision 4 or 7; and

(2) the costs incurred to continue salary and benefits as required under subdivision 5.

(b) An employer must apply for the reimbursement in the form and manner specified by the commissioner of public safety.

(c) No employer shall be required to pay for the salary, benefits, and treatment costs required under subdivisions 4, 5, and 7 for a single employee more than three times in ten years.

(d) An officer or firefighter receiving treatment under this section must provide to the employer, on a monthly basis, billing statements or invoices for treatment costs incurred as outlined in subdivisions 4 and 7.

Subd. 10. **Fitness for duty presumption.** (a) An employee who is cleared or determined able to work full time or part time while receiving treatment under subdivision 3, paragraph (c); or return to work or light duty under subdivision 4, paragraph (e); 6, paragraph (f); or 7, paragraph (f), is presumed fit for duty, except as follows:

(1) an employer may request a fitness for duty exam by an independent medical provider if the exam is completed within six weeks of the employer receiving the determination from the treating mental health professional, and the independent medical provider's report is completed no more than six weeks later;

(2) an employee found unfit for duty by an independent medical provider under clause (1):

(i) is presumed eligible for a duty disability, as provided under subdivision 6, paragraph (a), clause (3), if the employee otherwise meets the eligibility requirements under section 353.031; or

(ii) may appeal the independent medical provider's determination by requesting an examination under paragraph (c); and

(3) the fitness-for-duty timeline under this paragraph may be modified by mutual agreement of the employer and employee.

(b) Nothing in this section shall be deemed to affect the Americans with Disabilities Act, United States Code, title 42, chapter 126; the Family Medical Leave Act, United States Code, title 29, chapter 28; or the Minnesota Human Rights Act, chapter 363A.

(c) An employee who wishes to appeal the independent medical provider's determination under paragraph (a), clause (2), item (ii), may request an examination by a qualified professional selected by the employee from a panel established by mutual agreement among the League of Minnesota Cities, the Association of Minnesota Counties, the Minnesota Peace and Police Officers Association, the Minnesota Professional Fire Fighters Association, the Minnesota Chiefs of Police Association, and the Minnesota Law Enforcement Association. The panel shall consist of five licensed psychiatrists or psychologists who have expertise regarding psychological or emotional disorders and who are qualified to opine as to the employee's fitness to engage in police or firefighting duties. The agreed upon panel of qualified professionals must be submitted to the executive director and made available for use in the appeal process. If the employee fails to select a qualified professional from the panel within ten days of any notice of appeal, the employing entity may select the qualified professional from the panel. A determination made by a qualified professional under this item is binding and not subject to appeal. This panel may be the same panel as the panel established under section 352B.102, subdivision 10.

Subd. 11. **Report.** No later than May 20, 2027, the executive director, in coordination with employers, employees, and mental health professionals, shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over labor and pensions regarding the impact of this section on public safety duty disability trends and costs.

Subd. 12. **Relationship to workers' compensation.** Nothing in this section shall be construed to affect the procedures for an employee's claim for workers' compensation benefits under chapter 176 or diminish or delay an employer's or insurer's obligations related to an employee's claim for workers' compensation benefits under chapter 176, except that when an employee receives psychological condition treatment pursuant to an application approved under subdivision 3, the treatment is not compensable under chapter 176.

History: *2023 c 48 s 19; 2025 c 37 art 15 s 2-8*

353.033 PSYCHOLOGICAL CONDITION TREATMENT ACCOUNT.

Subdivision 1. **Account created and money appropriated.** The PERA psychological condition treatment account is created in the special revenue fund. Money in the account is appropriated to the executive director of the Public Employees Retirement Association for administration of the psychological condition treatment under section 353.032.

Subd. 2. **Account to defray administrative costs.** The executive director of the Public Employees Retirement Association must pay the costs of administering the PERA psychological condition treatment under section 353.032 using the money in the psychological condition treatment account under subdivision 1 until the money is expended.

Subd. 3. **Commissioner of public safety to pay costs when account is depleted.** When the PERA psychological condition treatment account is depleted, the executive director of the Public Employees Retirement Association may invoice the commissioner of public safety for the costs of administering the psychological condition treatment under section 353.032. The commissioner must pay invoices submitted by the executive director of the Public Employees Retirement Association from the public safety officer's benefit account under section 299A.42 within 30 days of receipt.

History: *2023 c 48 s 20*

353.04 [Repealed, 1957 c 935 s 27]

353.05 CUSTODIAN OF FUNDS.

The commissioner of management and budget shall be ex officio treasurer of the retirement funds of the association and the general bond of the commissioner of management and budget to the state must be so conditioned as to cover all liability for acts as treasurer of these funds. All money of the association received by the commissioner of management and budget must be set aside in the state treasury to the credit of the proper fund or account. The commissioner of management and budget shall transmit monthly to the executive director a detailed statement of all amounts so received and credited to the funds. Payments out of the funds may only be made as payments issued by the commissioner of management and budget, upon abstracts signed by the executive director; provided that abstracts for investment may be signed by the executive director of the State Board of Investment.

History: *(254-27) 1931 c 307 s 5; 1959 c 650 s 58; 1971 c 106 s 12; 1974 c 229 s 10; 1975 c 102 s 6; 1986 c 444; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109; 2010 c 359 art 11 s 5; 2015 c 68 art 14 s 5; 1Sp2019 c 10 art 3 s 34*

353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.

The executive director shall from time to time certify to the State Board of Investment for investment such portions of the funds of the association as in the director's judgment may not be required for immediate use. The State Board of Investment shall thereupon invest and reinvest the sum so certified, or transferred, in such securities as are duly authorized as legal investments under section 11A.24 and has authority to sell, convey, and exchange such securities and invest and reinvest the securities when it deems it desirable to do so and shall sell securities upon request of the executive director when such funds are needed for its purposes. All of the provisions regarding accounting procedures and restrictions and conditions for the purchase and sale of securities under chapter 11A must apply to the accounting, purchase and sale of securities for the funds of the Public Employees Retirement Association.

History: *(254-28) 1931 c 307 s 6; 1959 c 650 s 58; 1961 c 380 s 5; 1965 c 305 s 5; 1973 c 753 s 21; 1975 c 102 s 6; 1980 c 607 art 14 s 45 subd 2; s 46; 2009 c 169 art 1 s 31; 2010 c 359 art 11 s 6; 2015 c 68 art 14 s 6*

353.07 [Repealed, 1973 c 753 s 85]

353.08 LEGAL ADVISER, ATTORNEY GENERAL; VENUE.

The attorney general shall be the legal adviser of the board of trustees. The board may sue or be sued in the name of the board of trustees of the Public Employees Retirement Association and, in all actions brought by it or against it, the board shall be represented by the attorney general. The venue of all actions against and by the Public Employees Retirement Association shall be Ramsey County.

History: *(254-30) 1931 c 307 s 8; 1933 c 374 s 1; 1959 c 650 s 58; 1973 c 753 s 22; 1975 c 102 s 9*

353.09 [Repealed, 1957 c 935 s 27]

353.10 [Repealed, 1957 c 935 s 27]

353.11 [Repealed, 1957 c 935 s 27]

353.12 [Repealed, 1957 c 935 s 27]

353.13 [Repealed, 1973 c 753 s 85]

353.14 BENEFITS FROM OTHER FUNDS.

No annuity or benefit provided by this chapter may be affected, diminished, or impaired by any pension, benefit, or annuity which any member or survivor is entitled to receive from a tax-supported public retirement plan or system authorized by any other law based on service that is different service than the service for which the member or survivor is entitled to receive benefit or annuity from a retirement plan administered by the Public Employees Retirement Association.

History: *1963 c 641 s 1; 1973 c 753 s 23; 1986 c 444; 1Sp2005 c 8 art 10 s 44*

353.15 NONASSIGNABILITY AND EXEMPTION FROM JUDICIAL PROCESS.

Subdivision 1. **Exemption.** The provisions of section 356.401 apply to the general employees retirement plan, the public employees police and fire retirement plan, the local government correctional service retirement plan, and the local government probation and telecommunicator retirement plan.

Subd. 2. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 3. **Payment to public bodies.** If, in the judgment of the executive director, conditions so warrant, payment of an annuity, a retirement benefit, or a refund may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe.

History: *(254-40) 1931 c 307 s 18; 1955 c 815 s 9; 1971 c 789 s 5; 1973 c 753 s 24; 1975 c 102 s 6,10; 1976 c 329 s 19; 1978 c 772 s 62; 1979 c 303 art 3 s 29; 1981 c 180 s 5; 1984 c 547 s 6; 1986 c 444; 1987 c 157 s 5; 1990 c 570 art 11 s 4; 1997 c 203 art 6 s 92; 2000 c 461 art 3 s 13; 2003 c 127 art 3 s 19; 1Sp2005 c 8 art 10 s 45,46; 2026 c 106 art 5 s 9*

353.16 AUDIT OF BOOKS AND ACCOUNTS; INSURANCE LAWS NOT APPLICABLE.

None of the laws of this state regulating insurance or insurance companies shall apply to the retirement association or any of its funds. The books and accounts of the association and the retirement fund shall be examined and audited annually, if funds and personnel permit, by the legislative auditor of the state and a full and detailed report thereof made to the board of trustees. The cost of any examination shall be paid by the retirement association in accordance with the provisions of section 16A.127, subdivision 7, and for the purposes of this section the public employees retirement association shall be considered a state agency as referred to in section 16A.127, subdivision 7.

History: *(254-41) 1931 c 307 s 19; 1933 c 374 s 1; 1959 c 645 s 1; 1959 c 650 s 58; 1971 c 106 s 15; 1974 c 229 s 11; 1979 c 50 s 45; 1981 c 224 s 80*

353.17 [Repealed, 1971 c 106 s 40]

353.18 RULES.

All matters and administrative details not specifically provided for in this chapter shall be governed by rules issued and promulgated by the board of trustees. The final power to determine the status of any individual in the employ of any governmental subdivision, for the purposes of this chapter, is hereby vested in the board, and such determination shall not be disturbed unless found to be arbitrary and capricious.

History: *(254-44) 1931 c 307 s 22; 1941 c 285 s 9; 1959 c 650 s 58; 1973 c 753 s 25; 1985 c 248 s 70*

353.19 PENALTIES FOR FALSE INFORMATION.

Any person who shall give any false information to the board of trustees or any officer or agent of the retirement association, or any person who shall willfully fail or refuse to perform or discharge any duty prescribed by this chapter shall, upon conviction thereof, be guilty of a gross misdemeanor.

History: *(254-45) 1931 c 307 s 23; 1959 c 650 s 58; 1973 c 753 s 26*

353.20 [Repealed, 1955 c 815 s 12]

353.21 [Repealed, 1957 c 935 s 27]

353.26 Subdivision 1. [Repealed, 1973 c 753 s 85]

Subd. 2. [Repealed, 1973 c 753 s 85]

Subd. 3. [Repealed, 1973 c 753 s 85]

Subd. 4. [Repealed, 1959 c 650 s 57]

Subd. 5. [Repealed, 1973 c 753 s 85]

Subd. 6. [Repealed, 1973 c 753 s 85]

353.27 GENERAL EMPLOYEES RETIREMENT FUND.

Subdivision 1. **Income; disbursements.** There is a special fund known as the "general employees retirement fund," the "retirement fund," or the "fund," which must include all the assets of the general employees retirement plan of the association. This fund must be credited with all contributions, all interest and all other income of the general employees retirement plan of the Public Employees Retirement Association that are authorized by law. From this fund there is appropriated the payments authorized by sections 353.01 to 353.46 and by Minnesota Statutes 2008, chapter 422A, in the amounts and at such time provided herein, including the expenses of administering the general employees retirement plan and fund.

Subd. 1a. [Repealed, 2015 c 68 art 14 s 30]

Subd. 2. **General employees retirement plan; employee contribution.** (a) For a basic member of the general employees retirement plan of the Public Employees Retirement Association, the employee contribution is 9.10 percent of salary. For a coordinated member of the general employees retirement plan of the Public Employees Retirement Association, the employee contribution is the following percentage of salary plus any contribution rate adjustment under subdivision 3b:

Effective after December 31, 2010	6.25
Effective January 1, 2015	6.5

(b) These contributions must be made by deduction from salary as defined in section 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the total salary received by the member from all sources.

Subd. 3. **General employees retirement plan; employer contribution.** (a) For a basic member of the general employees retirement plan of the Public Employees Retirement Association, the employer contribution is 9.10 percent of salary. For a coordinated member of the general employees retirement plan of the Public

Employees Retirement Association, the employer contribution is the following percentage of salary plus any contribution rate adjustment under subdivision 3b:

Effective after December 31, 2010	6.25
Effective January 1, 2015	6.5

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Subd. 3a. **Additional employer contribution.** (a) An additional employer contribution to the general employees retirement fund of the Public Employees Retirement Association must be made equal to the following applicable percentage of the total salary amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
Effective before January 1, 2006	2.68	.43
Effective January 1, 2006	2.68	.5
Effective January 1, 2009	2.68	.75
Effective January 1, 2010	2.68	1

These contributions must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

(b) This subdivision is repealed once the actuarial value of the assets of the general employees retirement plan of the Public Employees Retirement Association equal or exceed 98 percent of the actuarial accrued liability of the plan as determined by the actuary retained under sections 356.214 and 356.215. The repeal is effective on the first day of the first full pay period occurring after March 31 of the calendar year following the issuance of the actuarial valuation upon which the repeal is based.

Subd. 3b. MS 2016 [Repealed, 2018 c 211 art 2 s 4]

Subd. 3c. **Former MERF members; member and employer contributions.** (a) For the period July 1, 2019, through December 31, 2031, the member contributions for former members of the Minneapolis Employees Retirement Fund and by the former Minneapolis Employees Retirement Fund-covered employing units are governed by this subdivision.

(b) The member contribution for a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(c) The employer regular contribution with respect to a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(d) The annual employer supplemental contribution is the employing unit's share of $21,000,000.

(e) Each employing unit's share under paragraph (d) is the amount determined from an allocation between each employing unit in the portion equal to the unit's employer supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50, during calendar year 2014.

(f) The employer supplemental contribution amount under paragraph (d) for calendar year 2019 must be invoiced by the executive director of the Public Employees Retirement Association by July 1, 2019. For subsequent calendar years, the employer supplemental contribution under paragraph (d) must be invoiced on January 31 of each year. The employer supplemental contribution is payable in two parts, with the first half payable on or before July 31 and with the second half payable on or before December 15. Late payments are payable with interest, compounded annually, at the applicable rate or rates specified in section 356.59, subdivision 3, per month for each month or portion of a month that has elapsed after the due date.

(g) The employer supplemental contribution under paragraph (d) terminates on December 31, 2031.

Subd. 4. **Employer reporting requirements; contributions; member status.** (a) A representative authorized by the head of each department must deduct employee contributions from the salary of each public employee who qualifies for membership in the general employees retirement plan or the public employees police and fire retirement plan under this chapter, the public employees defined contribution plan under chapter 353D, the local government correctional service retirement plan under chapter 353E, or the local government probation and telecommunicator retirement plan under chapter 353H at the rate under section 353.27, 353.65, 353D.03, 353E.03, or 353H.04, whichever is applicable, that is in effect on the date the salary is paid. The employer representative must also remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions and the required employer contributions to be received by the association within 14 calendar days after each pay date. If the payment is less than the amount required, the employer must pay the shortage amount to the association and collect reimbursement of any employee contribution shortage paid on behalf of a member through subsequent payroll withholdings from the wages of the employee. Payment of shortages in employee contributions and associated employer contributions, if applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not received within 30 days following the date the amount was initially due under this section.

(b) The head of each department or the person's designee shall submit for each pay period to the association a salary deduction report in the format prescribed by the executive director. The report must be received by the association within 14 calendar days after each pay date or the employer may be assessed a fine of $5 per calendar day until the association receives the required data. Data required as part of salary deduction reporting must include, but are not limited to:

(1) the legal names and Social Security numbers of employees who are members;

(2) the amount of each employee's salary deduction;

(3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay period from which each deduction was made, including a breakdown of the portion of the salary that represents overtime pay that the employee was paid for additional hours worked beyond the regularly scheduled hours, pay for unused compensatory time, and the salary amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and

(5) adjustments or corrections covering past pay periods as authorized by the executive director.

(c) Employers must furnish the data required for enrollment for each new or reinstated employee who qualifies for membership in the general employees retirement plan, the public employees police and fire retirement plan, the public employees defined contribution plan, the local government correctional service retirement plan, or the local government probation and telecommunicator retirement plan in the format

prescribed by the executive director. The required enrollment data on new members must be submitted to the association prior to or concurrent with the submission of the initial employee salary deduction. Also, the employer shall report to the association all member employment status changes, such as leaves of absence, terminations, and death, and shall report the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. If an employer fails to comply with the reporting requirements under this paragraph, the executive director may assess a fine of $25 for each failure if the association staff has notified the employer of the noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

(d) The employer shall furnish data, forms, and reports as may be required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.

(e) Notwithstanding paragraph (a), the executive director may provide for less frequent reporting and payments for small employers.

(f) The executive director may establish reporting procedures and methods as required to review compliance by employers with the salary and contribution reporting requirements in this chapter. A review of the payroll records of a participating employer may be conducted by the association on a periodic basis or as a result of concerns known to exist within a governmental subdivision. An employer under review must extract requested data and provide records to the association after receiving reasonable advanced notice. Failure to provide requested information or materials will result in the employer being liable to the association for any expenses associated with a field audit, which may include staff salaries, administrative expenses, and travel expenses.

Subd. 5. [Repealed, 1973 c 753 s 85]

Subd. 5a. [Repealed, 1992 c 443 s 2]

Subd. 6. [Repealed, 1971 c 106 s 40]

Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except as provided in paragraph (b), erroneous employee deductions and erroneous employer contributions and additional employer contributions to the general employees retirement plan of the Public Employees Retirement Association or to the public employees police and fire retirement plan for a person who otherwise does not qualify for membership under this chapter, are considered:

(1) valid if the initial erroneous deduction began before January 1, 1990. Upon determination of the error by the association, the person may continue membership in the association while employed in the same position for which erroneous deductions were taken, or file a written election to terminate membership and apply for a refund upon termination of public service or defer an annuity under section 353.34; or

(2) invalid, if the initial erroneous employee deduction began on or after January 1, 1990. Upon determination of the error, the association shall refund all erroneous employee deductions and all erroneous employer contributions as specified in paragraph (e). No person may claim a right to continued or past membership in the association based on erroneous deductions which began on or after January 1, 1990.

(b) Erroneous deductions taken from the salary of a person who did not qualify for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan by virtue of concurrent employment before July 1, 1978, which required contributions to another retirement fund or relief association established for the benefit of officers and

employees of a governmental subdivision, are invalid. Upon discovery of the error, allowable service credit for all invalid service if forfeited and, upon termination of public service, the association shall refund all erroneous employee deductions to the person, with interest as determined under section 353.34, subdivision 2, and all erroneous employer contributions without interest to the employer. This paragraph has both retroactive and prospective application.

(c) Adjustments to correct employer contributions and employee deductions taken in error from amounts which are not salary under section 353.01, subdivision 10, must be made as specified in paragraph (e). The period of adjustment must be limited to the fiscal year in which the error is discovered by the association and the immediate two preceding fiscal years.

(d) If there is evidence of fraud or other misconduct on the part of the employee or the employer, the board of trustees may authorize adjustments to the account of a member or former member to correct erroneous employee deductions and employer contributions on invalid salary and the recovery of any overpayments for a period longer than provided for under paragraph (c).

(e) Upon discovery of the receipt of erroneous employee deductions and employer contributions under paragraph (a), clause (2), or paragraph (c), the association must require the employer to discontinue the erroneous employee deductions and erroneous employer contributions reported on behalf of a member. Upon discontinuation, the association must:

(1) for a member, provide a refund in the amount of the invalid employee deductions with interest on the invalid employee deductions at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made;

(2) for a former member who:

(i) is not receiving a retirement annuity or benefit, return the erroneous employee deductions to the former member through a refund with interest at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made; or

(ii) is receiving a retirement annuity or disability benefit, or a person who is receiving an optional annuity or survivor benefit, for whom it has been determined an overpayment must be recovered, adjust the payment amount and recover the overpayments as provided under this section; and

(3) return the invalid employer contributions reported on behalf of a member or former member to the employer by providing a credit against future contributions payable by the employer.

(f) In the event that a salary payment or check from which a deduction for the retirement fund was taken has been canceled or the amount of the payment or check returned to the funds of the department making the payment, a refund of the sum deducted, or any portion of it that is required to adjust the deductions, must be made to the department or institution.

(g) If the association discovers that a retirement annuity, survivor benefit, or disability benefit has been incorrectly calculated by using invalid service or salary, or due to any erroneous calculation procedure, the association must recalculate the annuity or benefit payable and begin payment of the corrected annuity or benefit effective the first of the month following discovery of the error. Any overpayment resulting from the incorrect calculation must be recovered as provided under subdivision 7b, if the accrual date, or any adjustment in the amount of the annuity or benefit calculated after the accrual date, except adjustments required under section 353.656, subdivision 4, falls within the current fiscal year and the two immediate previous fiscal years.

(h) Notwithstanding the provisions of this subdivision, the association may apply the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans Compliance Resolution System and not issue a refund of erroneous employee deductions and employer contributions or not recover a small overpayment of benefits if the cost to correct the error would exceed the amount of the member refund or overpayment.

(i) Any fees or penalties assessed by the federal Internal Revenue Service for any failure by an employer to follow the statutory requirements for reporting eligible members and salary must be paid by the employer.

Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee deductions and employer contributions under this section, section 353.50, 353.65, or 353E.03 were erroneously transmitted to the association, but should have been transmitted to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund or individual account, as applicable. The time limitations specified in subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution plan account must include interest at the applicable rate or rates specified in section 356.59, subdivision 3, per month, compounded annually, from the first day of the month following the month in which coverage should have commenced in the defined contribution plan until the end of the month in which the transfer occurs.

(b) A potential transfer under paragraph (a) that is reasonably determined to cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue Code, as amended, must not be made by the executive director of the association. Within 30 days after being notified by the Public Employees Retirement Association of an unmade potential transfer under this paragraph, the employer of the affected person must transmit an amount representing the applicable salary deductions and employer contributions, without interest, to the retirement fund of the appropriate Minnesota public pension plan, or to the applicable individual account if the proper coverage is by a defined contribution plan. The association must provide the employing unit a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer. If the employing unit receives a credit under this paragraph, the employing unit is responsible for refunding to the applicable employee any amount that had been erroneously deducted from the person's salary.

(c) If erroneous employee deductions and employer contributions reflect a plan coverage error involving any Public Employees Retirement Association plan specified in section 356.637 and any other plan specified in that section, section 356.637 applies.

Subd. 7b. **Recovery of overpayments.** (a) In the event the executive director determines that an overpaid annuity or benefit from the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan is the result of invalid salary included in the average salary used to calculate the payment amount must be recovered, the association must determine the amount of the employee deductions taken in error on the invalid salary, with interest determined in the manner provided for a former member under subdivision 7, paragraph (e), clause (2), item (i), and must subtract that amount from the total annuity or benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

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

(c) Any invalid employer contributions reported on the invalid salary must be credited to the employer as provided in subdivision 7, paragraph (e).

(d) If a member or former member, who is receiving a retirement annuity or disability benefit for which an overpayment is being recovered, dies before recovery of the overpayment is completed and a joint and survivor optional annuity is payable, the remaining balance of the overpaid annuity or benefit must continue to be recovered from the payment to the optional annuity beneficiary.

(e) If the association finds that a refund has been overpaid to a former member, beneficiary or other person, the amount of the overpayment must be recovered for the benefit of the respective retirement fund or account.

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

Subd. 7c. **Limitation on additional plan coverage.** No deductions for any plan under this chapter or chapter 353E may be taken from the salary of a person who is employed by a governmental subdivision under section 353.01, subdivision 6, and who is receiving disability benefit payments from any plan under this chapter or chapter 353E unless the person waives the right to further disability benefit payments.

Subd. 8. **District court reporters; salary deductions.** Deductions from the salary of a district court reporter in a judicial district consisting of two or more counties must be made by the auditor of the county in which the bond and official oath of such district court reporter are filed, from the portion of salary paid by such county.

Subd. 9. **Fee officers; contributions; obligations of employers.** Any appointed or elected officer of a governmental subdivision who was or is a "public employee" within the meaning of section 353.01 and was or is a member of the general employees retirement plan of the Public Employees Retirement Association and whose salary was or is paid in whole or in part from revenue derived by fees and assessments, shall pay employee contribution in the amount, at the time, and in the manner provided in subdivisions 2 and 4. This subdivision does not apply to district court reporters. The employer contribution as provided in subdivision 3, and the additional employer contribution as provided in subdivision 3a, with respect to such service must be paid by the governmental subdivision. This subdivision has both retroactive and prospective application as to all such members; and every employing governmental subdivision is deemed liable, retroactively and prospectively, for all employer and additional employer contributions for every such member of the general employees retirement plan in its employ. Delinquencies under this section are governed in all respects by section 353.28.

Subd. 10. **Employer exclusion reports.** (a) The head of a department or a designated representative shall annually furnish the executive director with an exclusion report listing and certifying only those employees in potentially PERA general employees retirement plan-eligible positions who were not reported as members of the general employees retirement plan and who worked during the school year for school employees and calendar year for nonschool employees. The executive director shall prescribe the manner and forms, including standardized exclusion codes, to be used by a governmental subdivision in preparing and filing exclusion reports. Also, the executive director shall check the exclusion report to ascertain whether any omissions have been made in the reporting of new public employees for membership. The executive director may delegate an association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the payroll records of a governmental subdivision.

(b) If an employer fails to comply with the reporting requirements under this subdivision, the executive director may assess a fine of $25 for each failure if the association staff has notified the employer of the

noncompliance and attempted to obtain the missing data or form from the employer for a period of more than three months.

Subd. 10a. **Written disclosure of membership exclusion determination.** If the determination by the employer under section 353.01, subdivision 2a, paragraph (a), is to exclude a public employee from membership, the governmental subdivision shall provide the employee with a written notice of the exclusion on a form prescribed by the executive director. The notice must include the statutory basis for the exclusion and information about the employee's right to appeal the determination to the association under section 356.96. The employer must provide the exclusion notice to the employee within two weeks of the date of the determination and shall retain a copy in the person's personnel file.

Subd. 11. **Employers; required to furnish requested information.** (a) All governmental subdivisions shall furnish promptly such other information relative to the employment status of all employees or former employees, including, but not limited to, payroll abstracts pertaining to all past and present employees, as may be requested by the executive director, including schedules of salaries applicable to various categories of employment.

(b) In the event payroll abstract records have been lost or destroyed, for whatever reason or in whatever manner, so that such schedules of salaries cannot be furnished therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the association an estimate of the earnings of any employee or former employee for any period as may be requested by the executive director. If the association is provided a schedule of estimated earnings, the executive director is authorized to use the same as a basis for making whatever computations might be necessary for determining obligations of the employee and employer to the general employees retirement plan, the public employees police and fire retirement plan, the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan. If estimates are not furnished by the employer at the request of the executive director, the executive director may estimate the obligations of the employee and employer to the general employees retirement fund, the public employees police and fire retirement plan, the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan based upon those records that are in its possession.

Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of required deductions for the general employees retirement plan, the public employees police and fire retirement plan, the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4 during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's subsequent salary payment or payments and remitted to the association for deposit in the applicable retirement fund. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any

remaining omitted employee deductions and any omitted employer contributions, plus interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date or dates each omitted employee contribution was first payable.

(d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date the contributions were first payable.

(e) The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for recovery commences on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who was a member of the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan and who has a period of employment in which previously omitted employer contributions were made under subdivision 12 but for whom no, or only partial, omitted employee contributions have been made, or a member who had prior coverage in the association for which previously omitted employer contributions were made under subdivision 12 but who terminated service before required omitted employee deductions could be withheld from salary, may pay the omitted employee deductions for the period on which omitted employer contributions were previously paid plus interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. A terminated employee may pay the omitted employee deductions plus interest within six months of an initial notification from the association of eligibility to pay those omitted deductions. If a terminated employee is reemployed in a position covered under a public pension fund under section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment must be made no later than six months after a subsequent termination of public service.

Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted from salary adjustments or final salary of a terminated employee who was a member of the general employees retirement plan, the public employees police and fire retirement plan, the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan and who is immediately eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer additional contributions plus interest on both the employer and employee amounts due at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually. The employee shall pay the employee deductions within six months of an initial notification from the association of eligibility to pay omitted deductions or the employee forfeits the right to make the payment.

Subd. 13. **Certain warrants canceled.** A warrant payable from the general employees retirement fund, the public employees police and fire retirement fund, the local government correctional retirement fund, or the local government probation and telecommunicator retirement fund remaining unpaid for a period of six months must be canceled into the applicable retirement fund and not canceled into the state's general fund.

Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to be a governmental subdivision due to receipt of a written notice of eligibility from the association with respect to the general employees retirement plan, the public employees police and fire retirement plan, the local government correctional retirement plan, or the local government probation and telecommunicator retirement plan, that employer and its employees are subject to the requirements of subdivision 12, effective retroactively to the date that the executive director of the association determines that the entity first met the definition of a governmental subdivision, if that date predates the notice of eligibility.

(b) If the retroactive time period under paragraph (a) exceeds three years, an employee is authorized to purchase service credit in the applicable Public Employees Retirement Association plan for the portion of the period in excess of three years, by making payment under section 356.551. Notwithstanding any provision of section 356.551, subdivision 2, to the contrary, regarding time limits on purchases, payment of a service credit purchase amount may be made anytime before the termination of public service.

(c) This subdivision does not apply if the applicable employment under paragraph (a) included coverage by any public or private defined benefit or defined contribution retirement plan, other than a firefighter relief association. If this paragraph applies, an individual is prohibited from purchasing service credit from a Public Employees Retirement Association plan for any period or periods specified in paragraph (a).

History: *1957 c 935 s 7; 1959 c 650 s 12,37,58; 1961 c 744 s 1; Ex1961 c 50 s 1; 1963 c 641 s 18; 1965 c 714 s 1-3; 1965 c 880 s 3; Ex1967 c 53 s 1-3; 1969 c 267 s 2; 1969 c 940 s 5; 1971 c 106 s 16,17; 1973 c 35 s 55; 1973 c 753 s 27-33; 1974 c 229 s 12,13; 1975 c 102 s 6; 1976 c 329 s 20; 1977 c 429 s 24; 1980 c 607 art 14 s 45 subd 2; 1981 c 180 s 6; 1982 c 404 s 5; 1983 c 73 s 1,2; 1983 c 286 s 7; 1984 c 564 s 21; 1Sp1985 c 7 s 13; 1986 c 444; 1987 c 284 art 5 s 4-6; 1988 c 709 art 5 s 10-15; 1989 c 319 art 3 s 7; art 13 s 30; 1990 c 570 art 11 s 5,6; 1991 c 341 s 8-14; 1992 c 432 art 2 s 6-8; 1992 c 513 art 4 s 40; 1992 c 598 art 2 s 2-4; 1993 c 307 art 4 s 17; 1994 c 508 art 1 s 2; 1994 c 528 art 2 s 8; 1997 c 233 art 1 s 38,39; 1998 c 390 art 9 s 1,2; 1999 c 222 art 2 s 5,6; 2000 c 461 art 3 s 14,15; 1Sp2001 c 10 art 11 s 13-16; 2002 c 392 art 3 s 6,7; 1Sp2005 c 8 art 5 s 1-4; art 10 s 47; 2006 c 212 art 3 s 33; 2006 c 271 art 3 s 16-18,47; 2007 c 134 art 2 s 22; 2008 c 349 art 5 s 19,20; 2009 c 169 art 1 s 32; art 4 s 9-12; 2010 c 359 art 1 s 24-26; art 2 s 11; art 5 s 9-11; art 11 s 7,26; 2013 c 111 art 3 s 5; 2014 c 275 art 2 s 6; 2014 c 296 art 1 s 5; art 3 s 5-7; art 13 s 11; 2015 c 68 art 2 s 9-11; art 5 s 2; art 12 s 14; art 14 s 7-9; 1Sp2017 c 4 art 2 s 44; 2018 c 211 art 6 s 18-22; 1Sp2019 c 6 art 11 s 13; 1Sp2019 c 10 art 3 s 40; 2021 c 22 art 3 s 5; 2024 c 102 art 2 s 31; art 8 s 14; art 12 s 1; 2025 c 37 art 2 s 6; 2026 c 106 art 5 s 10-17; art 15 s 26*

353.271 [Repealed, 2009 c 169 art 1 s 77]

353.272 [Repealed, 1981 c 180 s 18]

353.28 FINANCING OF EMPLOYER CONTRIBUTIONS.

Subdivision 1. **General requirement.** Each governmental subdivision shall secure its employer contributions and its additional employer contributions and shall pay these contributions to the retirement fund out of moneys collected from taxes or other revenue of the governmental subdivision, as its obligation for all members employed by such subdivision and these contributions shall be charged as administrative costs.

Subd. 2. [Repealed, 1973 c 753 s 85]

Subd. 3. [Repealed, 1973 c 753 s 85]

Subd. 4. [Repealed, 1973 c 753 s 85]

Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section or section 353.27, subdivision 4, is payable with interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date due until the date payment is received by the association, with a minimum interest charge of $10.

Subd. 6. **Collection of unpaid amounts.** (a) If a governmental subdivision which receives the direct proceeds of property taxation fails to pay an amount due under this chapter or chapter 353C or 353D, the executive director shall certify the amount to the governmental subdivision for payment. If the governmental subdivision fails to remit the sum so due in a timely fashion, the executive director shall certify the amount to the applicable county auditor for collection. The county auditor shall collect the amount out of the revenue of the governmental subdivision, or shall add the amount to the levy of the governmental subdivision and make payment directly to the association. This tax must be levied, collected, and apportioned in the manner that other taxes are levied, collected, and apportioned.

(b) If a governmental subdivision which is not funded directly from the proceeds of property taxation fails to pay an amount due under this chapter, the executive director shall certify the amount to the governmental subdivision for payment. If the governmental subdivision fails to pay the amount for a period of 60 days after the date of the certification, the executive director shall certify the amount to the commissioner of management and budget, who shall deduct the amount from any subsequent state-aid payment or state appropriation amount applicable to the governmental subdivision and make payment directly to the association. If the amount of the state-aid payment or state appropriation is not sufficient to pay the full sum due, the amounts paid to the association must be applied first to the unpaid employee deductions withheld from the employees' wages and next to the unpaid employer contributions. Any remaining amount received by the association must be applied to the interest due on the employee and employer contribution amounts. If a governmental subdivision under this paragraph owes amounts to more than one public retirement plan, section 356.98 applies.

(c) If a governmental subdivision has been dissolved or closed, the requirements in paragraph (b) of a certification to the governmental subdivision and the related 60-day waiting period do not apply. The executive director is authorized to immediately certify the applicable amount to the commissioner of management and budget.

Subd. 7. [Repealed, 1973 c 753 s 85]

Subd. 8. **Excess levy authority.** If the taxes authorized to be levied under this section cause the total amount of taxes levied to exceed any limitation upon the power of a county, city, town, or school district to levy taxes, the governmental subdivision concerned, if it is other than a school district, may levy taxes in excess of the limitation in such amount as is necessary to meet its obligations under this section. The expenditures authorized to be made under this chapter by any municipality are not included in computing the cost of government as defined in any home rule charter of any municipality which employs members covered by the retirement fund.

Subd. 9. [Repealed, 1973 c 753 s 85]

Subd. 10. [Repealed, 1973 c 753 s 85]

Subd. 11. [Repealed, 1971 c 106 s 40]

History: *1957 c 935 s 8; 1959 c 650 s 45,46,58; 1961 c 744 s 2; Ex1961 c 50 s 2; Ex1967 c 59 s 1; 1969 c 267 s 3; 1971 c 106 s 18; Ex1971 c 31 art 20 s 11; 1973 c 123 art 5 s 7; 1973 c 753 s 37,38; 1975 c 102 s 6; 1981 c 180 s 7; 1981 c 224 s 81,82; 1983 c 73 s 3; 1987 c 284 art 5 s 7; 1989 c 319 art 3 s 8,9; 1991 c 341 s 15; 1992 c 598 art 2 s 5; 1Sp2005 c 8 art 5 s 5,6; 2006 c 271 art 3 s 19; 2007 c 134 art 2 s 23; 2009 c 101 art 2 s 109; 2014 c 275 art 2 s 7; 2015 c 68 art 2 s 12; 2018 c 211 art 6 s 23*

353.29 RETIREMENT ANNUITY UPON TERMINATION OF MEMBERSHIP.

Subdivision 1. **Age and allowable service requirements.** Upon termination of public service, a member who has attained normal retirement age and who is vested under section 353.01, subdivision 47, is entitled upon application to a retirement annuity. The retirement annuity is known as the "normal" retirement annuity.

Subd. 2. [Repealed, 1Sp2005 c 8 art 1 s 32]

Subd. 3. **Retirement annuity formula.** (a) This paragraph, in conjunction with section 353.30, subdivisions 1a, 1b, and 1c, applies to any member who first became a public 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 353.30, subdivision 5, produces a higher annuity amount, in which case paragraph (b) applies. The average salary as defined in section 353.01, subdivision 17a, multiplied by 2.2 percent for each year of allowable service for the first ten years and thereafter by 2.7 percent per year of allowable service and completed months less than a full year for a basic member, and 1.2 percent for each year of allowable service for the first ten years and thereafter by 1.7 percent per year of allowable service and completed months less than a full year for a coordinated member determines the amount of the normal retirement annuity.

(b) This paragraph applies to a member who has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member whose annuity amount, when calculated under this paragraph and in conjunction with section 353.30, subdivision 5, is higher than it is when calculated under paragraph (a), in conjunction with section 353.30, subdivisions 1a, 1b, and 1c. The average salary, as defined in section 353.01, subdivision 17a, multiplied by 2.7 percent for each year of allowable service and completed months less than a full year for a basic member and 1.7 percent per year of allowable service and completed months less than a full year for a coordinated member, determines the amount of the normal retirement annuity.

Subd. 4. **Application for annuity.** Application for a retirement annuity or optional annuity may be made by a member or by a person acting on behalf of the member, upon proof of authority satisfactory to the executive director. Every application must be made on a form or in a format prescribed by the executive director and must be substantiated by proof of the member's age and identity. The notarized signature of a member's spouse on a retirement annuity application acknowledging the member's annuity selection meets the notice requirement to the spouse under section 356.46, subdivision 3. An application for a retirement annuity is not complete until all necessary supporting documents are received by the executive director.

Subd. 5. [Repealed, 1959 c 650 s 57]

Subd. 6. [Repealed, 2013 c 111 art 3 s 31]

Subd. 7. **Annuity starting date.** (a) Except as specified in paragraph (b), a retirement annuity granted under this chapter begins on the first day of the first calendar month after the date of termination of public service or up to five months before the first of the month in which a complete application is received by the executive director under subdivision 4, whichever is later. The annuity must be paid in equal monthly

installments. Annuity payments shall not be paid beyond the end of the month in which entitlement to the annuity has terminated.

(b) An annuity granted to an elected public official may begin on the day following the expiration of the public office that qualified the elected official for membership under section 353.01, subdivision 2a or 2d, if a complete application is received by the executive director under subdivision 4 within six months of the date of termination of public service. The annuity for the month during which the expiration occurred is prorated accordingly.

(c) An annuity, once granted, must not be increased, decreased, or revoked except under this chapter.

(d) If an annuitant dies before negotiating the check for the month in which death occurs, payment must first be made to the surviving spouse, or if none, then to the designated beneficiary, or if none, lastly to the estate.

Subd. 8. **Annuities; payment.** Payment of any annuity or benefit for a given month must be mailed by the association to the annuitant, recipient of a disability benefit, or survivor, or must be automatically deposited under section 356.401, subdivision 2, during the first week of that month. The board may contract for professional services to identify deceased annuitants and benefit recipients through a review of nationally maintained death records.

Subd. 9. **Postretirement adjustment eligibility.** An annuity under this section or section 353.30 is eligible for postretirement adjustments under section 356.415.

History: *1957 c 935 s 9; 1959 c 650 s 13-16; 1963 c 639 s 1; 1965 c 714 s 4; 1965 c 880 s 4; Ex1967 c 53 s 4; 1971 c 106 s 19-21; 1973 c 753 s 39-42; 1974 c 229 s 14; 1975 c 102 s 6,11,12; 1976 c 329 s 21; 1977 c 429 s 25,26; 1978 c 471 s 2,3; 1979 c 216 s 8,9; 1981 c 180 s 8; 1981 c 224 s 83; 1983 c 73 s 4,5; 1986 c 444; 1987 c 259 s 28; 1987 c 284 art 5 s 8; 1987 c 372 art 9 s 10,11; 1988 c 709 art 5 s 16; 1989 c 319 art 3 s 10,11; art 13 s 31-33; 1990 c 570 art 12 s 20; 1991 c 341 s 16; 1992 c 432 art 2 s 9; 1993 c 307 art 4 s 18; 1997 c 233 art 1 s 40; 2002 c 392 art 11 s 52; 1Sp2005 c 8 art 1 s 11; 2006 c 271 art 3 s 20,47; 2007 c 134 art 2 s 24; 2009 c 169 art 1 s 33; 2010 c 359 art 1 s 27; 2013 c 111 art 4 s 7; 2014 c 275 art 2 s 8; 2015 c 68 art 12 s 15; 2018 c 211 art 10 s 6,7; 2020 c 108 art 6 s 3,4*

353.30 ANNUITIES UPON RETIREMENT.

Subdivision 1. [Repealed, 2007 c 134 art 2 s 50]

Subd. 1a. **Pre-July 1, 1989, members: rule of 90.** Upon termination of public service under section 353.01, subdivision 11a, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose attained age plus credited allowable service totals 90 years is entitled upon application to a retirement annuity in an amount equal to the applicable normal annuity provided in section 353.29, subdivision 3, paragraph (a); section 353.651, subdivision 3; or section 353E.04, subdivision 3. Such annuity is not subject to a reduction for early retirement.

Subd. 1b. **Pre-July 1, 1989, members: 30 years of service.** Upon termination of public service under section 353.01, subdivision 11a, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and has 30 years or more of allowable service credit, and who elects to retire prior to normal retirement age, shall receive an annuity in an amount equal to the normal annuity provided under section 353.29, subdivision 3, paragraph (a), reduced by one-quarter of one percent for each month that the member is under age 62 at the time of retirement.

Subd. 1c. **Pre-July 1, 1989, members: early retirement.** Upon termination of public service under section 353.01, subdivision 11a, a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and is at least 55 years old but is younger than normal retirement age, and who is vested under section 353.01, subdivision 47, is entitled, upon application, to a retirement annuity in an amount equal to the applicable normal annuity provided in section 353.29, subdivision 3, paragraph (a). Such annuity must be reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement.

Subd. 2. [Repealed, 1971 c 106 s 40]

Subd. 3. **Optional retirement annuity forms.** (a) The board of trustees shall establish optional annuities which shall take the form of a joint and survivor annuity. Except as provided in subdivision 3a, the optional annuity forms shall be actuarially equivalent to the forms provided in section 353.29 and subdivisions 1, 1a, 1b, 1c, and 5 or section 353H.05, subdivisions 1 and 3. In establishing those optional forms, 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. A member or former member may select an optional form of annuity, subject to the provisions of section 356.46, in lieu of accepting any other form of annuity which might otherwise be available.

(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. 3a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a joint and survivor annuity option under subdivision 3 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 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; police and fire fund option.** (a) The board of trustees must provide a joint and survivor annuity option to members of the police and fire fund. If a joint and survivor annuity is elected on or after July 1, 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 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. 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 on the first of the month following the date of death of the designated optional annuity beneficiary or up to five months before the first of the month in which satisfactory verification of the death is established by the executive director, whichever date is later.

Subd. 4. MS 2018 [Repealed, 2020 c 108 art 6 s 17]

Subd. 5. **Actuarial reduction for early retirement.** (a) This subdivision applies to a member who has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 353.29, subdivision 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who retires before normal retirement age shall be paid the retirement annuity provided in section 353.29, subdivision 3, paragraph (b), reduced as described in paragraph (b) or (c), as applicable.

(b) For members who begin to receive an annuity 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 annuity starting date until 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 paragraph, shall not take into account any augmentation.

(c) For members who begin to receive an annuity 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 annuity starting date until normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent, compounded annually, from the annuity starting date until normal retirement age if the employee became an employee after June 30, 2006.

History: *1957 c 935 s 10; 1959 c 650 s 17,18,58; 1971 c 106 s 22; 1973 c 753 s 43-45; 1976 c 329 s 22; 1978 c 796 s 29-31; 1981 c 224 s 84; 1982 c 519 s 1-3; 1983 c 286 s 8; 1984 c 564 s 22; 1986 c 444; 1987 c 259 s 29; 1987 c 372 art 9 s 12; 1989 c 319 art 13 s 34; art 17 s 11; 1990 c 570 art 12 s 21; 1Sp2001 c 9 art 15 s 32; 2006 c 271 art 3 s 21,22,47; 2006 c 277 art 2 s 4; 2007 c 134 art 2 s 25-27; 2008 c 349 art 4 s 3; 2010 c 359 art 1 s 28; 2014 c 296 art 4 s 6; 2018 c 211 art 2 s 1; art 10 s 8; 1Sp2019 c 8 art 8 s 23; 2020 c 108 art 6 s 5; 2021 c 22 art 3 s 6-8; 2026 c 106 art 5 s 18*

353.31 SURVIVOR BENEFITS.

Subdivision 1. **Benefits for surviving spouse and dependent children; before retirement.** Upon the death of a basic member before retirement or upon the death of a basic member who was disabled and receiving disability benefits under section 353.33 at the time of death who has had at least 18 months of credited allowable service, the surviving spouse and dependent child or children of the member, as defined in section 353.01, subdivisions 15 and 20, are entitled to receive the monthly benefit provided below:

(a) Surviving spouse	50 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding the month in which death occurred
(b) Each dependent child	10 percent of the member's monthly average salary in effect over the last full six months of allowable service preceding the month in which death occurred

Notwithstanding the definition of surviving spouse under section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse benefit if stipulated under the terms of a marriage dissolution decree that is filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse benefit even if required by the decree.

Subd. 1a. **Maximum family benefit.** Payments for the benefit of a dependent child or children, as defined in section 353.01, subdivision 15, must be made to the surviving parent, or to the legal guardian of the child. The maximum monthly benefit for a family must not exceed an amount equal to 70 percent of the member's specified average monthly salary, and the minimum benefit for a family including a 100 percent joint and survivor annuity under subdivision 1b, must not be less than 50 percent of the basic member's specified average monthly salary.

Subd. 1b. **Joint and survivor option.** (a) Prior to payment of a surviving spouse benefit under subdivision 1, the surviving spouse may elect to receive the 100 percent joint and survivor optional annuity under section 353.32, subdivision 1a, rather than a surviving spouse benefit.

(b) If there is a dependent child or children, and the 100 percent joint and survivor optional annuity for the surviving spouse, when added to the dependent children's benefit under subdivisions 1 and 1a, exceeds an amount equal to 70 percent of the member's specified average monthly salary, the 100 percent joint and survivor annuity under section 353.32, subdivision 1a, must be reduced by the amount necessary so that the total family benefit does not exceed the 70 percent maximum family benefit amount under subdivision 1a.

(c) The 100 percent joint and survivor optional annuity must be restored to the surviving spouse, plus applicable postretirement adjustments under Minnesota Statutes 2008, section 356.41, through January 1, 2009, and thereafter under section 356.415, as the dependent child or children become no longer dependent under section 353.01, subdivision 15.

Subd. 1c. **Coordinated members.** Except for benefits provided under section 353.32, no survivor benefits are payable to the surviving spouse or dependent children of a deceased coordinated member.

Subd. 2. [Repealed, 1973 c 753 s 85]

Subd. 3. [Repealed, 1973 c 753 s 85]

Subd. 4. [Repealed, 1973 c 753 s 85]

Subd. 5. [Repealed, 1973 c 753 s 85]

Subd. 6. [Repealed, 1973 c 753 s 85]

Subd. 7. [Repealed, 1973 c 753 s 85]

Subd. 8. **Accrual of benefits.** All benefits under this section and survivor benefits otherwise provided in this chapter when payable to persons qualifying therefor shall accrue on the date of death of a basic member or the first day of the month following the death of an annuitant or disabilitant. No payment may be made retroactively more than five months before the first of the month in which a complete application is received by the executive director, and no benefit shall accrue beyond the end of the month in which entitlement to such benefits has terminated.

Subd. 9. **Application for benefits.** Every claim or demand for a survivor benefit or spouse's annuity shall be initiated by written application in the manner and form prescribed by the executive director, filed in the office of the retirement association, showing compliance with the statutory conditions qualifying the applicant for such survivor benefit or spouse's annuity.

Subd. 10. [Repealed, 1973 c 753 s 85]

Subd. 11. [Repealed, 1977 c 429 s 65]

Subd. 12. **Postretirement adjustment eligibility.** A survivor benefit under subdivision 1 or 1b or section 353.32, subdivision 1a, 1b, or 1c, is eligible for postretirement adjustments under section 356.415.

History: *1957 c 935 s 11; 1959 c 646 s 1; 1959 c 650 s 19,20,47; 1959 c 651 s 1; 1961 c 467 s 1-4; Ex1961 c 79 s 1; 1963 c 641 s 19-21; 1965 c 880 s 5; Ex1967 c 26 s 2; 1969 c 858 s 1; 1969 c 940 s 6; 1971 c 106 s 23-25; 1973 c 753 s 46,47; 1974 c 229 s 15; 1975 c 102 s 13; 1977 c 429 s 27; 1978 c 471 s 4; 1978 c 796 s 32; 1979 c 216 s 10; 1981 c 180 s 9; 1981 c 224 s 85,86; 1982 c 578 art 1 s 4; 1984 c 564 s 23; 1991 c 269 art 2 s 6; 1991 c 341 s 17; 1992 c 432 art 2 s 10; 1Sp2005 c 8 art 10 s 49; 2009 c 169 art 1 s 34,35; 2020 c 108 art 6 s 6*

353.32 REFUNDS AFTER DEATH OF MEMBER OR FORMER MEMBER.

Subdivision 1. **Before retirement.** If a member or former member dies before receiving any retirement annuity and no other payment of any kind is or may become payable to any person, a refund is payable to the designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the legal representative of the decedent's estate. The refund must be in an amount equal to accumulated deductions, less the sum of any disability or survivor benefits that have been paid by the fund, plus annual compound interest thereon at the rate specified in section 353.34, subdivision 2, provided that a survivor who has a right to benefits under section 353.31 may waive such benefits in writing, except such benefits for a dependent child under the age of 18 years may only be waived under an order of the district court.

Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who is vested under section 353.01, subdivision 47, and who dies before the annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

(b) If a member first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, 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 computed using section 353.30, subdivision 1b, except that the early retirement reduction under that provision will be applied from age 62 back to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

(c) If a member who was under age 55 and who is vested under section 353.01, subdivision 47, dies, but did not qualify for retirement on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or 5, as applicable, except that the early retirement reduction specified in the applicable subdivision will be applied to age 55 and one-half of the early retirement reduction from age 55 back to the age payment begins.

(d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite the terms of a marriage dissolution decree filed with the association.

(e) The surviving spouse eligible for surviving spouse benefits under paragraph (a) may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity any time after the member's death.

(f) Section 353.34, subdivision 3, applies to a deferred annuity or surviving spouse benefit payable under this subdivision.

(g) An amount equal to any excess of the accumulated contributions that were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

(h) A member may specify in writing, with the signed consent of the spouse, that this subdivision does not apply and that payment may be made only to the designated beneficiary as otherwise provided by this chapter. The waiver of a surviving spouse annuity under this section does not make a dependent child eligible for benefits under subdivision 1c.

(i) If the deceased member or former member first became a public employee or a member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified in section 353.30, subdivision 5, except for the revised early retirement reduction specified in paragraph (c), if paragraph (c) is the applicable provision.

(j) For any survivor annuity determined under this subdivision, the payment is to be based on the total allowable service that the member had accrued as of the date of death and the age of the member and surviving spouse on that date.

Subd. 1b. **Survivor coverage term certain.** (a) In lieu of the 100 percent optional annuity under subdivision 1a, or a refund under subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage for a term certain period of ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The benefit terminates at the end of the specified term certain period. Except as otherwise specified in this subdivision, the monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 1a.

(b) If a surviving spouse 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. 1c. **Dependent child survivor coverage.** If a deceased member has no surviving spouse eligible for benefits under subdivision 1a, the member's dependent child as defined in section 353.01, subdivision 15, is eligible for monthly payments. Payments to a dependent child must be paid from the date of the member's death to the date the dependent child attains age 23. The payment to a dependent child is an amount actuarially equivalent to the value of a 100 percent optional annuity under subdivision 1a using the age of the member and the age of the dependent child at the date of the member's death in lieu of the age of the surviving spouse. If there is more than one dependent child, each dependent child must receive a proportionate share of the actuarial value of the 100 percent optional annuity.

Subd. 2. **After retirement.** If a former member dies after retirement and no payment of any kind is or may become payable to any person, including any deferred benefit or annuity, there shall be paid to the same succession of payees set forth in subdivision 1, a refund of accumulated deductions, less the total payments of all kinds made by the fund to the former member during the former member's lifetime or to any authorized person after death, without interest.

Subd. 3. **Optional survivor annuities; designated beneficiary.** If a former member selected an optional annuity by the terms of which an optional survivor's annuity was paid to a survivor after the former member's death, upon the death of the survivor there shall be paid to the former member's designated beneficiary a refund of accumulated deductions less the total payments of all kinds made by the fund to the former member during the former member's lifetime or to any authorized person after death. If said beneficiary should die before making application for such refund, the same shall be paid to the legal representative of the estate of the former member.

Subd. 4. **Lack, or death, of beneficiary.** If a member or former member dies without having designated a beneficiary or if the beneficiary should die before making application for refund, and if there is no surviving spouse, and if the legal representative of such member or former member does not apply for refund within five years from the date of death of the member or former member, the accumulated deductions to the member or former member's credit at the time of death shall be disposed of in the manner provided in section 356.65, unless subdivision 5 applies.

Subd. 5. **$1,500 or less, limited.** If a member or former member dies without having designated a beneficiary, or if the beneficiary should die before making application for refund of the sum to the credit of such decedent, and the amount of the refund is $1,500 or less, the board of trustees may 90 days after the date of death, in the absence of probate proceedings, make payment to the surviving spouse of the decedent or, if none, to the decedent's personal representative or, if none, to the estate. A payment under this subdivision is a bar to recovery by any other person or persons. A retirement annuity or disability or survivor benefit that has accrued at the time of death of an annuitant, disabilitant, or survivor may be paid in the same manner.

Subd. 6. [Repealed, 1963 c 641 s 38]

Subd. 7. [Repealed, 1978 c 796 s 46]

Subd. 8. [Repealed, 1971 c 106 s 40]

Subd. 9. **Payment to a minor.** If a member or former member dies having named as beneficiary a person who is a minor at the time of the application for refund, the board may make the payment (1) directly to the minor, (2) to a person who has legally qualified and is acting as guardian of the minor's person or property in any jurisdiction, or (3) to either parent of the minor or to an adult person with whom the minor may at the time be living. The parent or other person to whom any amount is to be paid must advise the board in writing that the amount will be held or used in trust for the benefit of such minor. Any annuity or disability benefit payable at the time of death of an annuitant or recipient of a disability benefit, which is payable to

a beneficiary who is a minor, may be paid in the same manner. The payment is a bar to recovery by any other person or persons.

History: *1957 c 935 s 12; 1959 c 646 s 2; 1959 c 650 s 42,48,58; 1963 c 641 s 22-24; 1969 c 940 s 7-9; 1971 c 106 s 26-28; 1973 c 35 s 56; 1973 c 753 s 48-52; 1974 c 229 s 16,17; 1975 c 102 s 14; 1977 c 429 s 28; 1978 c 471 s 5; 1978 c 796 s 33,34; 1979 c 216 s 11-13; 1981 c 180 s 10; 1981 c 224 s 87; 1983 c 73 s 6; 1984 c 564 s 24,25; 1986 c 444; 1986 c 458 s 12; 1987 c 372 art 9 s 13; 1988 c 709 art 5 s 17,18; 1989 c 319 art 13 s 35,36; 1991 c 341 s 18; 1992 c 432 art 2 s 11; 1993 c 307 art 6 s 2; 1993 c 336 art 6 s 7-9; 1Sp2005 c 8 art 10 s 50; 2006 c 271 art 3 s 23,24; 2007 c 134 art 2 s 28,29; 2008 c 349 art 4 s 4; 2010 c 359 art 1 s 29,30; 2018 c 211 art 10 s 9; art 19 s 3; 2020 c 108 art 6 s 7; 2022 c 65 art 9 s 6; 2023 c 47 art 2 s 6*

353.33 TOTAL AND PERMANENT DISABILITY BENEFITS.

Subdivision 1. **Age, service, and salary requirements.** (a) A coordinated or basic member who is vested under section 353.01, subdivision 47, and who becomes totally and permanently disabled before normal retirement age, upon application as defined under section 353.031, is entitled to a disability benefit in an amount determined under subdivision 3.

(b) If the disabled person's public service has terminated at any time, at least two of the years of allowable service required to be vested under section 353.01, subdivision 47, must have been rendered after last becoming an active member.

Subd. 1a. **Benefit restriction.** No person is entitled to receive disability benefits and a retirement annuity at the same time.

Subd. 2. **Accrual of benefits.** (a) This benefit begins to accrue when the applicant is no longer receiving any form of compensation, whether salary or paid leave; 90 days preceding the filing of the application, or, if annual or sick leave or any other employer-paid salary continuation plan is paid for more than the 90-day period, from the date salary ceased, whichever is later. No member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave, sick leave, or any other employer-paid salary continuation plan, or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary.

(b) Payment must not accrue beyond the end of the month in which entitlement has terminated. If the disabilitant dies prior to negotiating the check for the month in which death occurs, payment is made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate.

Subd. 3. **Computation of benefits.** (a) This disability benefit is an amount equal to the normal annuity payable to a member who has reached normal retirement age with the same number of years of allowable service and the same average salary, as provided in sections 353.01, subdivision 17a, and 353.29, subdivision 3, or 353H.05, subdivision 1, for members of the local government probation and telecommunicator retirement plan.

(b) A basic member shall receive a supplementary monthly benefit of $25 to age 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later.

(c) If the disability benefits under this subdivision exceed the average salary as defined in section 353.01, subdivision 17a, the disability benefits must be reduced to an amount equal to the average salary.

Subd. 3a. [Repealed, 1999 c 222 art 2 s 20]

Subd. 3b. **Optional annuity election.** A disabled member may elect to receive the normal disability benefit or an optional annuity under section 353.30, subdivision 3. The election of an optional annuity must be made prior to the commencement of payment of the disability benefit. The optional annuity must begin to accrue on the same date as provided for the disability benefit.

(1) If a person who is not the spouse of a member is named as beneficiary of the joint and survivor optional annuity, the person is eligible to receive the annuity only if the spouse, on the disability application form prescribed by the executive director, permanently waives the surviving spouse benefits under sections 353.31, subdivision 1, and 353.32, subdivision 1a. If the spouse of the member refuses to permanently waive the surviving spouse coverage, the selection of a person other than the spouse of the member as a joint annuitant is invalid.

(2) If the spouse of the member permanently waives survivor coverage, the dependent children, if any, continue to be eligible for survivor benefits under section 353.31, subdivision 1, including the minimum benefit in section 353.31, subdivision 1a. The designated optional annuity beneficiary may draw the monthly benefit; however, the amount payable to the dependent child or children and joint annuitant must not exceed the 70 percent maximum family benefit under section 353.31, subdivision 1a. If the maximum is exceeded, the benefit of the joint annuitant must be reduced to the amount necessary so that the total family benefit does not exceed the 70 percent maximum family benefit amount.

(3) If the spouse is named as the beneficiary of the joint and survivor optional annuity, the spouse may draw the monthly benefits; however, the amount payable to the dependent child or children and the joint annuitant must not exceed the 70 percent maximum family benefit under section 353.31, subdivision 1a. If the maximum is exceeded, each dependent child will receive ten percent of the member's specified average monthly salary, and the benefit to the joint annuitant must be reduced to the amount necessary so that the total family benefit does not exceed the 70 percent maximum family benefit amount. The joint and survivor optional annuity must be restored to the surviving spouse, plus applicable postretirement adjustments under Minnesota Statutes 2008, section 356.41 or section 356.415, as the dependent child or children become no longer dependent under section 353.01, subdivision 15.

Subd. 4. **Procedure to determine eligibility.** (a) Eligibility for disability benefits must be determined following the procedures defined in section 353.031.

(b) If, after following the procedures for determining eligibility for benefits under section 353.031, and upon consideration of the medical evidence received and the recommendations of the medical adviser, it is determined by the executive director that the applicant is totally and permanently disabled within the meaning of the law, the association shall grant the person a disability benefit.

Subd. 5. MS 2022 [Repealed, 2024 c 102 art 4 s 18]

Subd. 5a. [Repealed, 1991 c 341 s 51]

Subd. 5b. [Repealed, 2004 c 267 art 8 s 41]

Subd. 6. **Continuing eligibility for benefits.** Disability benefits are contingent upon a disabled person's participation in a vocational assessment if the executive director determines that the disabled person may be able to return to a gainful occupation. If, after a review by the executive director under section 353.031, subdivision 8, a member is found to be no longer totally and permanently disabled, payments must cease the first of the month following the expiration of a 30-day period after the member receives a certified letter notifying the member that payments will cease.

Subd. 6a. [Repealed, 2007 c 134 art 4 s 36]

Subd. 6b. [Repealed, 2007 c 134 art 4 s 36]

Subd. 7. **Limitation on disability benefit payments.** (a) If, following a work or non-work-related injury or illness, a member who remains totally and permanently disabled as defined in section 353.01, subdivision 19, has earnings from employment that is not substantial gainful activity, the amount of the member's disability benefit must be reduced as described in paragraph (b) if the total of the disability benefit and earnings exceeds the greater of:

(1) the base monthly salary rate the member had been receiving at the date of disability; or

(2) the base monthly salary rate currently paid by the employing governmental subdivision for similar positions.

(b) If paragraph (a) applies, the member's disability benefit must be reduced until the disability benefit plus the monthly earnings from employment do not exceed the greater of the salaries described in paragraph (a), clause (1) or (2).

Subd. 7a. **Trial work period.** (a) This subdivision applies only to the Public Employees Retirement Association general employees retirement plan and local government probation and telecommunicator retirement plan.

(b) If, following a work or non-work-related injury or illness, a member receiving disability benefits attempts to return to work for the member's previous public employer or attempts to return to a similar position with another public employer, on a full-time or less than full-time basis, the association must continue paying the disability benefit for a period not to exceed six months. The disability benefit must continue in an amount that, when added to the subsequent employment earnings, does not exceed the base monthly salary the member had been receiving at the date of disability or the base monthly salary rate currently paid for similar positions, whichever is higher.

(c) No deductions for the general employees retirement plan 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.

(d) A member only may return to employment and continue disability benefit payments once while receiving disability benefits from the general employees retirement plan.

Subd. 8. [Repealed, 2007 c 134 art 4 s 36]

Subd. 9. **Return to employment.** (a) Any person receiving a disability benefit under this section who is restored to employment not covered by subdivision 7 or 7a must have the disability benefit discontinued on the first day of the month following the return to employment.

(b) If the person is employed by a governmental subdivision as defined under section 353.01, subdivision 6, deductions must be taken for the retirement fund and, upon subsequent retirement, the person is entitled to a retirement annuity payable based upon all allowable service including the allowable service upon which the disability benefits were based.

(c) If the employment is not through public service covered under this chapter, the account may be placed on a deferred status and the subsequent retirement annuity must be calculated as provided in section 353.34, subdivision 3, if the person meets the length of allowable service requirement stated in that subdivision; or the person may request a refund of any remaining employee deductions. The refund must

be in an amount equal to the accumulated employee deductions plus six percent interest compounded annually and must be reduced by the sum of the disability benefits paid to the member.

Subd. 10. [Repealed, 1973 c 753 s 85]

Subd. 11. **Coordinated member disabilitant transfer to retirement status.** The disability benefits paid to a coordinated member must terminate when the person reaches normal retirement age. If the coordinated member is still totally and permanently disabled upon attaining normal retirement age, the coordinated member is deemed to be on retirement status. If an optional annuity is elected under subdivision 3a, the coordinated member shall receive an annuity under the terms of the optional annuity previously elected, or, if an optional annuity is not elected under subdivision 3a, the coordinated member may elect to receive a normal retirement annuity under section 353.29 or 353H.05 or an annuity equal to the disability benefit paid before the coordinated member reaches normal retirement age, whichever amount is greater, or elect to receive an optional annuity under section 353.30, subdivision 3. The annuity of a disabled coordinated member who attains normal retirement age must be computed under the law in effect upon attainment of normal retirement age. Election of an optional annuity must be made before the coordinated member attains normal retirement age. If an optional annuity is elected, the election is effective on the date on which the person attains normal retirement age and the optional annuity begins to accrue on the first day of the month next following the month in which the person attains that age.

Subd. 12. **Basic disabilitant transfer to retirement status; survivor benefits.** (a) If a basic member who is receiving a disability benefit under subdivision 3 dies before attaining age 65 or within five years of the effective date of the disability, whichever is later, the surviving spouse is entitled to receive a survivor benefit under section 353.31, and any dependent child or children are entitled to dependent child benefits under section 353.31, subdivision 1b, paragraph (b). If there are no dependent children, in lieu of the survivor benefit specified under section 353.31, the surviving spouse may elect to receive a refund under section 353.32, subdivision 1.

(b) If a basic member who is receiving a disability benefit under subdivision 3 is living at age 65 or five years after the effective date of the disability, whichever is later, the basic member may receive a normal retirement annuity equal to the disability benefit previously received, adjusted for the amount no longer payable under subdivision 3, paragraph (b), or the person may elect a joint and survivor optional annuity under section 353.31, subdivision 1b. The election of the joint and survivor optional annuity must occur within 90 days of attaining age 65 or of reaching the five-year anniversary of the effective date of the disability benefit, whichever is later. The optional annuity takes effect on the first day of the month following the month in which the person attains age 65 or reaches the five-year anniversary of the effective date of the disability benefit, whichever is later.

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

(b) When a disability benefit terminates under subdivision 11, the retirement annuity elected by the individual must include all prior adjustments provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

History: *1957 c 935 s 13; 1959 c 650 s 21,41; 1961 c 595 s 2; 1963 c 641 s 25; 1965 c 880 s 6; 1967 c 711 s 1; Ex1967 c 37 s 2,3; 1969 c 940 s 10; 1971 c 106 s 29,30; 1973 c 753 s 53-56; 1975 c 102 s 15-17; 1975 c 359 s 23; 1976 c 329 s 23-25; 1977 c 305 s 45; 1977 c 429 s 29,30; 1978 c 471 s 6; 1978 c 796 s 35; 1979 c 216 s 14; 1981 c 68 s 21,22; 1981 c 180 s 11-13; 1981 c 224 s 88; 1983 c 73 s 7; 1983 c 85 s 1; 1984 c 564 s 26; 1986 c 444; 1987 c 284 art 5 s 9; 1987 c 372 art 9 s 14-16; 1988 c 709 art 5 s 19; 1989 c*

319 art 3 s 12-16; art 13 s 37-39; 1991 c 341 s 19; 1992 c 432 art 2 s 12-15; 1993 c 307 art 4 s 19-26; 1998 c 390 art 9 s 3; 2000 c 461 art 3 s 16,17; 2004 c 267 art 8 s 15-19,41; 1Sp2005 c 8 art 1 s 12; art 10 s 51; 2006 c 212 art 3 s 34; 2006 c 271 art 3 s 25,26,42; 2007 c 134 art 4 s 9-13; 2008 c 349 art 5 s 21; 2009 c 169 art 1 s 36-38; art 4 s 13-16; 2010 c 359 art 1 s 31; 2015 c 68 art 12 s 16,17; 2024 c 102 art 4 s 5,6; 2026 c 106 art 5 s 19-21

353.335 DISABILITANT EARNINGS REPORTS.

Subdivision 1. **Reemployment earnings reporting required.** Unless waived by the executive director, a disability benefit recipient must report all earnings from reemployment to the association annually by May 15 in a format prescribed by the executive director. If the form is not submitted by May 15, benefits must be suspended effective June 1. If, upon receipt of the form, the executive director determines that the disability benefit recipient is eligible for continued payment, benefits must be reinstated retroactive to June 1. The executive director may waive the requirements in this section if the medical evidence supports that the disability benefit recipient will not have earnings from reemployment.

Subd. 2. MS 2023 Supp [Repealed, 2024 c 102 art 4 s 18]

History: *2006 c 271 art 3 s 27; 2021 c 22 art 3 s 9; 2023 c 48 s 21; 2024 c 102 art 4 s 7*

353.34 RIGHTS UPON TERMINATION OF MEMBERSHIP.

Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to either a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. Application for a refund may not be made before the date of termination of public service. A refund must be paid within 120 days following receipt of the application unless the applicant has again become a public employee required to be covered by the association.

(b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c, a refund is not payable before termination of service under section 353.01, subdivision 11a.

(c) An individual who terminates public service covered by the Public Employees Retirement Association general employees retirement plan, except members of the former Minneapolis Employees Retirement Fund under section 353.01, subdivision 2b, paragraph (d), the Public Employees Retirement Association police and fire retirement plan, the public employees local government correctional service retirement plan, or the local government probation and telecommunicator retirement plan, and who is employed by a different employer and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus annual compound interest from the plan from which the member terminated service at the applicable rate specified in subdivision 2.

(d) Refunds payable to members of the former Minneapolis Employees Retirement Fund under section 353.01, subdivision 2a, paragraph (d), are governed by Minnesota Statutes 2008, chapter 422A.

Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who ceases to be a member is entitled to receive a refund in an amount equal to accumulated deductions, less the sum of any disability benefits that have been paid by the fund, plus annual compound interest at the applicable rate or rates under paragraph (b) to the first day of the month in which the refund is processed.

(b) Annual compound interest rates shall be as follows:

(1) six percent to June 30, 2011;

(2) four percent after June 30, 2011, to June 30, 2018; and

(3) three percent after June 30, 2018.

(c) If a person repays a refund and subsequently applies for another refund, the repayment amount, including interest, is added to the fiscal year balance in which the repayment was made.

(d) If the refund payable to a member is based on employee deductions that are determined to be invalid under section 353.27, subdivision 7, the interest payable on the invalid employee deductions is annual compound interest at the applicable rate or rates under paragraph (b).

Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member who is partially or 100 percent vested under section 353.01, subdivision 47, or 353H.01, subdivision 12, when termination of public service or termination of membership occurs has the option of leaving the member's accumulated deductions in the fund and being entitled to a deferred retirement annuity commencing at normal retirement age or to a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5, or 353H.05, subdivision 3.

(b) The deferred annuity must be computed under section 353.29, subdivision 3, or 353H.05, subdivision 1, on the basis of the law in effect on the date of termination of public service or termination of membership, whichever is later, and, if the later of termination of public service or termination of membership is on or before December 31, 2011, the deferred annuity must be augmented as provided in paragraphs (c) to (e).

(c) The deferred annuity of any former member must be augmented from the first day of the month following the termination of active service, or July 1, 1971, whichever is later, to the effective date of retirement or, if earlier, December 31, 2018.

(d) For a person who became a public employee before July 1, 2006, and who has a termination of public service before January 1, 2012, the deferred annuity must be augmented at the following rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, until January 1 of the year following the year in which the former member attains age 55 or December 31, 2011, whichever is earlier;

(3) five percent from January 1 of the year following the year in which the former member attains age 55, or December 31, 2011, whichever is earlier;

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

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

(e) For a person who became a public employee after June 30, 2006, and who has a termination of public service before January 1, 2012, the deferred annuity must be augmented at the following rate or rates, compounded annually:

(1) 2.5 percent until December 31, 2011;

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

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

(f) For a person who has a termination of public service after December 31, 2011, the deferred annuity must not be augmented.

(g) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is first payable 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 tables adopted by the board and approved by the actuary retained under section 356.214.

(h) A former member qualified to apply for a deferred retirement annuity may revoke this option at any time before the commencement of deferred annuity payments by making application for a refund. The person is entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.

Subd. 3a. **Deferred annuity; certain hospital employees.** Any member employed by a public hospital, as defined in section 355.01, subdivision 3k, who has at least three years of allowable service credit on the date the public hospital is taken over by a private corporation or organization, may elect to receive a deferred annuity pursuant to subdivision 3 notwithstanding the length of service requirement contained therein.

Subd. 3b. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 3c. **Segmented annuities.** (a) If a person who is entitled to an annuity has more than one period of uninterrupted service, the person is entitled to augmentation under subdivision 3, applied to each period of uninterrupted service. The average salary used to calculate the annuity for each period of uninterrupted service must be applied as if the person was a new employee at the beginning of each period of uninterrupted service. The actuarial assumptions used to calculate the annuity must be those in effect on the effective date of retirement.

(b) For the purpose of this subdivision, "uninterrupted service" means periods of covered employment during which the person has not been separated from public service for more than two years.

(c) If a person repays a refund, the restored service must be considered as continuous with the next period of service for which the person has credit with the association.

(d) This subdivision applies to persons who become deferred annuitants on or after July 1, 1971. For a person who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, if the former active member applies for an annuity after July 1, 1973.

(e) This subdivision must not reduce the annuity otherwise payable under this chapter.

Subd. 4. [Repealed, 1971 c 106 s 40]

Subd. 5. **Right to a refund generally unlimited.** The right to a refund provided in this chapter is not restricted as to time.

Subd. 6. MS 2016 [Repealed, 2018 c 211 art 17 s 3]

Subd. 7. [Repealed, 2007 c 134 art 2 s 50]

History: *1957 c 935 s 14; 1959 c 650 s 22-24,49; 1963 c 641 s 26-29; 1969 c 940 s 11; 1971 c 106 s 31; 1971 c 412 s 1; 1973 c 753 s 57-59; 1975 c 102 s 6; 1976 c 329 s 26; 1978 c 796 s 36; 1979 c 216 s 15; 1981 c 224 s 89; 1983 c 58 s 1; 1983 c 73 s 8; 1984 c 564 s 27; 1984 c 574 s 10; 1985 c 261 s 4; 1986 c 444; 1987 c 284 art 5 s 10; 1987 c 372 art 9 s 17; 1988 c 709 art 5 s 20; 1989 c 319 art 3 s 17; art 13 s 40-42; 1991 c 341 s 20; 1992 c 432 art 2 s 16; 1993 c 307 art 4 s 27,28; 2000 c 461 art 3 s 18; 2005 c 10*

art 5 s 2; 2006 c 271 art 3 s 28; 2007 c 134 art 2 s 30; 2010 c 359 art 1 s 32-34; art 11 s 8,9; 2013 c 111 art 3 s 6,7; 2015 c 68 art 14 s 10; 2018 c 211 art 2 s 2,3; art 10 s 10; 1Sp2019 c 8 art 8 s 8,23; 2020 c 108 art 6 s 8; 2021 c 22 art 3 s 10; 2022 c 65 art 2 s 2; art 9 s 7; 2025 c 37 art 2 s 7; 2026 c 106 art 5 s 22,23

353.35 CONSEQUENCES OF REFUND; REPAYMENT, RIGHTS RESTORED.

Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of the refund terminate.

(b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a forfeiture of salary credit for the allowable service credit covered by the refund.

(c) If a person forfeits service credits, rights, and benefits under paragraph (a), the person's service credits, rights, and benefits shall be restored if the person returns to employment covered by the association for at least six months of allowable service and repays all amounts previously received under section 353.34, subdivision 2, plus interest at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the date each amount was received to the date the amount is repaid. The repayment must be made within six months of the last day of public service employment. A person may have service credits, rights, and benefits restored under this paragraph only one time.

Subd. 2. **Refund repayment.** A person who receives a refund of accumulated employee deductions, plus interest, may repay the total amount of the refund including the interest, within 30 days of the date the refund was issued, to retain allowable service.

History: *1957 c 935 s 15; 1959 c 650 s 38; 1963 c 641 s 30; 1971 c 106 s 32; 1973 c 753 s 60; 1976 c 329 s 27; 1979 c 216 s 16; 1982 c 404 s 6; 1986 c 444; 1989 c 319 art 3 s 18; 1990 c 570 art 11 s 7; 1992 c 598 art 2 s 6; 1993 c 307 art 4 s 29; 2013 c 111 art 11 s 5; 2015 c 68 art 2 s 13; 2018 c 211 art 6 s 24; art 10 s 11*

353.36 Subdivision 1. [Repealed, 1971 c 106 s 40]

Subd. 2. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 2a. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 2b. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 2c. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 2d. [Repealed, 1977 c 429 s 65]

Subd. 3. [Repealed, 1971 c 106 s 40]

Subd. 4. [Repealed, 1965 c 715 s 4]

Subd. 5. [Repealed, 1973 c 753 s 85]

Subd. 6. [Repealed, 1973 c 753 s 85]

Subd. 7. [Repealed, 1973 c 753 s 85]

Subd. 8. [Repealed, 1973 c 753 s 85]

Subd. 9. [Repealed, 1973 c 753 s 85]

Subd. 10. [Repealed, 1973 c 753 s 85]

353.37 REEMPLOYMENT OF ANNUITANT.

Subdivision 1. **Salary maximums.** (a) If a member who is receiving an annuity from a retirement plan administered by the association is employed by (1) a governmental employer in a nonelected position not required by law to be covered by a plan administered by the Minnesota State Retirement System, the Teachers Retirement Association, or the St. Paul Teachers Retirement Fund Association, or (2) by a labor organization that represents public employees who are association members under this chapter, and the member's salary exceeds the annual maximum salary defined in paragraph (b), the annuity shall be suspended under subdivision 2 or reduced under subdivision 3, whichever results in the higher annuity amount.

(b) The annual maximum salary means the annual maximum earnings allowable at the member's 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 effect for the calendar year. If the member has not yet reached the minimum age for the receipt of Social Security benefits, the maximum salary means the annual maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

(c) The provisions of paragraph (a) do not apply to the members of the general employees plan of the Public Employees Retirement Association who were former members of MERF.

Subd. 1a. [Repealed, 1981 c 180 s 18]

Subd. 1b. **Retirement age.** For purposes of this section, "retirement age" means retirement age as defined in United States Code, title 42, section 416(l).

Subd. 2. MS 1971 [Repealed, 1973 c 753 s 85]

Subd. 2. **Suspension of annuity.** (a) The association shall suspend the annuity on the first of the month after the month in which the salary of the reemployed annuitant described in subdivision 1, paragraph (a), exceeds the maximums set in subdivision 1, paragraph (b), based only on those months in which the annuitant is actually employed in nonelective public service in a position covered under this chapter or employment with a labor organization that represents public employees who are members of a retirement plan under this chapter or chapter 353E.

(b) An annuitant who is elected to public office after retirement may hold that office and receive an annuity otherwise payable from a retirement plan administered by the association.

Subd. 3. MS 1971 [Repealed, 1973 c 753 s 85]

Subd. 3. **Reduction of annuity.** (a) The association shall reduce the amount of the annuity of a person who has not reached the retirement age by one-half of the amount in excess of the applicable maximums under subdivision 1, paragraph (b).

(b) There is no reduction upon reemployment, regardless of income, for a person who has reached the retirement age.

Subd. 3a. **Disposition of suspension or reduction amount.** (a) The balance of the annual retirement annuity after suspension or the amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.47.

(b) If a reemployed annuitant whose annuity is suspended 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 (a).

Subd. 4. **Resumption of annuity.** The association shall resume paying a full annuity to the reemployed annuitant described in subdivision 1, paragraph (a), at the start of each calendar year until the salary exceeds the maximums under subdivision 1, paragraph (b), or on the first of the month following the termination of the employment which resulted in the suspension of the annuity. The executive director may adopt policies regarding the suspension and reduction of annuities under this section.

Subd. 5. **Effect on annuity; contributions.** (a) Except as provided under this section, public service performed by an annuitant described in subdivision 1, paragraph (a), subsequent to retirement from the general employees retirement plan, the public employees police and fire retirement plan, the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan does not increase or decrease the amount of an annuity.

(b) The annuitant must not make any further contributions to a defined benefit plan administered by the association by reason of this subsequent public service.

(c) 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 employees retirement plan, the employer must make employer and additional employer contributions as specified in section 353.27, subdivisions 3 and 3a. If the reemployed annuitant is working in a position that would otherwise be covered by the public employees police and fire retirement plan, the employer must make employer contributions as specified in section 353.65, subdivision 3. If the reemployed annuitant is working in a position that would otherwise be covered by the local government correctional service retirement plan, the employer must make employer contributions as specified in section 353E.03, subdivision 2.

Subd. 6. **Treatment in certain divorce situations.** Notwithstanding other subdivisions of this section, if a reemployed annuitant whose annuity is suspended or reduced under this section has a former spouse receiving a portion of the annuity under section 518.58, subdivision 1, the portion payable to the former spouse must not be suspended or deferred.

History: *1957 c 935 s 17; 1959 c 650 s 26,58; Ex1961 c 87 s 1; 1963 c 641 s 31; 1963 c 853 s 1,2; 1967 c 711 s 2; 1971 c 412 s 2; 1973 c 753 s 63; 1975 c 102 s 18; 1977 c 429 s 32; 1980 c 342 s 7; 1981 c 224 s 91; 1988 c 709 art 5 s 21; 1992 c 440 s 1; 1993 c 307 art 4 s 30; 1994 c 528 art 2 s 9-11; 2000 c 461 art 2 s 5; 2002 c 392 art 11 s 52; 2004 c 267 art 7 s 2,3; 2010 c 359 art 2 s 12; art 11 s 10-14; 2014 c 296 art 13 s 12; 2015 c 68 art 12 s 18; art 14 s 11; 2018 c 211 art 10 s 12; 2019 c 50 art 1 s 109; 2026 c 106 art 5 s 24; art 8 s 7*

353.371 POSTRETIREMENT OPTION.

Subdivision 1. **Eligibility.** This section applies to a basic or coordinated member of the general employees retirement plan of the Public Employees Retirement Association who:

(1) for at least the five years immediately preceding separation under clause (2), was regularly scheduled to work 1,044 or more hours per year in a position covered by the general employees retirement plan of the Public Employees Retirement Association not including positions that are elected offices;

(2) has a termination of membership as defined under section 353.01, subdivision 11b;

(3) at the time of termination under clause (2), was at least age 62 and met the age and service requirements necessary to receive a retirement annuity from the plan and satisfied requirements for the commencement of the retirement annuity in the month following termination;

(4) accepts a phased retirement agreement to continue employment in the same position with the same governmental subdivision that the member held before the date of the member's termination of membership and to work a reduced schedule that is both:

(i) a reduction of at least 25 percent from the employee's number of previously regularly scheduled work hours per pay period; and

(ii) 1,044 hours per year or less in public service; and

(5) is not eligible for participation in the state employee postretirement option program under section 43A.346.

Subd. 2. **Termination and annuity reduction requirements not applicable.** Notwithstanding sections 353.29 and 353.30, an employee covered by a phased retirement agreement need not have a termination of public service to be eligible for a retirement annuity. The provisions of section 353.37 governing annuities of reemployed annuitants do not apply to employment under a phased retirement agreement.

Subd. 3. **Governmental subdivision discretion.** The governmental subdivision has sole discretion to determine if and the extent to which a phased retirement position under this section is available to an employee. Any offer of such a position must be made in writing to the employee by the governmental subdivision in a manner prescribed by the executive director.

Subd. 4. **Duration.** The term of employment under a phased retirement agreement must not exceed five years. If the term of a phased retirement agreement is less than five years, the agreement may be renewed for a period not to exceed a combined total of five years. The governmental subdivision has sole discretion to determine if a phased retirement agreement will be renewed, renewed with modifications, or terminated.

Subd. 5. **Copy to fund.** The governmental subdivision shall provide the executive director with documentation, as prescribed by the executive director, of the terms of any agreement entered into with an employee who accepts continuing employment with the governmental subdivision under the terms of this section. The documentation must be provided before the employee's termination of membership.

Subd. 6. **Service credit; contributions.** (a) Notwithstanding any law to the contrary, a person may not earn allowable service in the general employees retirement plan of the Public Employees Retirement Association for employment covered under this section.

(b) Payroll deductions for the retirement fund must not be made based on earnings of a person working under an agreement covered by this section.

(c) The employer of a person working under an agreement covered by this section must make employer and additional employer contributions to the fund as specified in section 353.27, subdivisions 3 and 3a, during the term of employment under the phased retirement agreement or renewed phased retirement agreement.

(d) No change may be made to a monthly annuity or retirement allowance based on employment under this section.

(e) The governmental subdivision must report to the executive director the salary earned by an employee in a phased retirement position. The report must include the number of compensated hours the employee

worked and must be made on a pay period basis in a manner prescribed by the executive director. Reports must be submitted no later than 14 calendar days following the last day of each pay period.

Subd. 7. **Termination and subsequent employment.** (a) Upon termination of employment under a phased retirement agreement, the governmental subdivision and employee must inform the executive director, in a manner prescribed by the executive director, of the effective date of the employee's termination of public service. The termination from public service must meet the termination and length of separation requirements under section 353.01, subdivisions 11a and 28.

(b) If a person previously employed under a phased retirement agreement subsequently accepts employment with any other governmental subdivision, the person may not earn allowable service in the general employees retirement plan of the Public Employees Retirement Association, no payroll deductions for the retirement fund may be made, and the provisions of section 353.37 apply to the subsequent employment.

Subd. 8. MS 2018 [Repealed, 1Sp2019 c 8 art 2 s 13]

Subd. 9. **Termination upon excess hours worked.** If an employee works more hours under a phased retirement agreement than is permitted under subdivision 1, paragraph (a), clause (4), then, effective on the first of the month following the date on which the permitted number of hours was exceeded:

(1) the phased retirement agreement is terminated; and

(2) the employee's retirement annuity is suspended until the employee meets the termination and length of service requirement in section 353.01, subdivisions 11a and 28.

History: *2009 c 169 art 5 s 2; 2010 c 359 art 5 s 12,27; 2014 c 296 art 13 s 13,25; 1Sp2019 c 8 art 2 s 4-10; 2020 c 108 art 6 s 9-11; 2026 c 106 art 8 s 8,9*

353.38 [Repealed, 1984 c 564 s 51]

353.39 [Repealed, 1973 c 753 s 85]

353.40 [Repealed, 1974 c 229 s 25]

353.41 [Repealed, 1959 c 650 s 57]

353.42 [Repealed, 1963 c 641 s 38]

353.43 [Repealed, 1959 c 650 s 57]

353.44 Subdivision 1. [Repealed, 1973 c 753 s 85]

Subd. 2. [Repealed, 1963 c 641 s 38]

353.45 [Repealed, 1973 c 753 s 85]

353.46 SAVINGS CLAUSES.

Subdivision 1. [Repealed, 1981 c 180 s 18]

Subd. 1a. [Repealed, 2010 c 359 art 5 s 28]

Subd. 2. **Rights of deferred annuitant.** (a) The entitlement of a deferred annuitant or other former member of the general employees retirement plan of the Public Employees Retirement Association, the

public employees police and fire retirement plan, the local government correctional employees retirement plan, or the local government probation and telecommunicator retirement plan to receive an annuity under the law in effect at the time the person terminated public service is preserved.

(b) The entitlement of a deferred annuitant or former member of the Minneapolis Employees Retirement Fund, upon merger with the general employees retirement plan of the Public Employees Retirement Association, continues under the provisions of Minnesota Statutes 2008, section 422A.16.

Subd. 3. [Repealed, 1977 c 429 s 65]

Subd. 4. [Repealed, 1Sp2005 c 8 art 10 s 81]

Subd. 5. [Repealed, 1973 c 753 s 85]

Subd. 6. **Computation of benefits for certain coordinated members.** Any coordinated member of the general employees retirement plan of the Public Employees Retirement Association who, before July 1, 1979, was a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and who, before July 1, 1978, was a member of the basic program of the Minneapolis Municipal Employees Retirement Fund is entitled to receive a retirement annuity when otherwise qualified, the calculation of which must utilize the formula accrual rates specified in Minnesota Statutes 2008, section 422A.15, subdivision 1, for that portion of credited service which was rendered before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision 3, for the remainder of credited service, both applied to the average salary as specified in section 353.01, subdivision 17a. The formula accrual rates to be used in calculating the retirement annuity must recognize the service after July 1, 1978, as a member of the former coordinated program of the former Minneapolis Municipal Employees Retirement Fund and after July 1, 1979, as a member of the general employees retirement plan of the Public Employees Retirement Association as a continuation of service rendered before July 1, 1978. The annuity amount attributable to service as a member of the basic program of the former Minneapolis Municipal Employees Retirement Fund and the annuity amount attributable to all other service is payable from the general employees retirement fund of the Public Employees Retirement Association.

History: *1957 c 935 s 26; 1959 c 650 s 27; Ex1961 c 87 s 2; 1965 c 814 s 1,3; 1971 c 106 s 36; 1973 c 753 s 65-68; 1975 c 102 s 19; 1977 c 4 29 s 33; 1981 c 224 s 93,94; 1981 c 298 s 11; 1990 c 570 art 11 s 8; 1991 c 341 s 21; 2010 c 359 art 11 s 15,16; 2012 c 187 art 1 s 61; 2015 c 68 art 13 s 20; art 14 s 12,13; 2026 c 106 art 5 s 25*

353.50 MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT AND OPERATION.

Subdivision 1. [Repealed, 2015 c 68 art 14 s 30]

Subd. 2. [Repealed, 2015 c 68 art 14 s 30]

Subd. 3. [Repealed, 2015 c 68 art 14 s 30]

Subd. 4. [Repealed, 2015 c 68 art 14 s 30]

Subd. 5. [Repealed, 2015 c 68 art 14 s 30]

Subd. 6. **Benefits for former MERF division members.** (a) **Retired, disabled, deferred, and inactive member benefits.** The annuities and benefits of, or attributable to, retired, disabled, deferred, or inactive members of the former MERF division, as calculated under Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18;

422A.19; 422A.20; and 422A.23, continue in force and are payable from the general employees retirement plan.

(b) **Benefits; benefit eligibility for active members.** Persons who were active members covered by the former MERF division on December 31, 2014, upon satisfying eligibility requirements stated in the applicable sections of Minnesota Statutes 2008 specified in paragraph (a), are entitled to annuities or benefits specified in those sections. Eligibility for a formula retirement annuity includes the requirement in Minnesota Statutes 2008, sections 422A.13 and 422A.16, that the terminating member has attained the normal retirement age, which is age 60 if the person has at least ten years of service credit, or any age if the person has 30 or more years of service credit.

(c) **Postretirement adjustments.** After December 31, 2014, annuities and benefits for former members of the former MERF division are eligible for annual automatic postretirement adjustments solely under the applicable portions of section 356.415.

Subd. 7. [Repealed, 2015 c 68 art 14 s 30]

Subd. 8. [Repealed, 2015 c 68 art 14 s 30]

Subd. 9. [Repealed, 2015 c 68 art 14 s 30]

Subd. 10. [Repealed, 2015 c 68 art 14 s 30]

History: *2010 c 359 art 11 s 17; 2012 c 286 art 6 s 3; 2013 c 111 art 3 s 8,9; 2015 c 68 art 14 s 14*

353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.

(a) On September 15, 2019, and annually thereafter, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, $16,000,000.

(b) State contributions under this section end on September 15, 2031.

(c) The commissioner of management and budget shall pay the contribution specified in this section. The amount required is appropriated annually from the general fund to the commissioner of management and budget.

History: *1979 c 303 art 6 s 9; 1980 c 614 s 148; 1981 c 224 s 186; 1981 c 298 s 11; 1Sp1981 c 1 art 10 s 22; 1985 c 248 s 58; 1Sp1985 c 13 s 331,332; 1987 c 259 s 70; 1988 c 718 art 7 s 56; 1989 c 329 art 9 s 28; 1991 c 130 s 37; 1991 c 345 art 4 s 10; 1992 c 480 s 1; 1992 c 499 art 12 s 29; 1993 c 307 art 10 s 5; 1994 c 628 art 3 s 34; 1997 c 202 art 2 s 48; 1998 c 397 art 11 s 3; 1999 c 222 art 17 s 3; 2000 c 488 art 12 s 18; 2002 c 392 art 11 s 52; 2006 c 271 art 3 s 47; 2007 c 134 art 8 s 7,9; 2008 c 277 art 1 s 82; 2009 c 101 art 2 s 109; 2010 c 359 art 11 s 21,26; 2015 c 68 art 14 s 15; 1Sp2017 c 4 art 2 s 45; 1Sp2019 c 6 art 11 s 14*

353.51 [Repealed, 1973 c 753 s 85]

353.52 [Repealed, 1973 c 753 s 85]

353.53 [Repealed, 1973 c 753 s 85]

353.54 [Repealed, 1973 c 753 s 85]

353.55 [Repealed, 1973 c 753 s 85]

353.56 [Repealed, 1973 c 753 s 85]

353.57 [Repealed, 1973 c 753 s 85]

353.58 [Repealed, 1973 c 753 s 85]

353.59 [Repealed, 1973 c 753 s 85]

353.591 [Repealed, 1973 c 753 s 85]

353.60 [Repealed, 1973 c 753 s 85]

353.61 [Repealed, 1973 c 753 s 85]

353.62 [Repealed, 1971 c 106 s 40]

353.63 POLICY.

It is the recognized policy of the state that special consideration should be given to employees of governmental subdivisions who devote their time and skills to protecting the property and personal safety of others. Since this work is hazardous, special provisions are hereby made for retirement pensions, disability benefits and survivors benefits based on the particular dangers inherent in these occupations. The benefits provided in sections 353.63 to 353.68 are more costly than similar benefits for other public employees since they are computed on the basis of a shorter working lifetime taking into account experience which has been universally recognized. This extra cost should be borne by the employee and employer alike at the ratio of 40 percent employee contributions and 60 percent employer contributions.

History: *1959 c 650 s 31*

353.64 MEMBERSHIP; QUALIFICATIONS; POLICE OFFICER, FIREFIGHTER.

Subdivision 1. **Police and fire plan membership; mandatory.** (a) A governmental subdivision must report a public employee for membership in the police and fire plan if the employee is employed full time as specified in clause (1), (2), or (3):

(1) a full-time police officer or a person in charge of a designated police or sheriff's department, who by virtue of that employment is required by the employing governmental subdivision to be and is licensed by the Minnesota peace officer standards and training board under sections 626.84 to 626.863, who is charged with the prevention and detection of crime, who has the full power of arrest, who is assigned to a designated police or sheriff's department, and whose primary job is the enforcement of the general criminal laws of the state;

(2) a full-time firefighter or a supervisor of other firefighters who, in either case, is employed in a fire department, is required by the employing governmental subdivision to be and is licensed by the Board of Firefighter Training and Education under section 299N.05, and who is engaged in or exposed to hazardous conditions resulting from firefighting or fire prevention, suppression, or investigation; or

(3) a full-time police officer or firefighter meeting the requirements of clause (1) or (2), as applicable, who as part of the employment position is assigned less than 50 percent of the time to perform employment duties in the same department that are not within the scope of the employment duties described in clause (1) or (2).

(b) An individual to which paragraph (a), clause (3), applies must contribute as a member of the police and fire plan for all services provided to the employing governmental subdivision.

Subd. 1a. **Police and fire plan; other members.** (a) A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire plan on July 1, 1978, by virtue of being a police officer as defined by this section on that date, and if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, continues to be a member of the plan, whether or not that person has the power of arrest by warrant and is licensed by the Peace Officers Standards and Training Board after that date.

(b) A person who was employed as a correctional officer by Rice county before July 1, 1998, for the duration of employment in the correctional position held on July 1, 1998, continues to be a member of the public employees police and fire plan, whether or not the person has the power of arrest by warrant and is licensed by the Peace Officers Standards and Training Board after that date.

Subd. 2. **Police and fire plan membership; part-time employment coverage option.** (a) The governing body of a governmental subdivision may adopt a resolution, subject to requirements specified in paragraph (b), declaring that a public employee employed in a position on a part-time basis by that governmental subdivision is covered by the police and fire plan for that employment.

(b) If the public employee's position is related to police service, the resolution is valid if the conditions specified in paragraph (c) are met. If the public employee's position is related to fire service, the resolution is valid if the conditions specified in paragraph (d) are met. If the public employee in the applicable position is periodically assigned to employment duties not within the scope of the employment duties described in subdivision 1, paragraph (a), clause (1) or (2), the resolution is considered valid if the governing body of the governmental subdivision declares that the public employee's position, for at least 50 percent of the time worked, satisfies the requirements of subdivision 1, paragraph (a), clause (3), other than the requirement of full-time employment.

(c) For the governing body of the governmental subdivision to declare a position to be that of a police officer, the duties and qualifications of the person so employed must, at a minimum, satisfy all of the requirements of subdivision 1, paragraph (a), clause (1), other than the requirement of full-time employment.

(d) For the governing body of a governmental subdivision to declare a position to be that of a firefighter, the duties and qualifications of the person so employed must, at a minimum, satisfy the requirements of subdivision 1, paragraph (a), clause (2), other than the requirement of full-time employment.

Subd. 3. [Repealed, 2013 c 111 art 5 s 81]

Subd. 4. **Resolution filing.** (a) A copy of the resolution of the governing body declaring a position to be that of police officer or firefighter shall be promptly filed with the board of trustees and shall be irrevocable.

(b) Following the receipt of notice from the association, if a valid resolution is not filed with the association within six months following the date of that notice, any contributions or deductions made to the police and fire plan for the applicable employment are deemed to be contributions or deductions transmitted in error under section 353.27, subdivision 7a.

(c) The association must consider the filing by the governing body of a governmental subdivision of a resolution that satisfies the requirements of this section regarding an employee as sufficient evidence that the employee satisfies the eligibility requirements of this section, including subdivision 1, paragraph (a), clause (3), and subdivision 2.

Subd. 5. [Repealed, 1977 c 429 s 65]

Subd. 5a. **Transfers.** (a) A member of the police and fire plan continues to be a member of the police and fire plan if the member is transferred or has a change in employment:

(1) to a different position within the same police or fire department;

(2) to a police department in another governmental subdivision in the state of Minnesota; or

(3) to a fire department in another governmental subdivision in the state of Minnesota.

(b) The governing body of the governmental subdivision that employs the member, in the case of a transfer under paragraph (a), clause (1), or the governing body of the governmental subdivision by which the member becomes employed, in the case of a transfer under paragraph (a), clause (2) or (3), must send a copy of a resolution to that effect to the association. A police and fire plan member who is elected or assumes an appointive position, including but not limited to, the positions of city council member, city manager, and finance director is not eligible to retain membership in the public employees police and fire plan.

Subd. 6. [Repealed, 1987 c 284 art 5 s 18]

Subd. 6a. **University of Minnesota police officers; inclusions and exclusions.** (a) Unless paragraph (b) applies, a person who is employed as a peace officer by the University of Minnesota at any campus or facility of the university, who is required by the university to be and is licensed as a peace officer by the Minnesota Peace Officer Standards and Training Board under sections 626.84 to 626.863, and who has the full power of arrest is a member of the public employees police and fire retirement plan.

(b) A police officer employed by the University of Minnesota who is required by the Board of Regents to contribute to the University of Minnesota faculty retirement plan is not eligible to be a member of the public employees police and fire retirement plan.

Subd. 7. **Pension coverage for public safety employees of Metropolitan Airports Commission.** Any person first employed as either a full-time firefighter or a full-time police officer by the Metropolitan Airports Commission who is not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to municipal employees because that position is excluded from application under section 355.07 and United States Code, title 42, sections 418 (d)(5)(A) and 418 (d)(8)(D), is a member of the public employees police and fire fund and is deemed to be a firefighter or a police officer within the meaning of this section. The Metropolitan Airports Commission shall make the employer contribution required under section 353.65, subdivision 3, with respect to each of its firefighters or police officers covered by the public employees police and fire fund and shall meet the employers recording and reporting requirements set forth in section 353.65, subdivision 4.

Subd. 7a. **Pension coverage for certain metropolitan transit police officers.** A person who is employed as a police officer by the Metropolitan Council and who is not eligible for coverage under the agreement with the Secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act because the person's position is excluded from application under United States Code, sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the public employees police and fire fund and is considered to be a police officer within the meaning of this section. The Metropolitan Council shall deduct the employee contribution from the salary of each police officer as required by section 353.65, subdivision 2, shall make the employer contribution for each police officer as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Subd. 8. **Pension coverage for certain state military affairs department firefighters.** A person who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota and who is not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to state employees because the person's position is excluded from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D) and section 355.07, is a member of the public employees police and fire fund and is considered to be a firefighter within the meaning of this section. The state Department of Military Affairs shall make the employee contribution deduction from the salary of each full-time Military Affairs Department firefighter as required by section 353.65, subdivision 2, shall make the employer contribution with respect to each firefighter as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Subd. 9. **Pension coverage for certain sheriffs' association employees.** (a) A former member of the association who is an employee of the Minnesota Sheriffs' Association may elect to be a police and fire fund member with respect to service with the sheriffs' association, if written election to be covered is delivered to the board within 60 days after the commencement of employment.

(b) Employee and employer contributions for past service are the obligation of the employee, except that the Minnesota sheriffs' association may pay the employer contributions. The employer shall, in any event, deduct necessary future contributions from the employee's salary and remit all contributions to the association as required by this chapter.

(c) Persons who become association members under this section are not eligible for election to the board of trustees.

Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc. is a member of the public employees police and fire retirement plan under sections 353.63 to 353.68 if the person is:

(1) certified as a paramedic or emergency medical technician by the state under section 144E.28, subdivision 4;

(2) employed at least half time by Hennepin Healthcare System, Inc. as:

(i) a paramedic;

(ii) an emergency medical technician; or

(iii) a supervisor or manager of paramedics or emergency medical technicians; and

(3) not eligible for coverage under the agreement signed between the state and the secretary of the federal Department of Health and Human Services making the provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics and emergency medical technicians because the person's position is excluded after that date from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07.

Hennepin Healthcare System, Inc. shall deduct the employee contribution from the salary of each covered employee, as required by section 353.65, subdivision 2, shall make the employer contribution for each covered employee, as required by section 353.65, subdivision 3, and shall meet the employer recording and reporting requirements in section 353.65, subdivision 4.

Subd. 11. **Pension coverage for certain Tribal police officers exercising state arrest powers.** (a) The governing body of a Tribal police department which is exercising state arrest powers under section 626.90, 626.91, 626.92, or 626.93 may request by resolution to the executive director that its police officers be considered public employees under section 353.01, subdivision 2, be considered a police officer under section 353.64, subdivision 1, and become members of the public employees police and fire retirement plan and that the Tribal police department be considered a governmental subdivision under section 353.01, subdivision 6.

(b) Following the approval of the request by the executive director, the head of the police department or that person's designee must immediately report for membership in the police and fire fund a person who is employed as a full-time or part-time police officer in a position that meets the conditions in sections 353.01, subdivision 2a, and 353.64, subdivisions 1 and 2. The police department head or that person's designee must deduct the employee contributions from the salary of each eligible police officer as required by section 353.65, subdivision 2, and make the employer contributions required by section 353.65, subdivision 3. The head of the police department or that person's designee must meet the reporting requirements in section 353.65, subdivision 4.

History: *1959 c 650 s 32; 1961 c 743 s 1; 1963 c 641 s 34; 1978 c 720 s 7; 1979 c 216 s 17; 1979 c 262 s 2; 1981 c 180 s 14,15; 1981 c 224 s 95; 1981 c 298 s 11; 1982 c 404 s 8; 1987 c 284 art 5 s 12,13; 1987 c 296 s 5; 1987 c 372 art 1 s 6; 1989 c 319 art 3 s 19-21; art 11 s 1; 1991 c 341 s 22; 1992 c 432 art 2 s 17; 1993 c 307 art 4 s 31-33; 1994 c 499 s 1; 1994 c 628 art 3 s 31; 1997 c 7 art 1 s 129; 1997 c 199 s 14; 1999 c 222 art 4 s 7; art 14 s 2; 1999 c 245 art 9 s 65; 2000 c 461 art 3 s 19-22; art 7 s 2; 2002 c 392 art 3 s 8; 2005 c 125 art 1 s 29; art 3 s 4,7; 1Sp2005 c 7 s 34; 1Sp2005 c 8 art 4 s 6; 2008 c 349 art 5 s 22; 2010 c 359 art 11 s 18; 2013 c 111 art 5 s 53; 2015 c 68 art 13 s 21-24; 2018 c 211 art 10 s 13; 2024 c 102 art 4 s 8-11*

353.65 CONTRIBUTIONS.

Subdivision 1. **Fund established.** (a) The public employees police and fire fund is established for police officers and firefighters who meet the eligibility criteria under section 353.64.

(b) Employee contributions other than those made under subdivision 2, paragraph (b) or (c), employer contributions under subdivision 3, and section 353.665, subdivision 8, and other amounts authorized by law, including all employee and employer contributions of members transferred, must be deposited in the public employees police and fire fund.

Subd. 2. **Employee contribution.** (a) For members other than members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, or for members other than members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employee contribution is an amount equal to the following percentage of the total salary of each member, as follows:

before January 1, 2019	10.8 percent
from January 1, 2019, through December 31, 2019	11.3 percent
from January 1, 2020, and thereafter	11.8 percent

(b) For members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, the employee contribution is an amount equal to eight percent of the monthly unit value under section 353.01, subdivision 10a, multiplied by 80 and expressed as a biweekly amount for each

member. The employee contribution made by a member with at least 25 years of service credit as an active member of the former Minneapolis Firefighters Relief Association must be deposited in the postretirement health care savings account established under section 352.98.

(c) For members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employee contribution is an amount equal to eight percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80 and expressed as a biweekly amount for each member. The employee contribution made by a member with at least 25 years of service credit as an active member of the former Minneapolis Police Relief Association must be deposited in the postretirement health care savings account established under section 352.98.

(d) Contributions under this section must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution is based on the total salary received from all sources.

Subd. 3. **Employer contribution.** (a) With respect to members other than members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, or for members other than members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employer contribution is an amount equal to the following percentage of the total salary of each member, as follows:

before January 1, 2019	16.2 percent
from January 1, 2019, through December 31, 2019	16.95 percent
from January 1, 2020, and thereafter	17.7 percent

(b) With respect to members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, the employer contribution is an amount equal to the amount of the member contributions under subdivision 2, paragraph (b).

(c) With respect to members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employer contribution is an amount equal to the amount of the member contributions under subdivision 2, paragraph (c).

(d) Contributions under this subdivision must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Subd. 3a. [Repealed, 1999 c 222 art 4 s 20]

Subd. 3b. **Direct state aid.** (a) The state must pay $4,500,000 on October 1, 2018, and October 1, 2019, to the public employees police and fire retirement plan. By October 1 of each year after 2019, the state must pay $9,000,000 to the public employees police and fire retirement plan.

(b) By October 1 of each year after 2024, the state must pay $17,700,000 to the public employees police and fire retirement plan.

(c) By October 1 of each year after 2025, the state must pay $8,000,000 to the public employees police and fire retirement plan.

(d) The commissioner of management and budget must pay the aid specified in this subdivision. The amount required is annually appropriated from the general fund to the commissioner of management and budget.

(e) The aid under paragraph (a) continues until the first day of the fiscal year following three consecutive fiscal years in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 110 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215.

(f) The aid under paragraph (b) expires July 1, 2048.

(g) The aid under paragraph (c) expires July 1, 2042.

Subd. 4. **Contribution deductions.** The head of each department of the various governmental subdivisions is hereby directed to cause employee contributions to be deducted in the manner and subject to the terms provided in section 353.27, subdivision 4.

Subd. 5. [Repealed, 1973 c 753 s 85]

Subd. 6. **Fund.** All contributions shall be credited to the fund and all interest and other income of the fund shall be credited to said fund. The retirement fund shall be disbursed only for the purposes herein provided. The expenses of said fund and the annuities herein provided upon retirement shall be paid from said fund.

Subd. 7. [Repealed, 1996 c 390 s 41]

History: *1959 c 650 s 33; 1965 c 714 s 6-8; Ex1967 c 53 s 6-8; 1971 c 297 s 5; 1973 c 753 s 69,70; 1979 c 216 s 18; 1987 c 296 s 6; 1988 c 709 art 5 s 22; 1989 c 319 art 6 s 3-5; 1992 c 432 art 2 s 18; 1993 c 352 s 1-3; 1994 c 528 art 2 s 12; 1994 c 632 art 3 s 56; 1995 c 262 art 4 s 1; 1999 c 222 art 4 s 8,9; 1Sp2005 c 8 art 5 s 7,8; 2009 c 169 art 4 s 17,18; 2010 c 359 art 1 s 35,36; 1Sp2011 c 8 art 6 s 4-6,19; art 7 s 4-6,19; 2013 c 111 art 11 s 6,7; 2014 c 275 art 2 s 9,10; 2018 c 211 art 7 s 9,10; art 8 s 1; 2024 c 102 art 9 s 1; 2025 c 37 art 12 s 2; art 16 s 3; 2026 c 106 art 2 s 1*

353.651 RETIREMENT ANNUITY UPON SEPARATION FROM PUBLIC SERVICE.

Subdivision 1. **Age and allowable service requirements.** Upon separation from public service, any police officer or firefighter member, other than a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, who has attained the age of at least 55 years and who is partially or 100 percent vested under section 353.01, subdivision 47, is entitled upon application to a retirement annuity, known as the normal retirement annuity.

Subd. 2. [Repealed, 1Sp2005 c 8 art 1 s 32]

Subd. 3. **Retirement annuity formula.** (a) The average salary as defined in section 353.01, subdivision 17a, multiplied by 3.0 percent, multiplied by years of allowable service, multiplied by the applicable vesting percentage indicated in section 353.01, subdivision 47, determines the amount of the normal retirement annuity. If the member has earned allowable service for performing services other than those of a police officer or firefighter, the annuity representing that service must be computed under sections 353.29 and 353.30.

(b) For a member first enrolled in the public employees police and fire retirement plan after June 30, 2014, the average salary as defined in section 353.01, subdivision 17a, paragraph (a), includes salary for all years for which contributions have been reported to the public employees police and fire retirement plan,

but allowable service included in the calculation is limited to 33 years and the normal retirement annuity must not exceed 99 percent of the average salary.

(c) When the annuity begins for members of the public employees police and fire retirement plan enrolled after June 30, 2014, a prorated share of the contributions for allowable service exceeding 33 years must be refunded to the member. The prorated share of the contributions to be refunded is determined by multiplying the accumulated deductions paid by the member to the public employees police and fire retirement plan by a percentage determined using the number of months of service in excess of 396 as the numerator and the total number of months of allowable service on which contributions were reported as the denominator. Interest as defined in section 353.34, subdivision 2, is to be applied to the prorated share of contributions from the first of the 397th month of allowable service reported to the public employees police and fire retirement plan to the first of the month the annuity begins.

Subd. 4. **Early retirement.** (a) A person who becomes a public employees police and fire retirement plan member after June 30, 2007, or a former member who is reinstated as a member of the plan after that date, who is at least 50 years of age and is at least partially vested under section 353.01, subdivision 47, upon the termination of public employees police and fire retirement plan membership before July 1, 2014, is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

(b) Upon the termination of public employees police and fire retirement plan membership before July 1, 2014, any public employees police and fire retirement plan member who first became a member of the plan before July 1, 2007, and who is not specified in paragraph (a), upon attaining at least 50 years of age with at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

(c) A person who is a member of the public employees police and fire retirement plan on or after July 1, 2014, and who is at least 50 years old and is at least partially vested under section 353.01, subdivision 47, and whose benefit effective date is after July 1, 2014, and on or before July 1, 2019, is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced for each month the member is under age 55 at the time of retirement by applying a blended monthly rate that is equivalent to the sum of:

(1) one-sixtieth of the annual rate of five percent, prorated for each month the person's benefit effective date is after July 1, 2014; and

(2) one-sixtieth of the annual rate provided under paragraph (a) or (b), whichever applies, for each month the person's benefit effective date is before July 1, 2019.

(d) A person who is a member of the public employees police and fire retirement plan on or after July 1, 2014, and who is at least 50 years old and is at least partially vested under section 353.01, subdivision 47, whose benefit effective date is after July 1, 2019, is entitled, upon application, to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by five percent annually, prorated for each month that the member is under age 55.

Subd. 5. **Postretirement adjustment eligibility.** An annuity under this section is eligible for postretirement adjustments under section 356.415.

History: *1973 c 753 s 71; 1974 c 229 s 19; 1977 c 429 s 34; 1984 c 564 s 28; 1987 c 372 art 9 s 18,19; 1989 c 319 art 13 s 43,44; art 17 s 12,13; 1990 c 570 art 12 s 22; 1993 c 352 s 4; 1995 c 262 art 3 s 4; 1997 c 233 art 1 s 41; 1999 c 222 art 14 s 3; 2002 c 392 art 11 s 52; 1Sp2005 c 8 art 1 s 13; 2007 c 134 art 4 s 14; 2009 c 169 art 1 s 39; 2010 c 359 art 1 s 37,38; 1Sp2011 c 8 art 6 s 7,19; art 7 s 7,19; 2013 c 111 art 4 s 8; art 11 s 8,9; 2014 c 296 art 13 s 14; 2020 c 108 art 6 s 12*

353.6511 ALTERNATIVE RETIREMENT BENEFIT COVERAGE IN CERTAIN INSTANCES.

Subdivision 1. **Applicability.** The alternative benefit coverage under this section applies only to an active member of the public employees police and fire retirement plan who was an active member of the former Minneapolis Firefighters Relief Association on December 29, 2011, and who retires after December 30, 2011.

Subd. 2. **Retirement annuity.** (a) A member described in subdivision 1, if the member meets the eligibility requirements of paragraph (b), is only entitled to a retirement annuity under this subdivision.

(b) The member, upon application, if the person is at least age 50 and has credit for at least 20 years of allowable service, is entitled to a normal retirement annuity. The normal retirement annuity is the following amount based on the service credit of the retiring member as a Minneapolis firefighter:

completed years of service	retirement annuity amount
15	25 units
16	26.6 units
17	28.2 units
18	29.8 units
19	31.4 units
20	35 units
21	36.6 units
22	38.2 units
23	39.8 units
24	41.4 units
25 or more	43 units

(c) For a retired member who was unmarried on September 1, 1997, and also on October 25, 2001, who had 25 years of service credit as of October 25, 2001, and submitted a valid application for the alternative service pension under Minnesota Statutes 2010, section 423C.05, subdivision 9, the retirement annuity amount is 43.3 units.

Subd. 3. **Disability benefit.** A member described in subdivision 1, if the member is disabled under section 353.01, subdivision 41 or 46, is entitled to a disability benefit equal to 41 units.

Subd. 4. **Surviving spouse benefit.** A surviving spouse under section 353.01, subdivision 20, of a deceased member described in subdivision 1 is entitled to a surviving spouse benefit equal to 23 units.

Subd. 5. **Surviving dependent child benefit.** A surviving dependent child under section 353.01, subdivision 15, of a deceased member described in subdivision 1 is entitled to a surviving child benefit equal to eight units.

Subd. 6. **Surviving family benefit maximum.** The surviving spouse and surviving dependent child under subdivisions 4 and 5 are entitled to a combined family benefit under subdivisions 4 and 5 of 43 units.

Subd. 7. **Postretirement adjustments.** Effective January 1, 2012, service pensions and survivor benefits in force are entitled to be recomputed with the number of units specified in subdivision 2, subdivision 4, and subdivision 6. Optional annuities under Minnesota Statutes 2010, section 423C.05, subdivision 8, also are entitled to be recomputed as the actuarial equivalent of the service pensions and survivor benefits with the number of units specified in subdivision 2, subdivision 4, and subdivision 6. Retirement annuities, service pensions, disability benefits, and survivor benefits after December 31, 2015, are eligible for postretirement adjustments under section 356.415, subdivision 1c. The unit value for the calculation of a retirement annuity first payable after December 31, 2015, is the calendar year 2015 unit value, plus any annual postretirement adjustment percentage amount payable after December 31, 2015, under section 356.415, subdivision 1c, paragraph (a), clause (1).

Subd. 8. **Savings clause; dispute resolution.** In the event of any dispute by or on behalf of any former member of the consolidating relief association after the effective date of consolidation over the amount of a benefit to which the person may be entitled, the proper interpretation of a provision of Laws 2011, First Special Session chapter 8, article 6, or the conformity of the provisions of Laws 2011, First Special Session chapter 8, article 6, to the provisions of the benefit plan of the consolidating relief association in effect immediately before the date of the consolidation, the dispute shall be submitted in writing to the Legislative Commission on Pensions and Retirement by the person who is a party to the dispute, by the fraternal organization related to the former relief association, or by the executive director of the Public Employees Retirement Association. The Legislative Commission on Pensions and Retirement shall review the dispute as part of its deliberations on proposed or pending retirement legislation and shall make its recommendation on the resolution of the dispute, if any, to the appropriate committees of the senate and house of representatives with jurisdiction over public employee pension matters in the form of the necessary legislation amending the provisions of Laws 2011, First Special Session chapter 8, article 6, which proposed legislation must include retroactivity of any increase in a benefit amount to the date on which the benefit subject to dispute accrued or would have accrued.

History: *1Sp2011 c 8 art 6 s 8,19; 2012 c 187 art 1 s 62,63; 2014 c 296 art 9 s 1; 2019 c 50 art 1 s 110; 2024 c 85 s 102*

353.6512 ALTERNATIVE RETIREMENT BENEFIT COVERAGE IN CERTAIN INSTANCES.

Subdivision 1. **Applicability.** The alternative benefit coverage under this section applies only to an active member of the public employees police and fire retirement plan who was an active member of the former Minneapolis Police Relief Association on December 29, 2011, and who retires after December 30, 2011.

Subd. 2. **Retirement annuity.** (a) A member described in subdivision 1, if the member meets the eligibility requirements of paragraph (b), is only entitled to a retirement annuity under this subdivision.

(b) The member, upon application, if the person is at least age 50 and has credit for at least 20 years of allowable service, is entitled to a normal retirement annuity. The normal retirement annuity is the following amount based on the service credit of the retiring member as a Minneapolis police officer:

years of service	retirement annuity amount
20	35 units
21	36.6 units
22	38.2 units
23	39.8 units
24	41.4 units
25 or more	43 units

Subd. 3. **Disability benefit.** A member described in subdivision 1, if the member is disabled under section 353.01, subdivision 41 or 46, and has not yet attained the age of 50 years, is entitled to a disability benefit equal to 34 units.

Subd. 4. **Surviving spouse benefit.** A surviving spouse under section 353.01, subdivision 20, of a deceased member described in subdivision 1 is entitled to a surviving spouse benefit equal to 23 units.

Subd. 5. **Surviving dependent child benefit.** A surviving dependent child under section 353.01, subdivision 15, of a deceased member described in subdivision 1 is entitled to a surviving child benefit equal to eight units.

Subd. 6. **Surviving family benefit maximum.** The surviving spouse and surviving dependent child under subdivisions 4 and 5 are entitled to a combined family benefit under subdivisions 4 and 5 of 41 units.

Subd. 7. **Postretirement adjustments.** Retirement annuities, service pensions, disability benefits, and survivor benefits after December 31, 2015, are eligible for postretirement adjustments under section 356.415, subdivision 1c. The unit value for the calculation of a retirement annuity first payable after December 31, 2015, is the calendar year 2015 unit value, plus any annual postretirement adjustment percentage amount payable after December 31, 2015, under section 356.415, subdivision 1c, paragraph (a), clause (1).

Subd. 8. **Savings clause; dispute resolution.** In the event of any dispute by or on behalf of any former member of the consolidating relief association after the effective date of consolidation over the amount of a benefit to which the person may be entitled, the proper interpretation of a provision of Laws 2011, First Special Session chapter 8, article 7, or the conformity of the provisions of Laws 2011, First Special Session chapter 8, article 7, to the provisions of the benefit plan of the consolidating relief association in effect immediately before the date of the consolidation, the dispute shall be submitted in writing to the Legislative Commission on Pensions and Retirement by the person who is a party to the dispute, by the fraternal organization related to the former relief association, or by the executive director of the Public Employees Retirement Association. The Legislative Commission on Pensions and Retirement shall review the dispute as part of its deliberations on proposed or pending retirement legislation and shall make its recommendation on the resolution of the dispute, if any, to the appropriate committees of the senate and house of representatives with jurisdiction over public employee pension matters in the form of the necessary legislation amending the provisions of Laws 2011, First Special Session chapter 8, article 7, which proposed legislation must

include retroactivity of any increase in a benefit amount to the date on which the benefit subject to dispute accrued or would have accrued.

History: *1Sp2011 c 8 art 7 s 8,19; 2014 c 296 art 9 s 2; 2019 c 50 art 1 s 111; 2024 c 85 s 103*

353.652 SOCIAL SECURITY BENEFIT OFFSET.

(a) If a public employee continues in retirement plan coverage by the public employees police and fire retirement plan by virtue of this article and subsequently is covered by the federal old age, survivors, and disability insurance program for service as a Rice County correctional officer, the retirement annuity of the person under section 353.651 or the disability benefit of the person under section 353.656 must be reduced dollar for dollar for the Social Security benefit that the person is entitled to receive by virtue of Rice County correctional service rendered after the effective date of section 1.

(b) To be effective, the retirement annuity or disability benefit application form for a Rice County correctional employee must include signed written permission by the person for the Public Employees Retirement Association to obtain the necessary information from the federal old age, survivors, and disability insurance program to implement the offset provision in paragraph (a).

History: *1999 c 222 art 14 s 4*

353.654 [Repealed, 1973 c 753 s 85]

353.655 [Repealed, 1973 c 753 s 85]

353.656 DISABILITY BENEFITS.

Subdivision 1. **Duty disability; computation of benefits.** (a) A member of the police and fire plan who (1) is not a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, (2) has a condition that meets the definition of a duty disability under section 353.01, subdivision 41, and (3) has filed an application under section 353.031 that was approved by the executive director is entitled to receive disability benefits during the period of disability in an amount equal to 60 percent of the member's average salary as defined under section 353.01, subdivision 17a, plus an additional 3.0 percent of that average salary for each year of service in excess of 20 years.

(b) To be eligible for a benefit under paragraph (a), the member must have:

(1) not met the age and vesting requirements for a retirement annuity under section 353.651, subdivision 1; or

(2) met the age and vesting requirements under that subdivision, but does not have at least 20 years of allowable service credit.

(c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a period of 60 months from the disability benefit accrual date and at the end of that period is subject to provisions of subdivision 5a.

(d) If the disability under this subdivision occurs before the member has at least five years of allowable service credit in the police and fire plan, the disability benefit must be computed on the average salary from which deductions were made for contribution to the police and fire fund.

Subd. 1a. MS 2006 [Renumbered, subd 1b]

Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A member of the police and fire plan who (1) is not a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, (2) has a condition that meets the definition of a duty disability under section 353.01, subdivision 41, and that is also a total and permanent disability as defined under section 353.01, subdivision 19, and (3) has filed an application under section 353.031 that was approved by the executive director is entitled to receive, for life, a disability benefit in an amount equal to 99 percent of the member's average salary as defined under section 353.01, subdivision 17a. Beginning July 1, 2023, a member receiving a benefit under this paragraph must receive a disability benefit in an amount equal to the greater of 99 percent of the member's average salary as defined under section 353.01, subdivision 17a, in effect as of the date of the disability or the amount of the disability benefit the member was receiving on June 30, 2023.

(b) A disability benefit payable under paragraph (a) is subject to the reapplication requirements under section 353.33, subdivision 6, but the reapplication may be waived if the executive director receives a written statement from the medical advisor retained by the association under section 353.031, subdivision 5, that no improvement can be expected in the member's disability condition that was the basis for payment of the benefit under paragraph (a).

(c) A member receiving a disability benefit under this subdivision who is found to no longer have a total and permanent disability as defined under section 353.01, subdivision 19, but continues to have a duty disability as defined under section 353.01, subdivision 41, is subject to subdivision 1 upon written notice from the association's medical advisor that the person no longer has a total and permanent disability, and may, upon application, elect an optional annuity under subdivision 1b.

(d) If a member approved for disability benefits under this subdivision dies before attaining normal retirement age as defined under section 353.01, subdivision 37, paragraph (b), or within 60 months of the effective date of the disability, whichever is later, the surviving spouse is entitled to receive a survivor benefit under section 353.657, subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling condition for which disability benefits were approved, or section 353.657, subdivision 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition for which benefits were approved under this subdivision.

(e) If the election of an actuarial equivalent optional annuity is not made at the time the member is entitled to begin to receive total and permanent disability benefits, an election must be made within 90 days before the member attains normal retirement age as defined under section 353.01, subdivision 37, paragraph (b), or has collected total and permanent disability benefits for 60 months, whichever is later. If a member receiving disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

Subd. 1b. **Optional annuity election.** (a) A disabled member of the police and fire fund may elect to receive the normal disability benefit or an actuarial equivalent optional annuity. If the election of an actuarial equivalent optional annuity is made before the commencement of payment of the disability benefit, the member is entitled to begin payment of the optional annuity on the same date that the normal disability benefit would have begun. For the purpose of this subdivision, a "normal disability benefit" is a monthly benefit payable for the life of the member and equal to a percentage of the member's average salary as defined under section 353.01, subdivision 17a. The percentage is 60 percent if the disability is a duty disability under subdivision 1 or 99 percent if the disability is a total and permanent disability.

(b) If an election of an optional annuity is not made before the commencement of the disability benefit, the disability benefit recipient may elect an optional annuity:

(1) within 90 days before normal retirement age;

(2) upon the filing of an application to convert to an early retirement annuity, if electing to convert to an early retirement annuity before the normal retirement age;

(3) within 90 days before the expiration of the 60-month period for which a disability benefit is paid, if the disability benefit is payable because the disabled member did not have at least 20 years of allowable service at normal retirement age; or

(4) upon a determination that the disability benefit recipient continues to be disabled under subdivision 1, but no longer has a total and permanent disability under subdivision 1a.

(c) If a disabled member who has named a joint and survivor optional annuity beneficiary dies before the disability benefit ceases and is recalculated under subdivision 5a, the beneficiary eligible to receive the joint and survivor annuity may elect to have the annuity converted at the times designated in paragraph (b), clause (1), (2), or (3), whichever allows for the earliest payment of a higher joint and survivor annuity option resulting from recalculation under subdivision 5a, paragraph (e).

(d) A disabled member may name a person other than the spouse as beneficiary of a joint and survivor annuity only if the spouse of the disabled member permanently waives surviving spouse coverage on the disability application form prescribed by the executive director.

(e) If the spouse of the member permanently waives survivor coverage, the dependent child or children, if any, continue to be eligible for dependent child benefits under section 353.657, subdivision 3, and the designated optional annuity beneficiary may draw the monthly benefit.

(f) Any optional annuity under this subdivision, plus dependent child benefits, if applicable, are subject to the maximum and minimum family benefit amounts specified in section 353.657, subdivision 3a.

Subd. 2. MS 2022 [Repealed, 2023 c 48 s 33]

Subd. 2a. MS 2022 [Repealed, 2023 c 48 s 33]

Subd. 3. **Regular disability benefit.** (a) A member of the police and fire plan who (1) is not a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, (2) has at least one year of allowable service, (3) has a condition that meets the definition of a regular disability under section 353.01, subdivision 46, and (4) has filed an application under section 353.031 that was approved by the executive director is entitled to receive a disability benefit in an amount equal to 45 percent of the member's average salary as defined in section 353.01, subdivision 17a.

(b) To be eligible for a benefit under paragraph (a), the member must have at least one year of allowable service credit and have:

(1) not met the age and vesting requirements for a retirement annuity under section 353.651, subdivision 1; or

(2) met the age and vesting requirements under that subdivision, but does not have at least 15 years of allowable service credit.

(c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a period of 60 months from the disability benefit accrual date and, at the end of that period, is subject to provisions of subdivision 5a.

(d) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited

by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.

Subd. 3a. **Total and permanent regular disability; computation of benefits.** (a) A member of the police and fire plan who (1) is not a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, (2) has a condition that meets the definition of a regular disability under section 353.01, subdivision 46, and that is also a total and permanent disability as defined under section 353.01, subdivision 19, and (3) has filed an application under section 353.031 that was approved by the executive director is entitled to receive, for life, a disability benefit in an amount equal to 45 percent of the member's average salary as defined under section 353.01, subdivision 17a, plus an additional 3.0 percent of that average salary for each year of service in excess of 15 years.

(b) A disability benefit payable under paragraph (a) is subject to eligibility review under section 353.33, subdivision 6, but the review may be waived if the executive director receives a written statement from the association's medical advisor that no improvement can be expected in the member's disabling condition that was the basis for payment of the benefit under paragraph (a). A member receiving a disability benefit under this subdivision who is found to no longer have a total and permanent disability as defined under section 353.01, subdivision 19, but continues to have a regular disability as defined under section 353.01, subdivision 46, is subject to subdivision 3 upon written notice from the association's medical advisor that the person no longer has a total and permanent disability.

(c) A member approved for disability benefits under this subdivision may elect to receive a normal disability benefit or an actuarial equivalent optional annuity. If the election of an actuarial equivalent optional annuity is not made by the date on which the member is entitled to begin the total and permanent disability benefit, the election must be made within 90 days before the member attains normal retirement age as defined in section 353.01, subdivision 37, paragraph (b), or, if later, the date on which the member receives the 60th monthly payment of the disability benefit. No surviving spouse benefits are payable if the member dies during the period in which a normal disability benefit is being paid. If a member receiving disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies. For the purpose of this subdivision, a "normal disability benefit" is a monthly benefit payable for the life of the member.

Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to receive a disability benefit payment when there remains to the member's credit unused annual leave, sick leave, or any other employer-provided salary continuation plan, or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary as a police officer, a firefighter, or a paramedic as defined in section 353.64, subdivision 10, whichever applies.

(b) This paragraph applies to members who begin disability payments before July 1, 2023, and either are not required to reapply under section 353.031, subdivision 8, or have not reached the end of one year or three years, as applicable, when reapplication under section 353.031, subdivision 8, is required. If a disabled member resumes a gainful occupation with earnings that, when added to the single life disability benefit, and workers' compensation benefit if applicable, exceed the disability benefit recipient's reemployment earnings limit, the amount of the disability benefit must be reduced during the months of employment and receipt of workers' compensation benefits, if applicable, as provided in this paragraph. The disability benefit recipient's reemployment earnings limit is the greater of (1) the monthly salary earned at the date of disability, or (2) 125 percent of the base monthly salary currently paid by the employing governmental subdivision for similar positions.

The disability benefit must be reduced by one dollar for each three dollars by which the total amount of the current monthly disability benefit, any monthly workers' compensation benefits if applicable, and actual

monthly earnings exceed the greater disability benefit recipient's reemployment earnings limit. In no event may the monthly disability benefit as adjusted under this subdivision exceed the disability benefit originally allowed.

(c) This paragraph applies to members who begin disability payments or are required to reapply under section 353.031, subdivision 8, on or after July 1, 2023. Beginning the calendar year after application or reapplication, if a disabled member resumes a gainful occupation with earnings, the amount of the member's disability benefit must be reduced each year until normal retirement age by the sum of clauses (1) and (2), not to exceed the amount of the member's disability benefit:

(1) for members with less than 20 years of service for a duty disability benefit or less than 15 years of service for a regular disability benefit, one dollar for each dollar of reemployment earnings, but not more than the lesser of (i) and (ii), and not to exceed the employee contribution rate as defined under section 353.65, subdivision 2, multiplied by the average salary used to determine the amount of the member's disability benefit when granted:

(i) an amount equal to the employee contribution rate as defined under section 353.65, subdivision 2, multiplied by the average salary used to determine the amount of the member's disability benefit, when granted, multiplied by the difference between 20 for a duty disability benefit or 15 for a regular disability benefit and the member's years of service, divided by 55 minus the member's age at the time of disability; or

(ii) 50 percent of the member's yearly reemployment earnings; and

(2) for all members:

(i) one dollar for every two dollars, up to 125 percent of the base monthly salary, by which the sum exceeds the base monthly salary; and

(ii) one dollar for each dollar by which the sum exceeds 125 percent of the base monthly salary;

where "sum" means the sum of the current disability benefit plus actual monthly reemployment earnings and "base monthly salary" means the base monthly salary currently paid by the employing governmental subdivision for similar positions.

(d) Paragraphs (b) and (c) do not apply to a member receiving total and permanent disability benefits under section 353.656, subdivision 1a or 3a.

Subd. 5. [Repealed, 2007 c 134 art 4 s 36]

Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the payment of any disability benefit the first of the month following the reinstatement of a member to full time or less than full-time service in a position covered by the police and fire fund.

(b) A disability benefit paid to a disabled member of the police and fire plan, that was granted under laws in effect after June 30, 2007, terminates at the end of the month in which the member:

(1) reaches normal retirement age;

(2) if the disability benefit is payable for a 60-month period as determined under subdivisions 1 and 3, as applicable, the first of the month following the expiration of the 60-month period; or

(3) if the disabled member so chooses, the end of the month in which the member has elected to convert to an early retirement annuity under section 353.651, subdivision 4.

(c) If the police and fire plan member continues to be disabled when the disability benefit terminates under this subdivision, the member is deemed to be retired. The individual is entitled to receive a normal retirement annuity or an early retirement annuity under section 353.651, whichever is applicable, as further specified in paragraph (d) or (e). If the individual did not previously elect an optional annuity under subdivision 1b, paragraph (a), the individual may elect an optional annuity under subdivision 1b, paragraph (b).

(d) A member of the police and fire plan who is receiving a disability benefit under this section may, upon application, elect to receive an early retirement annuity under section 353.651, subdivision 4, at any time after attaining age 50, but must convert to a retirement annuity no later than the end of the month in which the disabled member attains normal retirement age. An early retirement annuity elected under this subdivision must be calculated on the disabled member's accrued years of service and average salary as defined in section 353.01, subdivision 17a, and when elected, the member is deemed to be retired.

(e) When an individual's disability benefit terminates under paragraph (b), clause (1) or (2), and is recalculated as a retirement annuity, the annuity must be based on clause (1) or (2), whichever provides the greater amount:

(1) the benefit amount at the time of reclassification, including all prior adjustments provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415; or

(2) a benefit amount computed on the member's actual years of accrued allowable service credit and the law in effect at the time the disability benefit first accrued, plus any increases that would have applied since that date under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

Subd. 6. [Repealed, 1993 c 307 art 4 s 54]

Subd. 6a. **Disability survivor benefits for members disabled before July 1, 2007.** (a) If a member who is receiving a disability benefit that was granted under the laws in effect before July 1, 2007, dies before attaining normal retirement age as defined under section 353.01, subdivision 37, paragraph (b), or within five years of the effective date of the disability, whichever is later, the surviving spouse shall receive a survivor benefit under section 353.657, subdivision 2, paragraph (a), clause (2); or 2a, unless the surviving spouse elected to receive a refund under section 353.32, subdivision 1. The joint and survivor optional annuity under subdivision 2a is based on the minimum disability benefit under subdivision 1 or 3, or the deceased member's allowable service, whichever is greater.

(b) If the disability benefit was granted under the laws in effect before July 1, 2007, and the disabled member is living at the age required for receipt of a retirement annuity under section 353.651, subdivision 1, or five years after the effective date of the disability, whichever is later, the disabled member may continue to receive a normal disability benefit, or the member may elect a joint and survivor optional annuity under section 353.30. The optional annuity is based on the minimum disability benefit under subdivision 1 or 3, or the member's allowable service, whichever is greater. The election of this joint and survivor annuity must occur within 90 days before attaining normal retirement age as defined under section 353.01, subdivision 37, paragraph (b), or within 90 days before the five-year anniversary of the effective date of the disability benefit, whichever is later. The optional annuity takes effect the first of the month following the month in

which the person attains the age required for receipt of a retirement annuity under section 353.651, subdivision 1, or reaches the five-year anniversary of the effective date of the disability benefit, whichever is later.

(c) If any disabled member dies while receiving a benefit and has a dependent child or children, the association shall grant a dependent child benefit under section 353.657, subdivision 3.

Subd. 7. [Repealed, 1992 c 432 art 2 s 51]

Subd. 8. **Application procedure to determine eligibility for police and fire plan disability benefits.** The application procedures to determine eligibility for police and fire plan disability benefits are defined under section 353.031.

Subd. 9. [Repealed, 2007 c 134 art 4 s 36]

Subd. 10. **Entitlement to receive a disability benefit.** (a) Except for a total and permanent disability under subdivision 1a, a member is entitled to begin to receive payment of a disability benefit when the member is no longer receiving any form of compensation, whether salary or paid leave 90 days preceding the filing of an application; or, if annual or sick leave, or any other employer-paid salary continuation plan is paid for more than the 90-day period, from the date on which the payment of salary ceased, whichever is later. Except for a total and permanent disability under subdivision 1a, no member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave, sick leave, or any other employer-paid salary continuation benefit, or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary.

(b) Payment of the disability benefit must not continue beyond the end of the month in which entitlement has terminated. If the disabled member dies prior to negotiating the check for the month in which death occurs, payment must be made to the surviving spouse or, if none, to the designated beneficiary or, if none, to the estate.

Subd. 11. [Repealed, 2007 c 134 art 4 s 36]

Subd. 12. [Repealed, 2007 c 134 art 4 s 36]

Subd. 13. **Substance use disorder limitations to disability benefit eligibility.** (a) No benefits are payable for any disability resulting in whole or in part from the member's current use of illegal drugs. This exclusion does not apply to a member who:

(1) has successfully completed a supervised drug rehabilitation program or has otherwise been rehabilitated successfully and is no longer engaging in such use; or

(2) is participating in a supervised rehabilitation program and is no longer engaging in such use.

(b) "Illegal use of drugs" means the use of drugs, the possession or distribution of which is unlawful under United States Code, title 21, section 801. "Illegal use of drugs" does not include the use of a drug taken under the supervision of a licensed health care professional, or other uses authorized by United States Code, title 21, or other provisions of law.

Subd. 14. **Postretirement adjustment eligibility.** A disability benefit under this section is eligible for postretirement adjustments under section 356.415.

History: *1971 c 297 s 3; 1973 c 753 s 72-74; 1975 c 102 s 20,21; 1975 c 359 s 23; 1976 c 329 s 28; 1977 c 429 s 63; 1978 c 796 s 38; 1979 c 216 s 19; 1981 c 68 s 23,24; 1981 c 180 s 16; 1981 c 224 s 96; 1983 c 85 s 2; 1Sp1985 c 7 s 15; 1986 c 444; 1987 c 284 art 5 s 14,15; 1987 c 372 art 1 s 7; art 9 s 20,21;*

1989 c 319 art 3 s 22; art 17 s 14,15; 1990 c 570 art 11 s 9,10; 1991 c 341 s 23; 1992 c 432 art 2 s 19; 1993 c 307 art 4 s 34-39; 1993 c 352 s 5; 1994 c 463 s 1; 1997 c 233 art 1 s 42; 2000 c 461 art 3 s 23,24; 2002 c 392 art 11 s 52; 2004 c 267 art 8 s 20-25; 1Sp2005 c 8 art 1 s 14; 2006 c 212 art 3 s 35; 2006 c 271 art 3 s 29; art 4 s 1-3; 2007 c 134 art 4 s 15-25; 2008 c 349 art 5 s 23; art 12 s 1; 2009 c 169 art 1 s 40,41; 1Sp2011 c 8 art 6 s 9-12,19; art 7 s 9-12,19; 2012 c 286 art 6 s 4; 2013 c 111 art 4 s 9-11; 2015 c 68 art 12 s 19-23; 2020 c 108 art 6 s 13,14; 2022 c 98 art 4 s 51; 2023 c 48 s 22-29

353.657 SURVIVOR BENEFITS.

Subdivision 1. **Generally.** (a) In the event that a member of the police and fire fund, other than a firefighter covered by section 353.6511, or a police officer covered by section 353.6512, dies from any cause before retirement or before receiving disability benefits, the association shall grant survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, and to a dependent child or children, as defined in section 353.01, subdivision 15, except that if the death is not a line of duty death, the member must be partially or 100 percent vested under section 353.01, subdivision 47.

(b) Notwithstanding the definition of surviving spouse, a former spouse of the member, if any, is entitled to a portion of the monthly surviving spouse benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a monthly surviving spouse benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The spouse and dependent child or children are entitled to monthly benefits as provided in subdivisions 2 to 4.

Subd. 2. **Benefit amount.** (a) The spouse of a deceased member is entitled to receive a monthly benefit for life equal to the following percentage of the member's average salary, as defined in section 353.01, subdivision 17a, paragraph (c), as a member of the police and fire plan:

(1) if the death was a line of duty death, 60 percent of the average salary is payable; and

(2) if the death was not a line of duty death or if death occurred while receiving disability benefits that accrued before July 1, 2007, 50 percent of the average salary is payable.

(b) If the member's status changed from full time to part time due to health reasons during the last 12 months of employment, notwithstanding the definition of average salary in section 353.01, subdivision 17a, paragraph (c), the average salary used to compute the monthly survivor benefit must be based on the full-time salary rate of the position held as a member of the police and fire plan in effect over the last six months of allowable service preceding the month in which the death occurred.

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and either who is vested under section 353.01, subdivision 47, or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

(b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision

1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The benefit may be elected instead of a refund with interest under section 353.32, subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, subdivision 3, and 353.30, subdivision 3.

(d) The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Section 353.34, subdivision 3, applies to a deferred annuity payable under this subdivision.

(e) No payment accrues beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member.

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

(g) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.

Subd. 3. **Dependent children.** (a) A dependent child, as defined in section 353.01, subdivision 15, is entitled to receive a monthly benefit equal to ten percent of the member's average salary, as defined in section 353.01, subdivision 17a, paragraph (c), as a member of the police and fire plan.

(b) If the member's status changed from full time to part time due to health reasons during the last 12 months of employment, notwithstanding the definition of average salary in section 353.01, subdivision 17a, paragraph (c), the average salary used to compute the monthly dependent child benefit must be based on the full-time salary rate of the position held as a member of the police and fire plan in effect over the last six months of allowable service preceding the month in which the death occurred.

(c) Payments for the benefit of a dependent child must be made to the surviving parent, or to the legal guardian of the child or to any adult person with whom the child may at the time be living, provided only that the parent or other person to whom any amount is to be paid advises the board in writing that the amount will be held or used in trust for the benefit of the child.

Subd. 3a. **Maximum and minimum family benefits.** (a) The maximum monthly benefit per family must not exceed the following percentages of the member's average monthly salary as specified in subdivision 3:

(1) 80 percent, if the member's death was a line of duty death; or

(2) 70 percent, if the member's death was not a line of duty death or occurred while the member was receiving a disability benefit that accrued before July 1, 2007.

(b) The minimum monthly benefit per family, including the joint and survivor optional annuity under subdivision 2a, and section 353.656, subdivision 1a, must not be less than the following percentage of the member's average monthly salary as specified in subdivision 3:

(1) 60 percent, if the death was a line of duty death; or

(2) 50 percent, if the death was not a line of duty death or occurred while the member was receiving a disability benefit that accrued before July 1, 2007.

(c) If the maximum under paragraph (a) is exceeded, the monthly benefit of the joint annuitant, surviving spouse, and dependent children, as applicable, must each be reduced proportionately so that the total family benefit does not exceed the applicable maximum. The joint and survivor optional annuity, surviving spouse, or dependent children benefit, as applicable, must be restored, plus applicable postretirement adjustments under Minnesota Statutes 2008, section 356.41 or section 356.415, as the dependent child or children become no longer dependent under section 353.01, subdivision 15, or in the event of the death of the joint and survivor annuity recipient or the surviving spouse.

Subd. 4. **Relation to workers' compensation law.** If the member shall die under circumstances which entitle a surviving spouse and dependent children to receive benefits under the workers' compensation law, the amounts so received by them shall not be deducted from the benefits payable under this section.

Subd. 5. **Postretirement adjustment eligibility.** A survivor benefit under this section is eligible for postretirement adjustments under section 356.415.

History: *1971 c 297 s 4; 1973 c 753 s 75-77; 1974 c 229 s 20; 1975 c 102 s 22; 1975 c 359 s 23; 1978 c 471 s 7; 1978 c 796 s 39; 1980 c 607 art 15 s 3; 1981 c 180 s 17; 1982 c 404 s 9; 1Sp1985 c 7 s 16; 1986 c 444; 1986 c 458 s 13; 1987 c 284 art 5 s 16; 1987 c 372 art 1 s 8; art 9 s 22; 1989 c 319 art 13 s 45; art 17 s 16,17; 1990 c 570 art 11 s 11; 1991 c 269 art 2 s 7; 1991 c 341 s 24; 1992 c 432 art 2 s 20-22; 1Sp2005 c 1 art 4 s 97; 2007 c 134 art 4 s 26-29; 2008 c 349 art 4 s 5; 2009 c 169 art 1 s 42,43; 2010 c 359 art 1 s 39,40; 1Sp2011 c 8 art 6 s 13,19; art 7 s 13,19; 2013 c 111 art 3 s 10-12; art 11 s 10,11; 2020 c 108 art 6 s 15; 2022 c 65 art 9 s 8*

353.659 LOCAL RELIEF ASSOCIATION CONSOLIDATION ACCOUNT BENEFITS.

(a) For any person who had prior service covered by a local police or firefighter relief association which has merged with the public employees police and fire retirement plan and who has elected the type of benefit coverage provided by the public employees police and fire fund benefit plan as permitted by the applicable law, the retirement benefits payable are governed by the applicable provisions of this chapter.

(b) For any person who had prior service covered by a local police or firefighter relief association which has merged with the public employees police and fire retirement plan and who did not elect the type of benefit coverage provided by the public employees police and fire fund benefit plan as permitted by the applicable law, the retirement benefits payable are governed by the provisions of Minnesota Statutes 2012, sections 353B.01 to 353B.13, which applied to the applicable former relief association or by section 353.6511 or 353.6512, if applicable.

History: *1987 c 296 s 7; 1992 c 432 art 2 s 23; 2013 c 111 art 5 s 54; 2026 c 106 art 15 s 26*

353.66 [Repealed, 1973 c 753 s 85]

353.661 [Repealed, 1989 c 319 art 3 s 26]

353.662 [Repealed, 1989 c 319 art 3 s 26]

353.663 [Repealed, 1Sp2005 c 8 art 10 s 81]

353.665 MERGER OF CERTAIN CONSOLIDATION ACCOUNTS INTO PERA-P&F.

Subdivision 1. **Application.** (a) This section applies to the local police and fire relief associations or consolidation accounts that merged with the public employees police and fire plan and fund and are specified in paragraph (b).

(b) The former local police or fire relief associations or consolidation accounts are:

(1) the former local police and fire consolidation accounts that merged with the public employees police and fire retirement plan and fund under Laws 1999, chapter 222, article 4;

(2) the former Minneapolis Firefighters Relief Association;

(3) the former Minneapolis Police Relief Association;

(4) the former Fairmont Police Relief Association; and

(5) the former Virginia Fire Consolidation Account.

Subd. 2. [Repealed, 2013 c 111 art 5 s 81]

Subd. 3. [Repealed, 2013 c 111 art 5 s 81]

Subd. 4. [Repealed, 2013 c 111 art 5 s 81]

Subd. 5. **Benefit coverage for certain former local relief association or consolidation account members.** (a) Except as provided in paragraph (b), (e), or (f), the annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of a former merged local police or fire consolidation account who did not elect coverage by all or a portion of the public employees police and fire retirement plan as permitted by applicable law must be calculated or computed under the benefit plan provisions of the applicable former local police or paid firefighter relief association.

(b) The annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of the former Minneapolis Firefighters Relief Association or of the former Minneapolis Police Relief Association who had that status as of December 29, 2011, continue after consolidation in the same amount and under the same terms as provided in chapter 423B or 423C, respectively, and the bylaws in effect as of that date, except that the unit value is governed by section 353.01, subdivisions 10a and 10b, respectively, and the postretirement adjustments after December 31, 2015, must be calculated solely under section 353.6511, subdivision 7.

(c) On behalf of former members of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association, the executive director shall withhold any health insurance or dental insurance premiums designated by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis. The Public Employees Retirement Association may charge a necessary and reasonable monthly administrative fee to the city of Minneapolis for this function and bill it in addition to the employer contribution under section 353.65, subdivision 3, paragraph (b). Notwithstanding any provision of chapter 13 to the contrary, the executive director shall provide the city of Minneapolis with the current addresses of former members of the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association. The city of Minneapolis shall continue to administer the health and dental insurance programs as constituted May 1, 2011, for the former members of the former Minneapolis relief associations.

(d) The executive director shall cooperate with the Minneapolis Firefighters Fraternal Association and the Minneapolis Police Fraternal Association to ensure adequate communications with the former members of the former Minneapolis Firefighters Relief Association or the Minneapolis Police Relief Association consistent with Public Employees Retirement Association policy.

(e) The annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of the former Fairmont Police Relief Association must be calculated or computed under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section 4, except that the annual base salary figure for pension and benefit determinations upon consolidation and for the balance of calendar year 2012 is $106,666.67 and after December 31, 2012, annual postretirement adjustments of pensions and benefits in force must be calculated solely under section 356.415, subdivision 1c.

(f) The annuity, service pension, disability pension or benefit, or survivor benefit attributable to or of a former member of the former Virginia firefighters consolidation account must be calculated or computed under the election made under Minnesota Statutes 2012, section 353A.08, unless the person made a subsequent election under Minnesota Statutes 2012, section 353.6691, subdivision 4, subject to any additional ad hoc postretirement adjustment under Minnesota Statutes 2012, section 353.6691, subdivision 5, paragraph (d).

Subd. 5a. **Continuing provisions; prior Minneapolis relief associations.** (a) **Health insurance account retention.** The health insurance account of the former Minneapolis Firefighters Relief Association and the health insurance account of the former Minneapolis Police Relief Association shall remain with the financial institution holding the applicable account on July 1, 2013, if the applicable financial institution adequately performs all trustee and fiduciary duties with respect to the applicable account as a condition of the retention of the account.

(b) **Health insurance account administrative expenses.** Under Laws 2011, First Special Session chapter 8, article 6, section 14, and article 7, section 14, three years of expected administrative expenses were prepaid from the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association health insurance accounts to the financial institution holding the applicable account. After the three-year prepayment period, the beneficiaries of the applicable account are responsible for the payment of administrative expenses related to the operation of the account.

(c) **Successor in interest.** The public employees police and fire retirement plan and fund is the successor in interest to all claims for or against the former Minneapolis Firefighters Relief Association and the former Minneapolis Police Relief Association. The public employees police and fire retirement plan and fund is not liable for any claim against a former Minneapolis relief association, its governing board, or its administrative staff acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were not undertaken in good faith. The public employees police and fire retirement plan may assert any applicable defense to any claim in any judicial or administrative proceeding that the applicable Minneapolis relief association, its board, or its administrative staff would otherwise have been entitled to assert, and the public employees police and fire retirement plan may assert any applicable defense that it has in its capacity as a statewide agency.

(d) **Indemnification.** The Public Employees Retirement Association shall indemnify any former fiduciary of the Minneapolis relief associations consistent with the provisions of section 356A.11. The indemnification may be effected by the purchase by the Public Employees Retirement Association of reasonable fiduciary liability tail insurance for the officers and directors of the former Minneapolis relief association.

Subd. 6. [Repealed, 2013 c 111 art 5 s 81]

Subd. 7. [Repealed, 2013 c 111 art 5 s 81]

Subd. 8. **Member and employer contributions.** (a) Except as provided in paragraph (b), (c), or (d), the employee contribution rate for merged former consolidation account active members is the rate specified in section 353.65, subdivision 2, and the regular municipal contribution rate on behalf of merged former consolidation account active members is the rate specified in section 353.65, subdivision 3.

(b) With respect to active members of the merged former Minneapolis Firefighters Relief Association and the merged former Minneapolis Police Relief Association, there are no employee contributions payable and the employer contribution on behalf of those active members is at the rate specified in section 353.65, subdivision 3, applied to the active member's salary.

(c) If there are assets of the former Fairmont Police Relief Association in excess of the present value of future benefits as of June 29, 2012, these assets must be credited to an interest-bearing suspense account within the public employees police and fire retirement fund, must be used to offset any amount payable under paragraph (a) until June 30, 2015, and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must be credited with the same rate of investment return as the public employees police and fire retirement fund. If, after June 29, 2012, the investment return actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and the amortization contribution by the city of Fairmont for the balance of the amortization period must be redetermined by the actuary retained under section 356.214 and certified by the executive director to the city of Fairmont.

(d) If there was a remainder present value of future benefits amounts under Minnesota Statutes 2012, section 353.6691, subdivision 5, paragraph (a), the city of Virginia shall pay an additional municipal contribution annually on or before December 31 sufficient to amortize on a level annual dollar basis by December 31, 2020, that remainder present value of future benefits amounts of the former Virginia fire department consolidation account. If, after June 29, 2012, the investment return actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and any amortization contribution by the city of Virginia for the balance of the amortization period must be redetermined by the actuary retained under section 356.214 and certified by the executive director to the city of Virginia.

Subd. 8a. **City of Minneapolis contribution for firefighters and police.** (a) Until July 15, 2018, the city of Minneapolis shall make a contribution annually to the public employees police and fire retirement plan on July 15, set at the amount calculated as of December 30, 2011, as sufficient to amortize, on a level annual dollar basis by December 31, 2031, the unfunded present value figure calculated as required by Minnesota Statutes 2012, sections 353.667, subdivision 6, paragraph (a), and 353.668, subdivision 6, paragraph (a).

(b) Beginning July 15, 2019, and every July 15 thereafter until and including July 15, 2031, the city of Minneapolis shall make a contribution annually to the public employees police and fire retirement plan equal to $3,188,735, attributable to the former Minneapolis Firefighters Relief Association, and $4,489,837, attributable to the former Minneapolis Police Relief Association.

Subd. 9. [Repealed, 2013 c 111 art 5 s 81]

Subd. 10. [Repealed, 2013 c 111 art 5 s 81]

History: *1999 c 222 art 4 s 10; 2002 c 392 art 11 s 52; 2006 c 271 art 3 s 47; 2009 c 101 art 2 s 109; 2009 c 169 art 1 s 44; 2013 c 111 art 5 s 55-58; 1Sp2019 c 8 art 2 s 11,12; art 8 s 23; 2026 c 106 art 15 s 26*

353.666 PAST SERVICE CREDIT FOR CERTAIN MEMBERS EXTENDED COVERAGE.

(a) A member to whom public employees police and fire retirement plan membership was extended under section 353.64, subdivision 11, may receive retroactive service credit in the public employees police and fire retirement plan for service as a Tribal police officer rendered before the effective date of membership of the Tribal police department employee in the police and fire fund, provided that the employee and the police department did not make contributions into a qualified tax-deferred retirement plan for that employment period.

(b) The request for retroactive coverage must be in writing and must be filed with the association within 60 days of when police and fire fund membership commenced. The prior service credit purchase payment is governed by section 356.551, except that the member must pay an amount equal to the employee salary deductions. The employee salary deductions for the retroactive period must be based on the police and fire pension plan member contribution rates in effect when the service was rendered and applied to the salary amount that was earned and paid to the police officer. The employer must pay the balance of the prior service credit purchase payment amount within 30 days of the member contribution payment.

History: *2000 c 461 art 7 s 3; 2005 c 10 art 5 s 4*

353.667 [Repealed, 2013 c 111 art 5 s 81]

353.668 [Repealed, 2013 c 111 art 5 s 81]

353.669 [Repealed, 2013 c 111 art 5 s 81]

353.6691 [Repealed, 2013 c 111 art 5 s 81]

353.67 APPLICATION FOR ANNUITY.

Application for retirement annuity may be made by a member or by someone authorized to act in behalf of the member.

History: *1959 c 650 s 35; 1965 c 880 s 9; 1986 c 444*

353.68 SCOPE AND APPLICATION.

Subdivision 1. **Application.** The general provisions of this chapter apply to all police officers and firefighters who are members of the police and fire fund and also to all governmental subdivisions employing such members except where otherwise specifically provided in sections 353.63 to 353.68.

Subd. 2. [Repealed, 1973 c 753 s 85]

Subd. 3. [Repealed, 1973 c 753 s 85]

Subd. 4. **Deferred annuity.** The deferred annuity of section 353.34, subdivision 3, as it applies to members of the police and fire fund, begins and is computed in the manner provided in section 353.651 on

the basis of the law in effect on the date of termination of public service. The deferred annuity is augmented under section 353.34, subdivision 3.

Subd. 5. [Repealed, 1973 c 753 s 85]

Subd. 6. [Repealed, 1973 c 753 s 85]

Subd. 7. [Repealed, 1973 c 753 s 85]

Subd. 8. [Repealed, 1973 c 753 s 85]

Subd. 9. [Repealed, 1973 c 753 s 85]

History: *1959 c 650 s 36; 1961 c 743 s 3; 1963 c 639 s 2; 1963 c 641 s 35-37; 1963 c 659 s 1; 1965 c 814 s 2; Ex1967 c 37 s 4; 1969 c 940 s 15; 1971 c 412 s 3; 1973 c 753 s 78; 1992 c 432 art 2 s 24; 2022 c 65 art 9 s 9*

353.69 [Repealed, 2007 c 134 art 2 s 50]

353.70 [Repealed, 1963 c 641 s 38]

353.71 MS 2016 [Repealed, 2018 c 211 art 2 s 4]

353.74 [Repealed, 1Sp2005 c 8 art 10 s 81]

353.75 [Repealed, 1Sp2005 c 8 art 10 s 81]

353.76 [Special]

353.77 [Special]

353.78 [Special]

353.79 [Special]

353.80 [Special]

353.81 [Special]

353.82 [Special]

353.83 [Repealed, 2015 c 68 art 12 s 42; art 13 s 65]

353.84 [Repealed, 2015 c 68 art 12 s 42; art 13 s 65]

353.85 [Repealed, 2015 c 68 art 12 s 42; art 13 s 65]

353.855 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION.

Notwithstanding any law to the contrary, any person whose employment by, or assumption of a position as an appointed or elected officer of, the city of Minneapolis, any of the boards, departments, or commissions operated as a department of the city of Minneapolis or independently if financed in whole or in part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the former Minneapolis Employees Retirement Fund, or Special School District Number 1 if the person is not a member of the Teachers Retirement Association by virtue of that employment or position, initially commences on or after July 1,

1979, is a member of the general employees retirement plan of the Public Employees Retirement Association unless excluded from membership under section 353.01, subdivision 2b.

History: *1979 c 303 art 6 s 10; 1981 c 224 s 193; 1981 c 298 s 11; 2010 c 359 art 11 s 22,26*

353.86 MS 2022 [Repealed, 2024 c 102 art 12 s 6]

353.87 VOLUNTEER FIREFIGHTERS; PARTICIPATION.

Subdivision 1. **Participation.** A volunteer firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was a member of, and a participant in, the general employees retirement fund or the public employees police and fire fund and was making contributions to either of those funds based, at least in part, on compensation for services performed as a volunteer firefighter shall continue as a member of, and a participant in, the general employees retirement fund or the public employees police and fire fund and compensation for services performed as a volunteer firefighter must be considered salary.

Subd. 2. MS 2022 [Repealed, 2024 c 102 art 12 s 6]

Subd. 3. MS 2022 [Repealed, 2024 c 102 art 12 s 6]

Subd. 4. MS 2022 [Repealed, 2024 c 102 art 12 s 6]

Subd. 5. [Repealed, 1990 c 570 art 11 s 13]

History: *1989 c 319 art 3 s 24; 2010 c 359 art 12 s 16,17; 2024 c 102 art 12 s 2*

353.88 [Repealed, 2010 c 359 art 2 s 19]

353.95 ACCOUNT FOR DULUTH POSTEMPLOYMENT BENEFITS.

Subdivision 1. **Establishment.** The Public Employees Retirement Association may administer an account representing the irrevocable trust fund established by the city of Duluth to be used only to fund and pay for the postemployment benefits owed to retired employees in accordance with language contained in labor agreements between the city and its employee bargaining units, or between participating subgroups in the city's health plan and their retirees. The city of Duluth investment committee shall serve as trustee of the irrevocable trust.

Subd. 2. **Definition.** For purposes of this section, "postemployment benefit" means a benefit giving rise to a liability under Statement 45 of the Governmental Accounting Standards Board, and therefore does not include benefits to be paid by a Minnesota public pension plan listed in section 356.20, subdivision 2, or 356.30, subdivision 3, and benefits provided on a defined contribution individual account basis.

Subd. 3. **Account maintenance and investment.** (a) The Public Employees Retirement Association may charge the city fees for reasonable administrative costs, and the amount of those fees is appropriated to the association from the account. The Public Employees Retirement Association may establish other terms and conditions for participation in the account.

(b) The Public Employees Retirement Association must certify all money in the account to the State Board of Investment for investment in the combined investment funds established in section 11A.14, subject to the policies and procedures established by the State Board of Investment. Investment earnings must be credited to the account of the city. At least quarterly, the State Board of Investment shall provide to the city of Duluth the total rate of return for the assets invested by the board for the city of Duluth under this section.

The State Board of Investment shall also include in its annual report the annual total rate of return results for those assets.

Subd. 4. **Management and termination of account.** The city may deposit money in the account and may withdraw money from the account as needed for postemployment benefits owed on behalf of retired employees of the city or its subgroups. Such transactions must be at a time and in a manner required by the executive director of the Public Employees Retirement Association. The city of Duluth must ensure that the investment and management of the assets complies with the prudent investor rule in section 501C.0901 and that withdrawals comply with the requirements of this section. The account may be terminated only to the extent the city's postemployment benefit actuarial liability is satisfied or otherwise defeased. The city shall file with the state auditor an investment policy statement under section 356.219, subdivision 3, paragraph (a).

Subd. 5. **Status of irrevocable fund.** (a) All money in the account representing the irrevocable fund created in this section is held in trust for the exclusive benefit of retired employees of the city and of subgroups participating in the city's health plan, and is not subject to claims by creditors of the state, the city, the city's subgroups, or the current and former employees of the city or its subgroups.

(b) The irrevocable trust fund underlying the account created in this section must be deemed an arrangement equivalent to a trust for all legal purposes.

History: *2007 c 14 s 2; 2015 c 5 art 15 s 4*