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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1508

03/05/2015 Authored by O'Driscoll

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

04/23/2015 Adoption of Report: Amended and re-referred to the Committee on Rules and Legislative Administration

1.1 A bill for an act
1.2 relating to retirement; modifying actuarial assumptions; modifying postretirement
1.3 adjustment triggers; modifying contribution stabilizers; amending police and
1.4 firefighter retirement state supplemental aid; creating a monthly benefit division
1.5 of the statewide volunteer firefighter retirement plan; adopting recommendations
1.6 of the volunteer firefighter relief association working group; modifying local
1.7 firefighter relief associations; making small group retirement changes; making
1.8 administrative changes to the Minnesota State Retirement System, Teachers
1.9 Retirement Association, and Public Employees Retirement Association; making
1.10 technical and conforming changes; merging the Minneapolis Employees
1.11 Retirement Fund Division into PERA-General; requiring a state financial
1.12 contribution to fund the merger; permanently extending supplemental fire state
1.13 aid to volunteer firefighter relief associations; amending Minnesota Statutes
1.14 2014, sections 3A.03, subdivision 2; 11A.17, subdivision 2; 69.051, subdivision
1.15 1a; 69.80; 256D.21; 352.01, subdivisions 2a, 11, 13a, 15; 352.017, subdivision
1.16 2; 352.021, subdivisions 1, 3, 4; 352.029, subdivision 2; 352.04, subdivisions
1.17 8, 9; 352.045; 352.22, subdivisions 8, 10; 352.23; 352.27; 352.75, subdivision
1.18 2; 352.87, subdivision 8; 352.91, subdivision 3e; 352.955, subdivision 3;
1.19 352B.011, subdivision 3; 352B.013, subdivision 2; 352B.07; 352B.085;
1.20 352B.086; 352B.10, subdivision 5; 352B.105; 352B.11, subdivision 4; 352B.25;
1.21 352D.02, subdivision 1; 352D.05, subdivision 4; 352D.11, subdivision 2;
1.22 352D.12; 353.01, subdivisions 2a, 2b, 6, 10, 11a, 16, 17, 28, 36, 48; 353.0161,
1.23 subdivision 2, by adding a subdivision; 353.0162; 353.017, subdivision 2;
1.24 353.03, subdivision 3; 353.031, subdivisions 5, 10; 353.05; 353.06; 353.27,
1.25 subdivisions 1, 3b, 7a, 10, 12, 12a, by adding a subdivision; 353.28, subdivision
1.26 5; 353.29, subdivision 7; 353.33, subdivisions 6, 13; 353.34, subdivision 1;
1.27 353.35, subdivision 1; 353.37, subdivision 1; 353.46, subdivisions 2, 6; 353.50,
1.28 subdivision 6; 353.505; 353.64, subdivisions 7a, 8, 9, 10; 353.656, subdivisions
1.29 1a, 1b, 2, 4, 5a; 353D.03, subdivision 3; 353D.071, subdivision 2; 353E.06,
1.30 subdivisions 5, 6; 353F.01; 353F.02, subdivisions 3, 5a; 353F.04, subdivision
1.31 2; 353F.051, subdivisions 1, 2, 3; 353G.01, subdivisions 6, 7, 11, 12, by adding
1.32 subdivisions; 353G.02; 353G.03; 353G.04; 353G.05; 353G.06; 353G.07;
1.33 353G.08; 353G.09; 353G.10; 353G.11; 353G.115; 353G.12, subdivision 2,
1.34 by adding a subdivision; 353G.13; 353G.14; 353G.15; 353G.16; 354.05,
1.35 subdivisions 10, 13, 25; 354.07, subdivision 5; 354.092, subdivision 4; 354.42,
1.36 subdivisions 1a, 4b, 4d; 354.44, subdivisions 8, 9; 354.445; 354.45, subdivision
1.37 1a; 354.48, subdivision 3; 354.51, subdivisions 1, 5; 354.52, subdivision
1.38 4c; 354.55, subdivision 10; 354.72, subdivision 2; 354A.011, subdivision 6;
1.39 354A.092; 354A.093, subdivision 6; 354A.096; 354A.108; 354A.12, subdivision

2.1 3c; 354A.29, subdivisions 7, 8, 9; 354A.31, subdivision 7; 354A.38, subdivision
 2.2 3; 355.01, subdivision 3j; 355.07; 356.195, subdivision 2; 356.214, subdivision
 2.3 1; 356.215, subdivisions 1, 8, 11, 18; 356.245; 356.30, subdivision 3; 356.302,
 2.4 subdivision 7; 356.303, subdivision 4; 356.32, subdivisions 1, 2; 356.40;
 2.5 356.401, subdivision 3; 356.407, subdivisions 1, 2; 356.415, subdivisions 1, 1a,
 2.6 1c, 1d, 1e, 1f, 2; 356.431; 356.44; 356.461, subdivision 2; 356.465, subdivision
 2.7 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.62; 356.635, subdivision
 2.8 9, by adding a subdivision; 356B.10, subdivisions 2, 3, 4, 5, 6, 7; 423A.02,
 2.9 subdivision 1b; 423A.022, subdivision 5; 424A.001, subdivision 10, by adding
 2.10 a subdivision; 424A.002, subdivision 1; 424A.016, subdivision 4; 424A.02,
 2.11 subdivisions 3, 3a, 9a; 424A.05, subdivisions 2, 3; 424A.092, subdivisions 3,
 2.12 6; 424A.093, subdivisions 5, 6; 480.181, subdivision 2; 490.121, subdivision 4;
 2.13 490.1211; 490.124, subdivision 12; proposing coding for new law in Minnesota
 2.14 Statutes, chapter 353G; repealing Minnesota Statutes 2014, sections 352.271;
 2.15 352.75, subdivisions 1, 3, 4, 5, 6; 352.76; 352.91, subdivisions 3a, 3b; 352B.29;
 2.16 353.01, subdivision 49; 353.025; 353.27, subdivision 1a; 353.50, subdivisions 1,
 2.17 2, 3, 4, 5, 7, 8, 9, 10; 353.83; 353.84; 353.85; 353D.03, subdivision 4; 354.146,
 2.18 subdivisions 1, 3; 354.33, subdivisions 5, 6; 354.39; 354.55, subdivisions 13,
 2.19 16, 19; 354.58; 354.71; 354A.35, subdivision 2a; 354A.42; 356.405; 356.49,
 2.20 subdivision 2; 424A.03, subdivision 3.

2.21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

2.22 **ARTICLE 1**

2.23 **INTEREST, SALARY, AND PAYROLL GROWTH ASSUMPTION CHANGES**

2.24 Section 1. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

2.25 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the
 2.26 applicable following interest assumption:

2.27 (1) select and ultimate interest rate assumption

2.28 plan	ultimate interest 2.29 rate assumption
2.30 general state employees retirement plan	8.5%
2.31 correctional state employees retirement plan	8.5
2.32 State Patrol retirement plan	8.5
2.33 legislators retirement plan, and for the	0
2.34 constitutional officers calculation of total plan	
2.35 liabilities	
2.36 judges retirement plan	8.5
2.37 general public employees retirement plan	8.5
2.38 public employees police and fire retirement plan	8.5
2.39 local government correctional service	8.5
2.40 retirement plan	
2.41 teachers retirement plan	8.5%
2.42 St. Paul teachers retirement plan	8.5

2.43 Except for the ~~legislators retirement plan and the constitutional officers calculation~~
 2.44 ~~of total plan liabilities~~, The select preretirement interest rate assumption for the period
 2.45 ~~after June 30, 2012~~, through June 30, 2017, is 8 percent.

3.1	(2) single rate interest rate assumption	
3.2		interest rate
3.3	plan	assumption
3.4	<u>general state employees retirement plan</u>	<u>8%</u>
3.5	<u>correctional state employees retirement plan</u>	<u>8</u>
3.6	<u>State Patrol retirement plan</u>	<u>8</u>
3.7	<u>legislators retirement plan, and for the</u>	<u>0</u>
3.8	<u>constitutional officers calculation of total plan</u>	
3.9	<u>liabilities</u>	
3.10	<u>judges retirement plan</u>	<u>8</u>
3.11	<u>general public employees retirement plan</u>	<u>8</u>
3.12	<u>public employees police and fire retirement plan</u>	<u>8</u>
3.13	<u>local government correctional service retirement</u>	<u>8</u>
3.14	<u>plan</u>	
3.15	<u>St. Paul teachers retirement plan</u>	<u>8</u>
3.16	Bloomington Fire Department Relief Association	6
3.17	local monthly benefit volunteer firefighters relief	5
3.18	associations	

3.19 (b)(1) If funding stability has been attained, the valuation must use a postretirement
 3.20 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
 3.21 in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1,
 3.22 whichever applies.

3.23 (2) If funding stability has not been attained, the valuation must use a select
 3.24 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment
 3.25 rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415,
 3.26 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the
 3.27 approved actuary estimates that the plan will attain the defined funding stability measure,
 3.28 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal
 3.29 to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29,
 3.30 subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning
 3.31 when funding stability is projected to be attained.

3.32 (c) The actuarial valuation must use the applicable following single rate future salary
 3.33 increase assumption, the applicable following modified single rate future salary increase
 3.34 assumption, or the applicable following graded rate future salary increase assumption:

3.35	(1) single rate future salary increase assumption	
3.36	plan	future salary increase assumption
3.37	legislators retirement plan	5%
3.38	judges retirement plan	<u>3.2.75</u>
3.39	Bloomington Fire Department Relief	4
3.40	Association	

4.1 (2) age-related future salary increase age-related select and ultimate future salary
 4.2 increase assumption or graded rate future salary increase assumption

4.3	plan	future salary increase assumption
4.4	local government correctional service retirement plan	assumption B
4.5	St. Paul teachers retirement plan	assumption A

4.6 For plans other than the St. Paul teachers
 4.7 retirement plan and the local government
 4.8 correctional service retirement plan, the
 4.9 select calculation is: during the designated
 4.10 select period, a designated percentage rate
 4.11 is multiplied by the result of the designated
 4.12 integer minus T, where T is the number of
 4.13 completed years of service, and is added
 4.14 to the applicable future salary increase
 4.15 assumption. The designated select period
 4.16 is ten years and the designated integer is
 4.17 ten for the local government correctional
 4.18 service retirement plan and 15 for the St.
 4.19 Paul Teachers Retirement Fund Association.
 4.20 The designated percentage rate is 0.2 percent
 4.21 for the St. Paul Teachers Retirement Fund
 4.22 Association.

4.23 The ultimate future salary increase assumption is:

4.24	age	A	B
4.25	16	5.9%	9% <u>8.75%</u>
4.26	17	5.9	<u>9 8.75</u>
4.27	18	5.9	<u>9 8.75</u>
4.28	19	5.9	<u>9 8.75</u>
4.29	20	5.9	<u>9 8.75</u>
4.30	21	5.9	8.75 <u>8.5</u>
4.31	22	5.9	8.5 <u>8.25</u>
4.32	23	5.85	8.25 <u>8</u>
4.33	24	5.8	<u>8 7.75</u>
4.34	25	5.75	7.75 <u>7.5</u>
4.35	26	5.7	7.5 <u>7.25</u>
4.36	27	5.65	7.25 <u>7</u>
4.37	28	5.6	<u>7 6.75</u>
4.38	29	5.55	6.75 <u>6.5</u>

5.1	30	5.5	6.75 <u>6.5</u>
5.2	31	5.45	6.5 <u>6.25</u>
5.3	32	5.4	6.5 <u>6.25</u>
5.4	33	5.35	6.5 <u>6.25</u>
5.5	34	5.3	6.25 <u>6</u>
5.6	35	5.25	6.25 <u>6</u>
5.7	36	5.2	6 <u>5.75</u>
5.8	37	5.15	6 <u>5.75</u>
5.9	38	5.1	6 <u>5.75</u>
5.10	39	5.05	5.75 <u>5.5</u>
5.11	40	5	5.75 <u>5.5</u>
5.12	41	4.95	5.75 <u>5.5</u>
5.13	42	4.9	5.5 <u>5.25</u>
5.14	43	4.85	5.25 <u>5</u>
5.15	44	4.8	5.25 <u>5</u>
5.16	45	4.75	5 <u>4.75</u>
5.17	46	4.7	5 <u>4.75</u>
5.18	47	4.65	5 <u>4.75</u>
5.19	48	4.6	5 <u>4.75</u>
5.20	49	4.55	5 <u>4.75</u>
5.21	50	4.5	5 <u>4.75</u>
5.22	51	4.45	5 <u>4.75</u>
5.23	52	4.4	5 <u>4.75</u>
5.24	53	4.35	5 <u>4.75</u>
5.25	54	4.3	5 <u>4.75</u>
5.26	55	4.25	4.75 <u>4.5</u>
5.27	56	4.2	4.75 <u>4.5</u>
5.28	57	4.15	4.5 <u>4.25</u>
5.29	58	4.1	4.25 <u>4</u>
5.30	59	4.05	4.25 <u>4</u>
5.31	60	4	4.25 <u>4</u>
5.32	61	4	4.25 <u>4</u>
5.33	62	4	4.25 <u>4</u>
5.34	63	4	4.25 <u>4</u>
5.35	64	4	4.25 <u>4</u>
5.36	65	4	4 <u>3.75</u>
5.37	66	4	4 <u>3.75</u>
5.38	67	4	4 <u>3.75</u>
5.39	68	4	4 <u>3.75</u>
5.40	69	4	4 <u>3.75</u>
5.41	70	4	4 <u>3.75</u>

5.42 (3) service-related ultimate future salary increase assumption

6.1	general state employees retirement plan of the					assumption A	
6.2	Minnesota State Retirement System						
6.3	general employees retirement plan of the Public					assumption B	
6.4	Employees Retirement Association						
6.5	Teachers Retirement Association					assumption C	
6.6	public employees police and fire retirement plan					assumption D	
6.7	State Patrol retirement plan					assumption E	
6.8	correctional state employees retirement plan of the					assumption F	
6.9	Minnesota State Retirement System						
6.10	service						
6.11	length	A	B	C	D	E	F
6.12	1	10.5%	12.03%	12%	13%	8%	6%
6.13		<u>10.25%</u>	<u>11.78%</u>		<u>12.75%</u>	<u>7.75%</u>	<u>5.75%</u>
6.14	2	8.1	8.9	9	11	7.5	5.85
6.15		<u>7.85</u>	<u>8.65</u>		<u>10.75</u>	<u>7.25</u>	<u>5.6</u>
6.16	3	6.9	7.46	8	9	7	5.7
6.17		<u>6.65</u>	<u>7.21</u>		<u>8.75</u>	<u>6.75</u>	<u>5.45</u>
6.18	4	6.2	6.58	7.5	8	6.75	5.55
6.19		<u>5.95</u>	<u>6.33</u>		<u>7.75</u>	<u>6.5</u>	<u>5.3</u>
6.20	5	5.7	5.97	7.25	6.5	6.5	5.4
6.21		<u>5.45</u>	<u>5.72</u>		<u>6.25</u>	<u>6.25</u>	<u>5.15</u>
6.22	6	5.3	5.52	7	6.1	6.25	5.25
6.23		<u>5.05</u>	<u>5.27</u>		<u>5.85</u>	<u>6</u>	<u>5</u>
6.24	7	5	5.16	6.85	5.8	6	5.1
6.25		<u>4.75</u>	<u>4.91</u>		<u>5.55</u>	<u>5.75</u>	<u>4.85</u>
6.26	8	4.7	4.87	6.7	5.6	5.85	4.95
6.27		<u>4.45</u>	<u>4.62</u>		<u>5.35</u>	<u>5.6</u>	<u>4.7</u>
6.28	9	4.5	4.63	6.55	5.4	5.7	4.8
6.29		<u>4.25</u>	<u>4.38</u>		<u>5.15</u>	<u>5.45</u>	<u>4.55</u>
6.30	10	4.4	4.42	6.4	5.3	5.55	4.65
6.31		<u>4.15</u>	<u>4.17</u>		<u>5.05</u>	<u>5.3</u>	<u>4.4</u>
6.32	11	4.2	4.24	6.25	5.2	5.4	4.55
6.33		<u>3.95</u>	<u>3.99</u>		<u>4.95</u>	<u>5.15</u>	<u>4.3</u>
6.34	12	4.1	4.08	6	5.1	5.25	4.45
6.35		<u>3.85</u>	<u>3.83</u>		<u>4.85</u>	<u>5</u>	<u>4.2</u>
6.36	13	4	3.94	5.75	5	5.1	4.35
6.37		<u>3.75</u>	<u>3.69</u>		<u>4.75</u>	<u>4.85</u>	<u>4.1</u>
6.38	14	3.8	3.82	5.5	4.9	4.95	4.25
6.39		<u>3.55</u>	<u>3.57</u>		<u>4.65</u>	<u>4.7</u>	<u>4</u>
6.40	15	3.7	3.7	5.25	4.8	4.8	4.15
6.41		<u>3.45</u>	<u>3.45</u>		<u>4.55</u>	<u>4.55</u>	<u>3.9</u>
6.42	16	3.6	3.6	5	4.8	4.65	4.05
6.43		<u>3.35</u>	<u>3.35</u>		<u>4.55</u>	<u>4.4</u>	<u>3.8</u>
6.44	17	3.5	3.51	4.75	4.8	4.5	3.95
6.45		<u>3.25</u>	<u>3.26</u>		<u>4.55</u>	<u>4.25</u>	<u>3.7</u>
6.46	18	3.5	3.5	4.5	4.8	4.35	3.85
6.47		<u>3.25</u>	<u>3.25</u>		<u>4.55</u>	<u>4.1</u>	<u>3.6</u>

7.1	19	3.5	3.5	4.25	4.8	4.2	3.75
7.2		<u>3.25</u>	<u>3.25</u>		<u>4.55</u>	<u>3.95</u>	<u>3.5</u>
7.3	20	3.5	3.5	4	4.8	4.05	3.75
7.4		<u>3.25</u>	<u>3.25</u>		<u>4.55</u>	<u>3.8</u>	<u>3.5</u>
7.5	21	3.5	3.5	3.9	4.7	4	3.75
7.6		<u>3.25</u>	<u>3.25</u>		<u>4.45</u>	<u>3.75</u>	<u>3.5</u>
7.7	22	3.5	3.5	3.8	4.6	4	3.75
7.8		<u>3.25</u>	<u>3.25</u>		<u>4.35</u>	<u>3.75</u>	<u>3.5</u>
7.9	23	3.5	3.5	3.7	4.5	4	3.75
7.10		<u>3.25</u>	<u>3.25</u>		<u>4.25</u>	<u>3.75</u>	<u>3.5</u>
7.11	24	3.5	3.5	3.6	4.5	4	3.75
7.12		<u>3.25</u>	<u>3.25</u>		<u>4.25</u>	<u>3.75</u>	<u>3.5</u>
7.13	25	3.5	3.5	3.5	4.5	4	3.75
7.14		<u>3.25</u>	<u>3.25</u>		<u>4.25</u>	<u>3.75</u>	<u>3.5</u>
7.15	26	3.5	3.5	3.5	4.5	4	3.75
7.16		<u>3.25</u>	<u>3.25</u>		<u>4.25</u>	<u>3.75</u>	<u>3.5</u>
7.17	27	3.5	3.5	3.5	4.5	4	3.75
7.18		<u>3.25</u>	<u>3.25</u>		<u>4.25</u>	<u>3.75</u>	<u>3.5</u>
7.19	28	3.5	3.5	3.5	4.5	4	3.75
7.20		<u>3.25</u>	<u>3.25</u>		<u>4.25</u>	<u>3.75</u>	<u>3.5</u>
7.21	29	3.5	3.5	3.5	4.5	4	3.75
7.22		<u>3.25</u>	<u>3.25</u>		<u>4.25</u>	<u>3.75</u>	<u>3.5</u>
7.23	30 or more	3.5	3.5	3.5	4.5	4	3.75
7.24		<u>3.25</u>	<u>3.25</u>		<u>4.25</u>	<u>3.75</u>	<u>3.5</u>

7.25 (d) The actuarial valuation must use the applicable following payroll growth
 7.26 assumption for calculating the amortization requirement for the unfunded actuarial
 7.27 accrued liability where the amortization retirement is calculated as a level percentage
 7.28 of an increasing payroll:

7.29	plan	payroll growth assumption
7.30	general state employees retirement plan of the	3.75% <u>3.5%</u>
7.31	Minnesota State Retirement System	
7.32	correctional state employees retirement plan	3.75 <u>3.5</u>
7.33	State Patrol retirement plan	3.75 <u>3.5</u>
7.34	judges retirement plan	3 <u>2.75</u>
7.35	general employees retirement plan of the Public	3.75 <u>3.5</u>
7.36	Employees Retirement Association	
7.37	public employees police and fire retirement plan	3.75 <u>3.5</u>
7.38	local government correctional service retirement plan	3.75 <u>3.5</u>
7.39	teachers retirement plan	3.75
7.40	St. Paul teachers retirement plan	4

7.41 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
 7.42 different salary assumption or a different payroll increase assumption:

7.43 (1) has been proposed by the governing board of the applicable retirement plan;

8.1 (2) is accompanied by the concurring recommendation of the actuary retained under
8.2 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
8.3 most recent actuarial valuation report if section 356.214 does not apply; and
8.4 (3) has been approved or deemed approved under subdivision 18.

8.5 **EFFECTIVE DATE.** This section is effective June 30, 2015, and applies to
8.6 actuarial valuations prepared for an actuarial valuation date after that date.

8.7 ARTICLE 2

8.8 CONFORMING CHANGES IN REFUND REPAYMENT PROVISIONS 8.9 RELATED TO INTEREST ASSUMPTION CHANGE

8.10 Section 1. Minnesota Statutes 2014, section 3A.03, subdivision 2, is amended to read:

8.11 Subd. 2. **Refund.** (a) A former member who has made contributions under
8.12 subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon
8.13 written application to the executive director on a form prescribed by the executive director,
8.14 a refund from the general fund of all contributions credited to the member's account with
8.15 interest computed as provided in section 352.22, subdivision 2.

8.16 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a
8.17 former member of the legislature and the survivors of the former member under this chapter.

8.18 (c) If the former member of the legislature again becomes a member of the legislature
8.19 after having taken a refund as provided in paragraph (a), the member is a member of the
8.20 unclassified employees retirement program of the Minnesota State Retirement System.

8.21 (d) However, the member may reinstate the rights and credit for service previously
8.22 forfeited under this chapter if the member repays all refunds taken, plus interest at ~~an~~
8.23 ~~annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded
8.24 annually from the date on which the refund was taken to the date on which the refund
8.25 is repaid.

8.26 (e) No person may be required to apply for or to accept a refund.

8.27 Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 13a, is amended to read:

8.28 Subd. 13a. **Reduced salary during period of workers' compensation.** An
8.29 employee on leave of absence receiving temporary workers' compensation payments and a
8.30 reduced salary or no salary from the employer who is entitled to allowable service credit
8.31 for the period of absence, may make payment to the fund for the difference between salary
8.32 received, if any, and the salary the employee would normally receive if not on leave of
8.33 absence during the period. The employee shall pay an amount equal to the employee and

9.1 employer contribution rate under section 352.04, subdivisions 2 and 3, on the differential
9.2 salary amount for the period of the leave of absence.

9.3 The employing department, at its option, may pay the employer amount on behalf
9.4 of its employees. Payment made under this subdivision must include interest at the rate
9.5 of 8.5 percent until June 30, 2015, and eight percent thereafter per year, and must be
9.6 completed within one year of the return from leave of absence.

9.7 Sec. 3. Minnesota Statutes 2014, section 352.04, subdivision 8, is amended to read:

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

9.12 (b) If a department fails to take deductions past due for a period in excess of 60
9.13 days from an employee's salary as provided in this section, the department, and not the
9.14 employee, must pay on later payroll abstracts the employee and employer contributions
9.15 and an amount equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter
9.16 of the total amount due in lieu of interest, or if the delay in payment exceeds one year, 8.5
9.17 percent until June 30, 2015, and eight percent thereafter compound annual interest.

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

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

9.29 Sec. 4. Minnesota Statutes 2014, section 352.04, subdivision 9, is amended to read:

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

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

10.7 (c) If erroneous employee deductions and employer contributions are caused by an
 10.8 error in plan coverage involving the plan and any other plans specified in section 356.99,
 10.9 that section applies. If the employee should have been covered by the plan governed by
 10.10 chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions
 10.11 taken in error must be directly transferred to the applicable employee's account in the
 10.12 correct retirement plan, with interest at the rate of 0.71 percent per month until June 30,
 10.13 2015, and 0.667 percent per month thereafter, compounded annually, from the first day of
 10.14 the month following the month in which coverage should have commenced in the correct
 10.15 defined contribution plan until the end of the month in which the transfer occurs.

10.16 Sec. 5. Minnesota Statutes 2014, section 352.23, is amended to read:

10.17 **352.23 TERMINATION OF RIGHTS.**

10.18 When any employee accepts a refund as provided in section 352.22, all existing
 10.19 service credits and all rights and benefits to which the employee was entitled before
 10.20 accepting the refund terminate. They must not again be restored until the former employee
 10.21 acquires at least six months of allowable service credit after taking the last refund. In that
 10.22 event, the employee may repay all refunds previously taken from the retirement fund.
 10.23 Repayment of refunds entitles the employee only to credit for service covered by (1)
 10.24 salary deductions; (2) payments made in lieu of salary deductions; (3) payments made
 10.25 to obtain credit for service as permitted by laws in effect when payment was made; and
 10.26 (4) allowable service once credited while receiving temporary workers' compensation as
 10.27 provided in section 352.01, subdivision 11, clause (5). Payments under this section for
 10.28 repayment of refunds are to be paid with interest at ~~an annual~~ the rate of 8.5 percent until
 10.29 June 30, 2015, and eight percent thereafter compounded annually. They may be paid in a
 10.30 lump sum or by payroll deduction in the manner provided in section 352.04. Payment may
 10.31 be made in a lump sum up to six months after termination from service.

10.32 Sec. 6. Minnesota Statutes 2014, section 352B.11, subdivision 4, is amended to read:

10.33 Subd. 4. **Reentry into state service.** When a former member, who has become
 10.34 separated from state service that entitled the member to membership and has received a

11.1 refund of retirement payments, reenters the state service in a position that entitles the
 11.2 member to membership, that member shall receive credit for the period of prior allowable
 11.3 state service if the member repays into the fund the amount of the refund, plus interest
 11.4 on it at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter
 11.5 compounded annually, at any time before subsequent retirement. Repayment may be made
 11.6 in installments or in a lump sum.

11.7 Sec. 7. Minnesota Statutes 2014, section 352D.05, subdivision 4, is amended to read:

11.8 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may
 11.9 repay regular refunds taken under section 352.22, as provided in section 352.23.

11.10 (b) A participant in the unclassified program or an employee covered by the general
 11.11 employees retirement plan who has withdrawn the value of the total shares may repay the
 11.12 refund taken and thereupon restore the service credit, rights and benefits forfeited by paying
 11.13 into the fund the amount refunded plus interest at ~~an annual~~ the rate of 8.5 percent until
 11.14 June 30, 2015, and eight percent thereafter compounded annually from the date that the
 11.15 refund was taken until the date that the refund is repaid. If the participant had withdrawn
 11.16 only the employee shares as permitted under prior laws, repayment must be pro rata.

11.17 (c) Except as provided in section 356.441, the repayment of a refund under this
 11.18 section must be made in a lump sum.

11.19 Sec. 8. Minnesota Statutes 2014, section 352D.12, is amended to read:

11.20 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

11.21 (a) An employee who is a participant in the unclassified program and who has prior
 11.22 service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within
 11.23 the time limits specified in this section, elect to transfer to the unclassified program prior
 11.24 service contributions to one or more of those plans.

11.25 (b) For participants with prior service credit in a plan governed by chapter 352, 353,
 11.26 354, 354A, or 422A, "prior service contributions" means the accumulated employee and
 11.27 equal employer contributions with interest at ~~an annual~~ the rate of 8.5 percent until June
 11.28 30, 2015, and eight percent thereafter compounded annually, based on fiscal year balances.

11.29 (c) If a participant has taken a refund from a retirement plan listed in this section,
 11.30 the participant may repay the refund to that plan, notwithstanding any restrictions on
 11.31 repayment to that plan, plus 8.5 percent interest until June 30, 2015, and eight percent
 11.32 interest thereafter compounded annually and have the accumulated employee and equal
 11.33 employer contributions transferred to the unclassified program with interest at ~~an annual~~ the
 11.34 rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually

12.1 based on fiscal year balances. If a person repays a refund and subsequently elects to have
12.2 the money transferred to the unclassified program, the repayment amount, including
12.3 interest, is added to the fiscal year balance in the year which the repayment was made.

12.4 (d) A participant electing to transfer prior service contributions credited to a
12.5 retirement plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this
12.6 section must complete a written application for the transfer and repay any refund within
12.7 one year of the commencement of the employee's participation in the unclassified program.

12.8 Sec. 9. Minnesota Statutes 2014, section 353.27, subdivision 7a, is amended to read:

12.9 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
12.10 deductions and employer contributions under this section, section 353.50, 353.65, or
12.11 353E.03 were erroneously transmitted to the association, but should have been transmitted
12.12 to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall
12.13 transfer the erroneous employee deductions and employer contributions to the appropriate
12.14 retirement fund or individual account, as applicable. The time limitations specified in
12.15 subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution
12.16 plan account must include interest at the rate of 0.71 percent per month until June 30,
12.17 2015, and 0.667 percent per month thereafter, compounded annually, from the first day of
12.18 the month following the month in which coverage should have commenced in the defined
12.19 contribution plan until the end of the month in which the transfer occurs.

12.20 (b) A potential transfer under paragraph (a) that is reasonably determined to cause
12.21 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
12.22 Code, as amended, must not be made by the executive director of the association. Within
12.23 30 days after being notified by the Public Employees Retirement Association of an
12.24 unmade potential transfer under this paragraph, the employer of the affected person
12.25 must transmit an amount representing the applicable salary deductions and employer
12.26 contributions, without interest, to the retirement fund of the appropriate Minnesota public
12.27 pension plan, or to the applicable individual account if the proper coverage is by a defined
12.28 contribution plan. The association must provide the employing unit a credit for the amount
12.29 of the erroneous salary deductions and employer contributions against future contributions
12.30 from the employer. If the employing unit receives a credit under this paragraph, the
12.31 employing unit is responsible for refunding to the applicable employee any amount that
12.32 had been erroneously deducted from the person's salary.

12.33 (c) If erroneous employee deductions and employer contributions reflect a plan
12.34 coverage error involving any Public Employees Retirement Association plan specified in
12.35 section 356.99 and any other plan specified in that section, section 356.99 applies.

13.1 Sec. 10. Minnesota Statutes 2014, section 353.27, subdivision 12, is amended to read:

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

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

13.14 (c) When the omission period of an employee exceeds 60 days, the governmental
13.15 subdivision shall furnish to the association sufficient data and documentation upon which
13.16 the obligation for omitted employee and employer contributions can be calculated.
13.17 The omitted employee deductions must be deducted from the employee's subsequent
13.18 salary payment or payments and remitted to the association for deposit in the applicable
13.19 retirement fund. The employee shall pay omitted employee deductions due for the 60
13.20 days prior to the end of the last pay period in the omission period during which salary
13.21 was earned. The employer shall pay any remaining omitted employee deductions and any
13.22 omitted employer contributions, plus cumulative interest at ~~an~~ the annual rate of 8.5
13.23 percent until June 30, 2015, and eight percent thereafter compounded annually, from the
13.24 date or dates each omitted employee contribution was first payable.

13.25 (d) An employer shall not hold an employee liable for omitted employee deductions
13.26 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
13.27 those employee deductions paid by the employer on behalf of the employee. Omitted
13.28 deductions due under paragraph (c) which are not paid by the employee constitute a
13.29 liability of the employer that failed to deduct the omitted deductions from the employee's
13.30 salary. The employer shall make payment with interest at ~~an~~ the annual rate of 8.5 percent
13.31 until June 30, 2015, and eight percent thereafter compounded annually. Omitted employee
13.32 deductions are no longer due if an employee terminates public service before making
13.33 payment of omitted employee deductions to the association, but the employer remains
13.34 liable to pay omitted employer contributions plus interest at ~~an~~ the annual rate of 8.5
13.35 percent until June 30, 2015, and eight percent thereafter compounded annually from the
13.36 date the contributions were first payable.

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

14.9 Sec. 11. Minnesota Statutes 2014, section 353.27, subdivision 12a, is amended to read:

14.10 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
14.11 who was a member of the general employees retirement plan of the Public Employees
14.12 Retirement Association, the public employees police and fire retirement plan, or the local
14.13 government correctional employees retirement plan and who has a period of employment
14.14 in which previously omitted employer contributions were made under subdivision 12
14.15 but for whom no, or only partial, omitted employee contributions have been made, or
14.16 a member who had prior coverage in the association for which previously omitted
14.17 employer contributions were made under subdivision 12 but who terminated service
14.18 before required omitted employee deductions could be withheld from salary, may pay the
14.19 omitted employee deductions for the period on which omitted employer contributions
14.20 were previously paid plus interest at ~~an~~ the annual rate of 8.5 percent until June 30, 2015,
14.21 and eight percent thereafter compounded annually. A terminated employee may pay the
14.22 omitted employee deductions plus interest within six months of an initial notification from
14.23 the association of eligibility to pay those omitted deductions. If a terminated employee
14.24 is reemployed in a position covered under a public pension fund under section 356.30,
14.25 subdivision 3, and elects to pay omitted employee deductions, payment must be made no
14.26 later than six months after a subsequent termination of public service.

14.27 Sec. 12. Minnesota Statutes 2014, section 353.28, subdivision 5, is amended to read:

14.28 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section
14.29 or section 353.27, subdivision 4, is payable with interest at ~~an~~ the annual compound rate
14.30 of 8.5 percent until June 30, 2015, and eight percent thereafter from the date due until the
14.31 date payment is received by the association, with a minimum interest charge of \$10.

14.32 Sec. 13. Minnesota Statutes 2014, section 353.35, subdivision 1, is amended to read:

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

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

15.6 (c) The rights and benefits of a former member must not be restored until the person
15.7 returns to active service and acquires at least six months of allowable service credit after
15.8 taking the last refund and repays the refund or refunds taken and interest received under
15.9 section 353.34, subdivisions 1 and 2, plus interest at ~~an~~ the annual rate of 8.5 percent until
15.10 June 30, 2015, and eight percent thereafter compounded annually. If the person elects to
15.11 restore service credit in a particular fund from which the person has taken more than one
15.12 refund, the person must repay all refunds to that fund. All refunds must be repaid within
15.13 six months of the last date of termination of public service.

15.14 Sec. 14. Minnesota Statutes 2014, section 354A.093, subdivision 6, is amended to read:

15.15 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent
15.16 employee and employer contribution amounts payable under this section. Interest must
15.17 be computed at a the rate of 8.5 percent until June 30, 2015, and eight percent thereafter
15.18 compounded annually from the end of each fiscal year of the leave or break in service to
15.19 the end of the month in which payment is received.

15.20 Sec. 15. Minnesota Statutes 2014, section 354A.38, subdivision 3, is amended to read:

15.21 Subd. 3. **Computation of refund repayment amount.** If the coordinated member
15.22 elects to repay a refund under subdivision 2, the repayment to the fund must be in an
15.23 amount equal to refunds the member has accepted plus interest at the rate of 8.5 percent
15.24 until June 30, 2015, and eight percent thereafter compounded annually from the date that
15.25 the refund was accepted to the date that the refund is repaid.

15.26 Sec. 16. Minnesota Statutes 2014, section 356.44, is amended to read:

15.27 **356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.**

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

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

16.1 (c) The cost of the partial refund repayment is the product of the cost of the total
16.2 repayment multiplied by the ratio of the restored service credit to the total forfeited service
16.3 credit. The total repayment amount includes interest at the annual rate of 8.5 percent for
16.4 any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015,
16.5 and 8 percent thereafter for any other retirement plan listed in section 356.30, subdivision
16.6 3, compounded annually, from the refund date to the date repayment is received.

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

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

16.13 Sec. 17. Minnesota Statutes 2014, section 490.124, subdivision 12, is amended to read:

16.14 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund
16.15 in an amount that is equal to all of the member's employee contributions to the judges'
16.16 retirement fund plus interest computed under section 352.22, subdivision 2.

16.17 (b) A refund of contributions under paragraph (a) terminates all service credits and
16.18 all rights and benefits of the judge and the judge's survivors under this chapter.

16.19 (c) A person who becomes a judge again after taking a refund under paragraph (a)
16.20 may reinstate the previously terminated allowable service credit, rights, and benefits
16.21 by repaying the total amount of the previously received refund. The refund repayment
16.22 must include interest on the total amount previously received at ~~an~~ the annual rate of 8.5
16.23 percent, until June 30, 2015, and eight percent thereafter compounded annually, from the
16.24 date on which the refund was received until the date on which the refund is repaid.

16.25 Sec. 18. **EFFECTIVE DATE.**

16.26 Unless otherwise specified, this article is effective July 1, 2015.

16.27 **ARTICLE 3**

16.28 **CONFORMING CHANGES IN LEAVE AND PRIOR SERVICE CREDIT** 16.29 **PURCHASE PROVISIONS RELATED TO INTEREST ASSUMPTION CHANGE**

16.30 Section 1. Minnesota Statutes 2014, section 352.017, subdivision 2, is amended to read:

16.31 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
16.32 this chapter may purchase credit for allowable service in that plan for a period specified
16.33 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),

17.1 whichever applies. The employing unit, at its option, may pay the employer portion of the
17.2 amount specified in paragraph (b) on behalf of its employees.

17.3 (b) If payment is received by the executive director within one year from the date the
17.4 employee returned to work following the authorized leave, the payment amount is equal to
17.5 the employee and employer contribution rates specified in law for the applicable plan at
17.6 the end of the leave period multiplied by the employee's hourly rate of salary on the date
17.7 of return from the leave of absence and by the days and months of the leave of absence for
17.8 which the employee is eligible for allowable service credit. The payment must include
17.9 compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667
17.10 percent per month thereafter from the last day of the leave period until the last day of the
17.11 month in which payment is received. If payment is received by the executive director
17.12 after one year, the payment amount is the amount determined under section 356.551.
17.13 Payment under this paragraph must be made before the date of termination from public
17.14 employment covered under this chapter.

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

17.22 Sec. 2. Minnesota Statutes 2014, section 352.27, is amended to read:

17.23 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
17.24 **SERVICE.**

17.25 (a) An employee who is absent from employment by reason of service in the
17.26 uniformed services, as defined in United States Code, title 38, section 4303(13), and who
17.27 returns to state service upon discharge from service in the uniformed service within the
17.28 time frames required in United States Code, title 38, section 4312(e), may obtain service
17.29 credit for the period of the uniformed service as further specified in this section, provided
17.30 that the employee did not separate from uniformed service with a dishonorable or bad
17.31 conduct discharge or under other than honorable conditions.

17.32 (b) The employee may obtain credit by paying into the fund an equivalent employee
17.33 contribution based upon the contribution rate or rates in effect at the time that the
17.34 uniformed service was performed multiplied by the full and fractional years being
17.35 purchased and applied to the annual salary rate. The annual salary rate is the average

18.1 annual salary during the purchase period that the employee would have received if the
18.2 employee had continued to be employed in covered employment rather than to provide
18.3 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
18.4 salary rate is the employee's average salary rate during the 12-month period of covered
18.5 employment rendered immediately preceding the period of the uniformed service.

18.6 (c) The equivalent employer contribution and, if applicable, the equivalent additional
18.7 employer contribution provided in this chapter must be paid by the department employing
18.8 the employee from funds available to the department at the time and in the manner
18.9 provided in this chapter, using the employer and additional employer contribution rate or
18.10 rates in effect at the time that the uniformed service was performed, applied to the same
18.11 annual salary rate or rates used to compute the equivalent employee contribution.

18.12 (d) If the employee equivalent contributions provided in this section are not paid in
18.13 full, the employee's allowable service credit must be prorated by multiplying the full and
18.14 fractional number of years of uniformed service eligible for purchase by the ratio obtained
18.15 by dividing the total employee contribution received by the total employee contribution
18.16 otherwise required under this section.

18.17 (e) To receive service credit under this section, the contributions specified in this
18.18 section must be transmitted to the Minnesota State Retirement System during the period
18.19 which begins with the date on which the individual returns to state service and which has a
18.20 duration of three times the length of the uniformed service period, but not to exceed five
18.21 years. If the determined payment period is less than one year, the contributions required
18.22 under this section to receive service credit may be made within one year of the discharge
18.23 date.

18.24 (f) The amount of service credit obtainable under this section may not exceed five
18.25 years unless a longer purchase period is required under United States Code, title 38,
18.26 section 4312.

18.27 (g) The employing unit shall pay interest on all equivalent employee and employer
18.28 contribution amounts payable under this section. Interest must be computed at a the rate
18.29 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from
18.30 the end of each fiscal year of the leave or the break in service to the end of the month in
18.31 which the payment is received.

18.32 Sec. 3. Minnesota Statutes 2014, section 352.955, subdivision 3, is amended to read:

18.33 Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible
18.34 employee who is transferred to plan coverage and who elects to transfer past service
18.35 credit under this section must pay an additional member contribution for that prior service

19.1 period. The additional member contribution is the amount computed under paragraph
19.2 (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the
19.3 unfunded actuarial accrued liability attributable to the past service credit transfer.

19.4 (b) The executive director shall compute, for the most recent 12 months of service
19.5 credit eligible for transfer, or for the entire period eligible for transfer if less than 12
19.6 months, the difference between the employee contribution rate or rates for the general state
19.7 employees retirement plan and the employee contribution rate or rates for the correctional
19.8 state employees retirement plan applied to the eligible employee's salary during that
19.9 transfer period, plus compound interest at a the monthly rate of 0.71 percent until June 30,
19.10 2015, and 0.667 percent per month thereafter.

19.11 (c) The executive director shall compute, for any service credit being transferred
19.12 on behalf of the eligible employee and not included under paragraph (b), the difference
19.13 between the employee contribution rate or rates for the general state employees retirement
19.14 plan and the employee contribution rate or rates for the correctional state employees
19.15 retirement plan applied to the eligible employee's salary during that transfer period, plus
19.16 compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667
19.17 percent per month thereafter.

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

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

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

19.32 (g) If an eligible employee elects to transfer past service credit under this section
19.33 and pays the additional equivalent member contribution amount under paragraph (a), the
19.34 applicable department shall pay an additional equivalent employer contribution amount.
19.35 The additional employer contribution is the amount computed under paragraph (d), plus

20.1 the greater of the amount computed under paragraph (e), or 60 percent of the unfunded
20.2 actuarial accrued liability attributable to the past service credit transfer.

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

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

20.13 Sec. 4. Minnesota Statutes 2014, section 352B.013, subdivision 2, is amended to read:

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

20.19 (b) If payment is received by the executive director within one year from the date
20.20 the employee returned to work following the authorized leave, the payment amount is
20.21 equal to the employee and employer contribution rates specified in section 352B.02 at the
20.22 end of the leave period multiplied by the employee's hourly rate of salary on the date of
20.23 return from the leave of absence and by the days and months of the leave of absence for
20.24 which the employee is eligible for allowable service credit. The payment must include
20.25 compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667
20.26 percent per month thereafter from the last day of the leave period until the last day of the
20.27 month in which payment is received. If payment is received by the executive director after
20.28 one year from the date the employee returned to work following the authorized leave, the
20.29 payment amount is the amount determined under section 356.551. Payment under this
20.30 paragraph must be made before the date of termination from public employment covered
20.31 under this chapter.

20.32 (c) If the employee terminates employment covered by this chapter during the leave
20.33 or following the leave rather than returning to covered employment, payment must be
20.34 received by the executive director within 30 days after the termination date. The payment
20.35 amount is equal to the employee and employer contribution rates specified in section

21.1 352B.02 on the day prior to the termination date, multiplied by the employee's hourly rate of
21.2 salary on that date and by the days and months of the leave of absence prior to termination.

21.3 Sec. 5. Minnesota Statutes 2014, section 352B.085, is amended to read:

21.4 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**
21.5 **ABSENCE.**

21.6 A member on leave of absence receiving temporary workers' compensation
21.7 payments and a reduced salary or no salary from the employer who is entitled to allowable
21.8 service credit for the period of absence under section 352B.011, subdivision 3, paragraph
21.9 (b), may make payment to the fund for the difference between salary received, if any,
21.10 and the salary that the member would normally receive if the member was not on leave
21.11 of absence during the period. The member shall pay an amount equal to the member
21.12 and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on
21.13 the differential salary amount for the period of the leave of absence. The employing
21.14 department, at its option, may pay the employer amount on behalf of the member.
21.15 Payment made under this subdivision must include interest at the rate of 8.5 percent until
21.16 June 30, 2015, and eight percent thereafter per year, and must be completed within one
21.17 year of the member's return from the leave of absence.

21.18 Sec. 6. Minnesota Statutes 2014, section 352B.086, is amended to read:

21.19 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

21.20 (a) A member who is absent from employment by reason of service in the uniformed
21.21 services, as defined in United States Code, title 38, section 4303(13), and who returns to
21.22 state employment in a position covered by the plan upon discharge from service in the
21.23 uniformed services within the time frame required in United States Code, title 38, section
21.24 4312(e), may obtain service credit for the period of the uniformed service, provided that
21.25 the member did not separate from uniformed service with a dishonorable or bad conduct
21.26 discharge or under other than honorable conditions.

21.27 (b) The member may obtain credit by paying into the fund an equivalent member
21.28 contribution based on the member contribution rate or rates in effect at the time that
21.29 the uniformed service was performed multiplied by the full and fractional years being
21.30 purchased and applied to the annual salary rate. The annual salary rate is the average
21.31 annual salary during the purchase period that the member would have received if the
21.32 member had continued to provide employment services to the state rather than to provide
21.33 uniformed service, or if the determination of that rate is not reasonably certain, the annual

22.1 salary rate is the member's average salary rate during the 12-month period of covered
22.2 employment rendered immediately preceding the purchase period.

22.3 (c) The equivalent employer contribution and, if applicable, the equivalent employer
22.4 additional contribution, must be paid by the employing unit, using the employer and
22.5 employer additional contribution rate or rates in effect at the time that the uniformed
22.6 service was performed, applied to the same annual salary rate or rates used to compute the
22.7 equivalent member contribution.

22.8 (d) If the member equivalent contributions provided for in this section are not paid
22.9 in full, the member's allowable service credit must be prorated by multiplying the full and
22.10 fractional number of years of uniformed service eligible for purchase by the ratio obtained
22.11 by dividing the total member contributions received by the total member contributions
22.12 otherwise required under this section.

22.13 (e) To receive allowable service credit under this section, the contributions specified
22.14 in this section must be transmitted to the fund during the period which begins with the
22.15 date on which the individual returns to state employment covered by the plan and which
22.16 has a duration of three times the length of the uniformed service period, but not to exceed
22.17 five years. If the determined payment period is calculated to be less than one year, the
22.18 contributions required under this section to receive service credit must be transmitted to
22.19 the fund within one year from the discharge date.

22.20 (f) The amount of allowable service credit obtainable under this section may not
22.21 exceed five years, unless a longer purchase period is required under United States Code,
22.22 title 38, section 4312.

22.23 (g) The employing unit shall pay interest on all equivalent member and employer
22.24 contribution amounts payable under this section. Interest must be computed at a the rate
22.25 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from
22.26 the end of each fiscal year of the leave or break in service to the end of the month in
22.27 which payment is received.

22.28 Sec. 7. Minnesota Statutes 2014, section 352D.11, subdivision 2, is amended to read:

22.29 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit
22.30 may make the purchase by paying to the state retirement system an amount equal to
22.31 the current employee contribution rate in effect for the state retirement system applied
22.32 to the current or final salary rate multiplied by the months and days of prior temporary,
22.33 intermittent, or contract legislative service. Payment shall be made in one lump sum
22.34 unless the executive director of the state retirement system agrees to accept payment in
22.35 installments over a period of not more than three years from the date of the agreement.

23.1 Installment payments shall be charged interest at ~~an annual~~ the rate of 8.5 percent until
23.2 June 30, 2015, and eight percent thereafter compounded annually.

23.3 Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

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

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

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

23.14 (4) a period of authorized leave of absence with pay from which deductions for
23.15 employee contributions are made, deposited, and credited to the fund;

23.16 (5) a period of authorized personal, parental, or medical leave of absence without
23.17 pay, including a leave of absence covered under the federal Family Medical Leave Act,
23.18 that does not exceed one year, and for which a member obtained service credit for each
23.19 month in the leave period by payment under section 353.0161 to the fund made in place of
23.20 salary deductions. An employee must return to public service and render a minimum of
23.21 three months of allowable service in order to be eligible to make payment under section
23.22 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
23.23 employee must be granted allowable service credit for the purchased period;

23.24 (6) a periodic, repetitive leave that is offered to all employees of a governmental
23.25 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
23.26 as certified to the association by the employer. A participating member obtains service
23.27 credit by making employee contributions in an amount or amounts based on the member's
23.28 average salary, excluding overtime pay, that would have been paid if the leave had not
23.29 been taken. The employer shall pay the employer and additional employer contributions
23.30 on behalf of the participating member. The employee and the employer are responsible to
23.31 pay interest on their respective shares at the rate of 8.5 percent ~~a year~~ until June 30, 2015,
23.32 and eight percent thereafter, compounded annually, from the end of the normal cycle
23.33 until full payment is made. An employer shall also make the employer and additional
23.34 employer contributions, plus 8.5 percent interest until June 30, 2015, and eight percent
23.35 interest thereafter, compounded annually, on behalf of an employee who makes employee

24.1 contributions but terminates public service. The employee contributions must be made
24.2 within one year after the end of the annual normal working cycle or within 30 days after
24.3 termination of public service, whichever is sooner. The executive director shall prescribe
24.4 the manner and forms to be used by a governmental subdivision in administering a
24.5 periodic, repetitive leave. Upon payment, the member must be granted allowable service
24.6 credit for the purchased period;

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

24.13 (8) a period during which a member is absent from employment by a governmental
24.14 subdivision by reason of service in the uniformed services, as defined in United States
24.15 Code, title 38, section 4303(13), if the member returns to public service with the same
24.16 governmental subdivision upon discharge from service in the uniformed service within the
24.17 time frames required under United States Code, title 38, section 4312(e), provided that
24.18 the member did not separate from uniformed service with a dishonorable or bad conduct
24.19 discharge or under other than honorable conditions. The service must be credited if the
24.20 member pays into the fund equivalent employee contributions based upon the contribution
24.21 rate or rates in effect at the time that the uniformed service was performed multiplied by
24.22 the full and fractional years being purchased and applied to the annual salary rate. The
24.23 annual salary rate is the average annual salary during the purchase period that the member
24.24 would have received if the member had continued to be employed in covered employment
24.25 rather than to provide uniformed service, or, if the determination of that rate is not
24.26 reasonably certain, the annual salary rate is the member's average salary rate during the
24.27 12-month period of covered employment rendered immediately preceding the period of the
24.28 uniformed service. Payment of the member equivalent contributions must be made during
24.29 a period that begins with the date on which the individual returns to public employment
24.30 and that is three times the length of the military leave period, or within five years of the
24.31 date of discharge from the military service, whichever is less. If the determined payment
24.32 period is less than one year, the contributions required under this clause to receive service
24.33 credit may be made within one year of the discharge date. Payment may not be accepted
24.34 following 30 days after termination of public service under subdivision 11a. If the member
24.35 equivalent contributions provided for in this clause are not paid in full, the member's
24.36 allowable service credit must be prorated by multiplying the full and fractional number

25.1 of years of uniformed service eligible for purchase by the ratio obtained by dividing the
25.2 total member contributions received by the total member contributions otherwise required
25.3 under this clause. The equivalent employer contribution, and, if applicable, the equivalent
25.4 additional employer contribution must be paid by the governmental subdivision employing
25.5 the member if the member makes the equivalent employee contributions. The employer
25.6 payments must be made from funds available to the employing unit, using the employer
25.7 and additional employer contribution rate or rates in effect at the time that the uniformed
25.8 service was performed, applied to the same annual salary rate or rates used to compute the
25.9 equivalent member contribution. The governmental subdivision involved may appropriate
25.10 money for those payments. The amount of service credit obtainable under this section
25.11 may not exceed five years unless a longer purchase period is required under United States
25.12 Code, title 38, section 4312. The employing unit shall pay interest on all equivalent
25.13 member and employer contribution amounts payable under this clause. Interest must be
25.14 computed at a the rate of 8.5 percent until June 30, 2015, and eight percent thereafter
25.15 compounded annually from the end of each fiscal year of the leave or the break in service
25.16 to the end of the month in which the payment is received. Upon payment, the employee
25.17 must be granted allowable service credit for the purchased period; or

25.18 (9) a period specified under section 353.0162.

25.19 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
25.20 state officers and employees displaced by the Community Corrections Act, chapter 401,
25.21 and transferred into county service under section 401.04, "allowable service" means the
25.22 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
25.23 section 352.01, subdivision 11.

25.24 (c) No member may receive more than 12 months of allowable service credit in a
25.25 year either for vesting purposes or for benefit calculation purposes. For an active member
25.26 who was an active member of the former Minneapolis Firefighters Relief Association
25.27 on December 29, 2011, "allowable service" is the period of service credited by the
25.28 Minneapolis Firefighters Relief Association as reflected in the transferred records of the
25.29 association up to December 30, 2011, and the period of service credited under paragraph
25.30 (a), clause (1), after December 30, 2011. For an active member who was an active member
25.31 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable
25.32 service" is the period of service credited by the Minneapolis Police Relief Association as
25.33 reflected in the transferred records of the association up to December 30, 2011, and the
25.34 period of service credited under paragraph (a), clause (1), after December 30, 2011.

25.35 (d) MS 2002 [Expired]

26.1 Sec. 9. Minnesota Statutes 2014, section 353.0161, subdivision 2, is amended to read:

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

26.7 (b) If payment is received by the executive director within one year from the date
26.8 the member returned to work following the authorized leave, or within 30 days after the
26.9 date of termination of public service if the member did not return to work, the payment
26.10 amount is equal to the employee and employer contribution rates specified in law for
26.11 the applicable plan at the end of the leave period, or at termination of public service,
26.12 whichever is earlier, multiplied by the employee's average monthly salary, excluding
26.13 overtime, upon which deductions were paid during the six months, or portion thereof,
26.14 before the commencement of the leave of absence and by the number of months of the
26.15 leave of absence for which the employee wants allowable service credit. Payments made
26.16 under this paragraph must include compound interest at a the monthly rate of 0.71 percent
26.17 until June 30, 2015, and 0.667 percent per month thereafter from the last day of the leave
26.18 period until the last day of the month in which payment is received.

26.19 (c) If payment is received by the executive director after one year, the payment
26.20 amount is the amount determined under section 356.551. Payment under this paragraph
26.21 must be made before the date the person terminates public service under section 353.01,
26.22 subdivision 11a.

26.23 Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

26.24 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

26.25 (a) A member may purchase additional salary credit for a period specified in this
26.26 section.

26.27 (b) The applicable period is a period during which the member is receiving a reduced
26.28 salary from the employer while the member is:

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

26.31 (2) on an authorized medical leave of absence; or

26.32 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
26.33 savings program offered or mandated by a governmental subdivision.

26.34 (c) The differential salary amount is the difference between the average monthly
26.35 salary received by the member during the period of reduced salary under this section and

27.1 the average monthly salary of the member, excluding overtime, on which contributions
27.2 to the applicable plan were made during the period of the last six months of covered
27.3 employment occurring immediately before the period of reduced salary, applied to the
27.4 member's normal employment period, measured in hours or otherwise, as applicable.

27.5 (d) To receive eligible salary credit, the member shall pay an amount equal to:

27.6 (1) the applicable employee contribution rate under section 353.27, subdivision
27.7 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
27.8 differential salary amount;

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

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

27.15 (e) The employer, by appropriate action of its governing body and documented in its
27.16 official records, may pay the employer equivalent contributions and, as applicable, the
27.17 equivalent employer additional contributions on behalf of the member.

27.18 (f) Payment under this section must include interest on the contribution amount or
27.19 amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an
27.20 eight percent annual rate thereafter, prorated for applicable months from the date on which
27.21 the period of reduced salary specified under this section terminates to the date on which
27.22 the payment or payments are received by the executive director. Payment under this
27.23 section must be completed within the earlier of 30 days from termination of public service
27.24 by the employee under section 353.01, subdivision 11a, or one year after the termination
27.25 of the period specified in paragraph (b), as further restricted under this section.

27.26 (g) The period for which additional allowable salary credit may be purchased is
27.27 limited to the period during which the person receives temporary workers' compensation
27.28 payments or for those business years in which the governmental subdivision offers or
27.29 mandates a budget or salary savings program, as certified to the executive director by a
27.30 resolution of the governing body of the governmental subdivision. For an authorized
27.31 medical leave of absence, the period for which allowable salary credit may be purchased
27.32 may not exceed 12 consecutive months of authorized medical leave.

27.33 (h) To purchase salary credit for a subsequent period of temporary workers'
27.34 compensation benefits or subsequent authorized medical leave of absence, the member
27.35 must return to public service and render a minimum of three months of allowable service.

28.1 Sec. 11. Minnesota Statutes 2014, section 354A.096, is amended to read:

28.2 **354A.096 MEDICAL LEAVE.**

28.3 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
28.4 Association who is on an authorized medical leave of absence and subsequently returns
28.5 to teaching service is entitled to receive allowable service credit, not to exceed one year,
28.6 for the period of leave, upon making the prescribed payment to the fund. This payment
28.7 must include the required employee and employer contributions at the rates specified in
28.8 section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time
28.9 monthly salary rate on the date the leave of absence commenced plus annual interest at
28.10 the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year from the
28.11 end of the fiscal year during which the leave terminates to the end of the month during
28.12 which payment is made. The member must pay the total amount required unless the
28.13 employing unit, at its option, pays the employer contributions. The total amount required
28.14 must be paid by the end of the fiscal year following the fiscal year in which the leave of
28.15 absence terminated or before the member retires, whichever is earlier. Payment must be
28.16 accompanied by a copy of the resolution or action of the employing authority granting the
28.17 leave and the employing authority, upon granting the leave, must certify the leave to the
28.18 association in a manner specified by the executive director. A member may not receive
28.19 more than one year of allowable service credit during any fiscal year by making payment
28.20 under this section. A member may not receive disability benefits under section 354A.36
28.21 and receive allowable service credit under this section for the same period of time.

28.22 Sec. 12. Minnesota Statutes 2014, section 354A.108, is amended to read:

28.23 **354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS'**
28.24 **COMPENSATION.**

28.25 (a) A member of the Duluth Teachers Retirement Fund Association who is receiving
28.26 temporary workers' compensation payments related to the member's teaching service
28.27 and who either is receiving a reduced salary from the employer or is receiving no salary
28.28 from the employer is entitled to receive allowable service credit for the period of time
28.29 that the member is receiving the workers' compensation payments upon making the
28.30 required payment amount.

28.31 (b) The required amount payable by the member must be calculated first by
28.32 determining the differential salary amount, which is the difference between the salary
28.33 received, if any, during the period of time that the member is collecting workers'
28.34 compensation payments, and the salary that the member received for an identical length
28.35 period immediately before collecting the workers' compensation payments. The member

29.1 shall pay an amount equal to the employee contribution rate under section 354A.12,
29.2 subdivision 1, multiplied by the differential salary amount.

29.3 (c) If the member makes the employee payment under this section, the employing
29.4 unit shall make an employer payment to the Duluth Teachers Retirement Fund Association
29.5 equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied
29.6 by the differential salary amount.

29.7 (d) Payments made under this subdivision are payable without interest if paid by
29.8 June 30 of the year during which the workers' compensation payments are received by
29.9 the member. If paid after June 30, payments made under this subdivision must include
29.10 interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year.
29.11 Payment under this section must be completed within one year of the termination of the
29.12 workers' compensation payments to the member.

29.13 Sec. 13. Minnesota Statutes 2014, section 356.195, subdivision 2, is amended to read:

29.14 Subd. 2. **Purchase procedure for strike periods.** (a) An employee covered by a
29.15 plan specified in subdivision 1 may purchase allowable service credit in the applicable
29.16 plan for any period of time during which the employee was on a public employee strike
29.17 without pay, not to exceed a period of one year, if the employee makes a payment in
29.18 lieu of salary deductions as specified in paragraph (b) or (c), whichever applies. The
29.19 employing unit, at its option, may pay the employer portion of the amount specified in
29.20 paragraph (b) on behalf of its employees.

29.21 (b) If payment is received by the applicable pension plan executive director within
29.22 one year from the end of the strike, the payment amount is equal to the applicable
29.23 employee and employer contribution rates specified in law for the applicable plan during
29.24 the strike period, applied to the employee's rate of salary in effect at the conclusion of the
29.25 strike for the period of the strike without pay, plus compound interest at a the monthly
29.26 rate of 0.71 percent for any period for the Teachers Retirement Association and at the
29.27 monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent thereafter for any
29.28 other retirement plan listed in section 356.30, subdivision 3 from the last day of the strike
29.29 period until the date payment is received.

29.30 (c) If payment is received by the applicable pension fund director after one year and
29.31 before five years from the end of the strike, the payment amount is the amount determined
29.32 under section 356.551.

29.33 (d) Payments may not be made more than five years after the end of the strike.

29.34 Sec. 14. Minnesota Statutes 2014, section 356.50, subdivision 2, is amended to read:

30.1 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan
30.2 allowable service credit, the eligible person under subdivision 1 shall pay the required
30.3 member contribution amount. The required member contribution amount is the member
30.4 contribution rate or rates in effect for the pension plan during the period of service covered
30.5 by the back pay award, applied to the unpaid gross salary amounts of the back pay award
30.6 including unemployment insurance, workers' compensation, or wages from other sources
30.7 which reduced the back award. No contributions may be made under this clause for
30.8 compensation covered by a public pension plan listed in section 356.30, subdivision 3,
30.9 for employment during the removal period. The person shall pay the required member
30.10 contribution amount within 60 days of the date of receipt of the back pay award or within
30.11 60 days of a billing from the retirement fund, whichever is later.

30.12 (b) The public employer who wrongfully discharged the public employee must pay
30.13 an employer contribution on the back pay award. The employer contribution must be based
30.14 on the employer contribution rate or rates in effect for the pension plan during the period of
30.15 service covered by the back pay award, applied to the salary amount on which the member
30.16 contribution amount was determined under paragraph (a). Interest on both the required
30.17 member and employer contribution amount must be paid by the employer at the annual
30.18 compound rate of 8.5 percent for any period for the Teachers Retirement Association and
30.19 8.5 percent until June 30, 2015, and 8 percent thereafter, for any other retirement plan
30.20 listed in section 356.30, subdivision 3, per year, expressed monthly, between the date the
30.21 contribution amount would have been paid to the date of actual payment. The employer
30.22 payment must be made within 30 days of the payment under paragraph (a).

30.23 Sec. 15. Minnesota Statutes 2014, section 356.551, subdivision 2, is amended to read:

30.24 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in
30.25 paragraph (c) applies, the prior service credit purchase amount is an amount equal to the
30.26 actuarial present value, on the date of payment, as calculated by the chief administrative
30.27 officer of the pension plan and reviewed by the actuary retained under section 356.214,
30.28 of the amount of the additional retirement annuity obtained by the acquisition of the
30.29 additional service credit in this section.

30.30 (b) Calculation of this amount must be made using the preretirement interest rate
30.31 applicable to the public pension plan specified in section 356.215, subdivision 8, and
30.32 the mortality table adopted for the public pension plan. The calculation must assume
30.33 continuous future service in the public pension plan until, and retirement at, the age at
30.34 which the minimum requirements of the fund for normal retirement or retirement with an
30.35 annuity unreduced for retirement at an early age, including section 356.30, are met with

31.1 the additional service credit purchased. The calculation must also assume a full-time
31.2 equivalent salary, or actual salary, whichever is greater, and a future salary history that
31.3 includes annual salary increases at the applicable salary increase rate for the plan specified
31.4 in section 356.215, subdivision 4d.

31.5 (c) The prior service credit purchase amount may not be less than the amount
31.6 determined by applying, for each year or fraction of a year being purchased, the sum of the
31.7 employee contribution rate, the employer contribution rate, and the additional employer
31.8 contribution rate, if any, applicable during that period, to the person's annual salary during
31.9 that period, or fractional portion of a year's salary, if applicable, plus interest at the annual
31.10 rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually
31.11 from the end of the year in which contributions would otherwise have been made to
31.12 the date on which the payment is received.

31.13 (d) Unless otherwise provided by statutes governing a specific plan, payment must
31.14 be made in one lump sum within one year of the prior service credit authorization or prior
31.15 to the member's effective date of retirement, whichever is earlier. Payment of the amount
31.16 calculated under this section must be made by the applicable eligible person.

31.17 (e) However, the current employer or the prior employer may, at its discretion, pay
31.18 all or any portion of the payment amount that exceeds an amount equal to the employee
31.19 contribution rates in effect during the period or periods of prior service applied to the
31.20 actual salary rates in effect during the period or periods of prior service, plus interest at the
31.21 rate of 8.5 percent a year compounded annually from the date on which the contributions
31.22 would otherwise have been made to the date on which the payment is made. If the
31.23 employer agrees to payments under this subdivision, the purchaser must make the
31.24 employee payments required under this subdivision within 90 days of the prior service
31.25 credit authorization. If that employee payment is made, the employer payment under this
31.26 subdivision must be remitted to the chief administrative officer of the public pension plan
31.27 within 60 days of receipt by the chief administrative officer of the employee payments
31.28 specified under this subdivision.

31.29 Sec. 16. Minnesota Statutes 2014, section 490.121, subdivision 4, is amended to read:

31.30 Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month,
31.31 subject to the service credit limit in subdivision 22, served as a judge at any time, during
31.32 which the judge received compensation for that service from the state, municipality,
31.33 or county, whichever applies, and for which the judge made any required member
31.34 contribution. It also includes any month served as a referee in probate for all referees in
31.35 probate who were in office before January 1, 1974.

32.1 (b) "Allowable service" also means a period of authorized leave of absence for
32.2 which the judge has made a payment in lieu of contributions, not in an amount in excess
32.3 of the service credit limit under subdivision 22. To obtain the service credit, the judge
32.4 shall pay an amount equal to the normal cost of the judges retirement plan on the date of
32.5 return from the leave of absence, as determined in the most recent actuarial report for the
32.6 plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the
32.7 judge's average monthly salary rate during the authorized leave of absence and multiplied
32.8 by the number of months of the authorized leave of absence, plus annual compound
32.9 interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter from
32.10 the date of the termination of the leave to the date on which payment is made. The
32.11 payment must be made within one year of the date on which the authorized leave of
32.12 absence terminated. Service credit for an authorized leave of absence is in addition to a
32.13 uniformed service leave under section 490.1211.

32.14 (c) "Allowable service" does not mean service as a retired judge.

32.15 Sec. 17. Minnesota Statutes 2014, section 490.1211, is amended to read:

32.16 **490.1211 UNIFORMED SERVICE.**

32.17 (a) A judge who is absent from employment by reason of service in the uniformed
32.18 services, as defined in United States Code, title 38, section 4303(13), and who returns
32.19 to state employment as a judge upon discharge from service in the uniformed service
32.20 within the time frame required in United States Code, title 38, section 4312(e), may obtain
32.21 service credit for the period of the uniformed service, provided that the judge did not
32.22 separate from uniformed service with a dishonorable or bad conduct discharge or under
32.23 other than honorable conditions.

32.24 (b) The judge may obtain credit by paying into the fund equivalent member
32.25 contribution based on the contribution rate or rates in effect at the time that the uniformed
32.26 service was performed multiplied by the full and fractional years being purchased and
32.27 applied to the annual salary rate. The annual salary rate is the average annual salary
32.28 during the purchase period that the judge would have received if the judge had continued
32.29 to provide employment services to the state rather than to provide uniformed service, or
32.30 if the determination of that rate is not reasonably certain, the annual salary rate is the
32.31 judge's average salary rate during the 12-month period of judicial employment rendered
32.32 immediately preceding the purchase period.

32.33 (c) The equivalent employer contribution and, if applicable, the equivalent employer
32.34 additional contribution, must be paid by the employing unit, using the employer and
32.35 employer additional contribution rate or rates in effect at the time that the uniformed

33.1 service was performed, applied to the same annual salary rate or rates used to compute the
33.2 equivalent member contribution.

33.3 (d) If the member equivalent contributions provided for in this section are not paid
33.4 in full, the judge's allowable service credit must be prorated by multiplying the full and
33.5 fractional number of years of uniformed service eligible for purchase by the ratio obtained
33.6 by dividing the total member contributions received by the total member contributions
33.7 otherwise required under this section.

33.8 (e) To receive allowable service credit under this section, the contributions specified
33.9 in this section and section 490.121 must be transmitted to the fund during the period
33.10 which begins with the date on which the individual returns to judicial employment and
33.11 which has a duration of three times the length of the uniformed service period, but not
33.12 to exceed five years. If the determined payment period is calculated to be less than one
33.13 year, the contributions required under this section to receive service credit may be within
33.14 one year from the discharge date.

33.15 (f) The amount of allowable service credit obtainable under this section and section
33.16 490.121 may not exceed five years, unless a longer purchase period is required under
33.17 United States Code, title 38, section 4312.

33.18 (g) The state court administrator shall pay interest on all equivalent member and
33.19 employer contribution amounts payable under this section. Interest must be computed
33.20 at a the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded
33.21 annually from the end of each fiscal year of the leave or break in service to the end of
33.22 the month in which payment is received.

33.23 Sec. 18. **EFFECTIVE DATE.**

33.24 Unless otherwise specified, this article is effective July 1, 2015.

33.25 **ARTICLE 4**

33.26 **POSTRETIREMENT ADJUSTMENT FINANCIAL SUSTAINABILITY** 33.27 **TRIGGER MODIFICATIONS**

33.28 Section 1. Minnesota Statutes 2014, section 354A.29, subdivision 7, is amended to read:

33.29 Subd. 7. **Eligibility for payment of postretirement adjustments.** (a) Annually,
33.30 after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association
33.31 must determine the amount of any postretirement adjustment using the procedures in this
33.32 subdivision and subdivision 8 or 9, whichever is applicable.

33.33 (b) On January 1, each ~~eligible~~ person who has been receiving an annuity or benefit
33.34 under the articles of incorporation, the bylaws, or this chapter ~~for at least three calendar~~

34.1 ~~months as of the end of the last day of the previous calendar year, whose effective date~~
 34.2 ~~of benefit commencement occurred on or before July 1 of the calendar year immediately~~
 34.3 ~~before the adjustment, is eligible to receive a postretirement increase as specified in~~
 34.4 ~~subdivision 8 or 9.~~

34.5 **EFFECTIVE DATE.** This section is effective June 30, 2015.

34.6 Sec. 2. Minnesota Statutes 2014, section 354A.29, subdivision 8, is amended to read:

34.7 Subd. 8. **Calculation of postretirement adjustments; ~~transitional provision~~**
 34.8 **percentage based.** (a) For purposes of computing postretirement adjustments for eligible
 34.9 benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued
 34.10 liability funding ratio based on the actuarial value of assets of the plan as determined by
 34.11 the two most recent actuarial valuations prepared under sections 356.214 and 356.215
 34.12 determines the postretirement increase, as follows:

34.13	Funding ratio	Postretirement increase
34.14	Less than 80 percent	1 percent
34.15	At least 80 percent but less than 90	
34.16	percent	2 percent

34.17 (b) The amount determined under paragraph (a) is the full postretirement increase to
 34.18 be applied as a permanent increase to the regular payment of each eligible member on
 34.19 January 1 of the next calendar year. For any eligible member whose effective date of
 34.20 benefit commencement occurred ~~during~~ after January 1 of the calendar year immediately
 34.21 before the postretirement increase is applied, the full increase amount determined under
 34.22 paragraph (a) must be prorated on the basis of whole calendar quarters in benefit payment
 34.23 status in the calendar year prior to the January 1 on which the postretirement increase is
 34.24 applied, calculated to the third decimal place reduced by 50 percent.

34.25 (c) If the accrued liability funding ratio based on the actuarial value of assets is at
 34.26 least 90 percent in two consecutive actuarial valuations, ~~this subdivision expires and~~
 34.27 ~~subsequent postretirement increases must be paid as specified in subdivision 9.~~

34.28 (d) If, following a postretirement increase under paragraph (a), the accrued liability
 34.29 funding ratio, based on the actuarial value of assets, falls below 80 percent for two
 34.30 consecutive actuarial valuations, the applicable postretirement increase must be reduced
 34.31 to one percent until January 1 of the calendar year next following the date on which the
 34.32 requirements for an increase under paragraph (a) are again satisfied.

34.33 **EFFECTIVE DATE.** This section is effective June 30, 2015.

34.34 Sec. 3. Minnesota Statutes 2014, section 354A.29, subdivision 9, is amended to read:

35.1 Subd. 9. **Calculation of postretirement adjustments.** (a) This subdivision applies
35.2 if the requirements of subdivision 8 has expired, paragraph (c), have been satisfied.

35.3 (b) A percentage adjustment must be ~~computed and~~ paid under this subdivision to
35.4 eligible persons under subdivision 7. ~~This adjustment is determined by reference to the~~
35.5 ~~Consumer Price Index for urban wage earners and clerical workers all items index as~~
35.6 ~~reported by the Bureau of Labor Statistics within the United States Department of Labor~~
35.7 ~~each year as part of the determination of annual cost-of-living adjustments to recipients of~~
35.8 ~~federal old-age, survivors, and disability insurance. For calculations of postretirement~~
35.9 ~~adjustments under paragraph (e), the term "average third quarter Consumer Price Index~~
35.10 ~~value" means the sum of the monthly index values as initially reported by the Bureau of~~
35.11 ~~Labor Statistics for the months of July, August, and September, divided by three.~~

35.12 (e) ~~Before January 1 of each year, the executive director must calculate the amount~~
35.13 ~~of the postretirement adjustment by dividing the most recent average third quarter index~~
35.14 ~~value by the same average third quarter index value from the previous year, subtract one~~
35.15 ~~from the resulting quotient, and express the result as a percentage amount, which must be~~
35.16 ~~rounded to the nearest one-tenth of one percent.~~

35.17 (d) ~~(c)~~ The amount calculated under paragraph (e) of 2.5 percent is the full
35.18 postretirement adjustment to be applied as a permanent increase to the regular payment of
35.19 each eligible member on January 1 of the next calendar year. For any eligible member
35.20 whose effective date of benefit commencement occurred ~~during the~~ after January 1
35.21 of the calendar year immediately before the postretirement adjustment is applied, the
35.22 full increase postretirement adjustment amount must be ~~prorated on the basis of whole~~
35.23 ~~calendar quarters in benefit payment status in the calendar year prior to the January 1 on~~
35.24 ~~which the postretirement adjustment is applied, calculated to the third decimal place~~
35.25 reduced by 50 percent.

35.26 (e) ~~The adjustment must not be less than zero nor greater than five percent.~~

35.27 (d) In the event the accrued liability funding ratio based on the actuarial value of
35.28 assets falls below 90 percent for two consecutive actuarial valuations, the applicable
35.29 postretirement increase must be determined under subdivision 8 until January 1 of the
35.30 calendar year next following the date on which the requirements of subdivision 8,
35.31 paragraph (c), are again satisfied.

35.32 **EFFECTIVE DATE.** This section is effective June 30, 2015.

35.33 Sec. 4. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

35.34 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
35.35 otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability

36.1 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a
 36.2 postretirement adjustment annually on January 1, as follows:

36.3 (1) a postretirement increase of 2.5 percent must be applied each year, effective
 36.4 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 36.5 has been receiving an annuity or a benefit for at least 12 full months ~~prior to the January~~
 36.6 ~~1~~ increase as of the current June 30; and

36.7 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 36.8 benefit amount for at least one full month, but less than 12 full months as of the current
 36.9 June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month that the
 36.10 person has been receiving an annuity or benefit must be applied, ~~effective on January 1~~
 36.11 ~~following the calendar year in which the person has been retired for less than 12 months.~~

36.12 (b) The increases provided by this subdivision commence on January 1, 2010.

36.13 (c) An increase in annuity or benefit payments under this section must be made
 36.14 automatically unless written notice is filed by the annuitant or benefit recipient with the
 36.15 executive director of the covered retirement plan requesting that the increase not be made.

36.16 **EFFECTIVE DATE.** This section is effective June 30, 2015.

36.17 Sec. 5. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

36.18 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**

36.19 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
 36.20 benefit, or survivor benefit recipients of the legislators retirement plans, including
 36.21 constitutional officers as specified in chapter 3A, the general state employees retirement
 36.22 plan, the correctional state employees retirement plan, and the unclassified state employees
 36.23 retirement program, and the judges retirement plan are entitled to a postretirement
 36.24 adjustment annually on January 1, as follows:

36.25 (1) for each successive January 1, if the definition of funding stability under
 36.26 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable
 36.27 retirement plan, a postretirement increase of two percent must be applied each year,
 36.28 effective on January 1, to the monthly annuity or benefit of each annuitant or benefit
 36.29 recipient who has been receiving an annuity or a benefit for at least 18 full months ~~before~~
 36.30 ~~the January 1~~ increase as of the current June 30; and

36.31 (2) for each successive January 1, if the definition of funding stability under
 36.32 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable
 36.33 retirement plan, for each annuitant or benefit recipient who has been receiving an annuity
 36.34 or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the current
 36.35 June 30, an annual postretirement increase of 1/12 of two percent for each month that the

37.1 person has been receiving an annuity or benefit must be applied, ~~effective January 1,~~
37.2 ~~following the calendar year in which the person has been retired for at least six months,~~
37.3 ~~but has been retired for less than 18 months.~~

37.4 (b) ~~The increases provided by this subdivision commence on January 1, 2011.~~
37.5 Increases under this subdivision for the general state employees retirement plan, or the
37.6 correctional state employees retirement plan, or the judges retirement plan terminate on
37.7 December 31 of the calendar year in which two prior consecutive actuarial valuations
37.8 prepared by the approved actuary under sections 356.214 and 356.215 and the standards for
37.9 actuarial work promulgated by the Legislative Commission on Pensions and Retirement
37.10 indicates that the market value of assets of the retirement plan equals or exceeds 90 percent
37.11 of the actuarial accrued liability of the retirement plan and increases under subdivision 1
37.12 recommence after that date. Increases under this subdivision for the legislators retirement
37.13 plan ~~or the elected state officers retirement plan~~, including the constitutional officers, and
37.14 for the unclassified state employees retirement program, terminate on December 31 of the
37.15 calendar year in which the two prior consecutive actuarial valuation valuations prepared
37.16 by the approved actuary under sections 356.214 and 356.215 and the standards for
37.17 actuarial work promulgated by the Legislative Commission on Pensions and Retirement
37.18 indicates that the market value of assets of the general state employees retirement plan
37.19 equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and
37.20 increases under subdivision 1 recommence after that date.

37.21 (c) After having met the definition of funding stability under paragraph (b), the
37.22 increase provided in paragraph (a), clauses (1) and (2), rather than an increase under
37.23 subdivision 1, for the general state employees retirement plan or the correctional state
37.24 employees retirement plan, is again to be applied in a subsequent year or years if the
37.25 market value of assets of the applicable plan equals or is less than:

37.26 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
37.27 consecutive actuarial valuations; or

37.28 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
37.29 recent actuarial valuation.

37.30 (d) After having met the definition of funding stability under paragraph (b), the
37.31 increase provided in paragraph (a), clauses (1) and (2), rather than an increase under
37.32 subdivision 1, for the legislators retirement plan, including the constitutional officers,
37.33 and for the unclassified state employees retirement program, is again to be applied in a
37.34 subsequent year or years if the market value of assets of the general state employees
37.35 retirement plan equals or is less than:

38.1 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
38.2 consecutive actuarial valuations; or

38.3 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
38.4 recent actuarial valuation.

38.5 ~~(e)~~ (e) An increase in annuity or benefit payments under this subdivision must be
38.6 made automatically unless written notice is filed by the annuitant or benefit recipient
38.7 with the executive director of the applicable covered retirement plan requesting that the
38.8 increase not be made.

38.9 **EFFECTIVE DATE.** This section is effective June 30, 2015.

38.10 Sec. 6. Minnesota Statutes 2014, section 356.415, subdivision 1c, is amended to read:

38.11 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a)
38.12 Retirement annuity, disability benefit, or survivor benefit recipients of the public
38.13 employees police and fire retirement plan are entitled to a postretirement adjustment
38.14 annually on January 1, ~~until~~ if the definition of funding stability is restored under
38.15 paragraph (c) has not been met, as follows:

38.16 (1) for each annuitant or benefit recipient whose annuity or benefit effective date is
38.17 on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12
38.18 full months as of the immediate preceding June 30, an amount equal to one percent in
38.19 each year; or

38.20 (2) for each annuitant or benefit recipient whose annuity or benefit effective date
38.21 is on or before June 1, 2014, who has been receiving the annuity or benefit for at least
38.22 one full month, but ~~not~~ not less than 12 months, as of the immediate preceding June 30, an
38.23 amount equal to 1/12 of one percent for each month of annuity or benefit receipt; and

38.24 (3) for each annuitant or benefit recipient whose annuity or benefit effective date is
38.25 after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who will
38.26 have been receiving an annuity or benefit for at least 36 full months as of the immediate
38.27 preceding June 30, an amount equal to one percent; or

38.28 (4) for each annuitant or benefit recipient whose annuity or benefit effective date is
38.29 after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who
38.30 has been receiving the annuity or benefit for at least 25 full months, but less than 36
38.31 months as of the immediate preceding June 30, an amount equal to 1/12 of one percent for
38.32 each full month of annuity or benefit receipt during the fiscal year in which the annuity
38.33 or benefit was effective.

38.34 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the public
38.35 employees police and fire retirement plan are entitled to a postretirement adjustment

39.1 annually on each January 1 following the restoration of funding stability as defined under
39.2 paragraph (c) and during the continuation of funding stability as defined under paragraph
39.3 (c), as follows:

39.4 (1) for each annuitant or benefit recipient who has been receiving the annuity or
39.5 benefit for at least 36 full months as of the immediate preceding June 30, an amount
39.6 equal to ~~the percentage increase in the Consumer Price Index for urban wage earners and~~
39.7 ~~clerical workers all items index published by the Bureau of Labor Statistics of the United~~
39.8 ~~States Department of Labor between the immediate preceding June 30 and the June 30~~
39.9 ~~occurring 12 months previous, but not to exceed 2.5 percent; and~~

39.10 (2) for each annuitant or benefit recipient who has been receiving the annuity
39.11 or benefit for at least 25 full months, but less than 36 full months, as of the immediate
39.12 preceding June 30, an amount equal to 1/12 of ~~the percentage increase in the Consumer~~
39.13 ~~Price Index for urban wage earners and clerical workers all items index published by~~
39.14 ~~the Bureau of Labor Statistics of the United States Department of Labor between the~~
39.15 ~~immediate preceding June 30 and the June 30 occurring 12 months previous for each full~~
39.16 ~~month of annuity or benefit receipt during the fiscal year in which the annuity or benefit~~
39.17 ~~was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or~~
39.18 ~~benefit receipt during the fiscal year in which the annuity or benefit was effective.~~

39.19 (c) Funding stability is restored when the market value of assets of the public
39.20 employees police and fire retirement plan equals or exceeds 90 percent of the actuarial
39.21 accrued liabilities of the applicable plan in the two most recent consecutive actuarial
39.22 valuations prepared under section 356.215 and under the standards for actuarial work of
39.23 the Legislative Commission on Pensions and Retirement by the approved actuary retained
39.24 by the Public Employees Retirement Association under section 356.214.

39.25 (d) After having met the definition of funding stability under paragraph (c), a full
39.26 or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever
39.27 applies, rather than adjustments under paragraph (b), is again applied in a subsequent year
39.28 or years if the market value of assets of the public employees police and fire retirement
39.29 plan equals or is less than:

39.30 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
39.31 consecutive actuarial valuations; or

39.32 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
39.33 recent actuarial valuation.

39.34 (e) An increase in annuity or benefit payments under this section must be made
39.35 automatically unless written notice is filed by the annuitant or benefit recipient with the

40.1 executive director of the Public Employees Retirement Association requesting that the
40.2 increase not be made.

40.3 **EFFECTIVE DATE.** This section is effective June 30, 2015.

40.4 Sec. 7. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

40.5 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

40.6 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
40.7 Retirement Association are entitled to a postretirement adjustment annually on January
40.8 1, as follows:

40.9 ~~(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;~~

40.10 ~~(2) (1) for January 1, 2013, and each successive January 1 until funding stability is~~
40.11 ~~restored, a postretirement increase of two percent must be applied each year, effective on~~
40.12 ~~January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient~~
40.13 ~~who has been receiving an annuity or a benefit for at least ~~18~~ 12 full months prior to the~~
40.14 ~~January 1 increase as of the current June 30;~~

40.15 ~~(3) (2) for January 1, 2013, and each successive January 1 until funding stability~~
40.16 ~~is restored, for each annuitant or benefit recipient who has been receiving an annuity or~~
40.17 ~~a benefit for at least ~~six~~ one full month, but less than 12 full months before the January~~
40.18 ~~1 increase as of the current June 30, an annual postretirement increase of 1/12 of two~~
40.19 ~~percent for each month the person has been receiving an annuity or benefit must be~~
40.20 ~~applied, effective January 1, for which the person has been retired for at least ~~six~~ months~~
40.21 ~~but less than ~~18~~ months;~~

40.22 ~~(4) (3) for each January 1 following the restoration of funding stability, a~~
40.23 ~~postretirement increase of 2.5 percent must be applied each year, effective January 1, to~~
40.24 ~~the monthly annuity or benefit amount of each annuitant or benefit recipient who has~~
40.25 ~~been receiving an annuity or a benefit for at least ~~18~~ 12 full months prior to the January~~
40.26 ~~1 increase as of the current June 30; and~~

40.27 ~~(5) (4) for each January 1 following the restoration of funding stability, for each~~
40.28 ~~annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~~~
40.29 ~~one month, but less than 12 full months before the January 1 increase as of the current~~
40.30 ~~June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the~~
40.31 ~~person has been receiving an annuity or benefit must be applied, effective January 1, for~~
40.32 ~~which the person has been retired for at least ~~six~~ months but less than ~~18~~ months.~~

40.33 (b) Funding stability is restored when the market value of assets of the Teachers
40.34 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities
40.35 of the Teachers Retirement Association in the two most recent prior actuarial valuations

41.1 prepared under section 356.215 and the standards for actuarial work by the approved
 41.2 actuary retained by the Teachers Retirement Association under section 356.214.

41.3 (c) After having met the definition of funding stability under paragraph (b), the
 41.4 increase provided in paragraph (a), clauses (1) and (2), rather than an increase under
 41.5 subdivision 1, or the increase under paragraph (a), clauses (3) and (4), is again to be applied
 41.6 in a subsequent year or years if the market value of assets of the plan equals or is less than:

41.7 (1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive
 41.8 actuarial valuations; or

41.9 (2) 80 percent of the actuarial accrued liabilities of the plan for the most recent
 41.10 actuarial valuation.

41.11 ~~(e)~~ (d) An increase in annuity or benefit payments under this section must be made
 41.12 automatically unless written notice is filed by the annuitant or benefit recipient with the
 41.13 executive director of the Teachers Retirement Association requesting that the increase
 41.14 not be made.

41.15 ~~(d)~~ (e) The retirement annuity payable to a person who retires before becoming
 41.16 eligible for Social Security benefits and who has elected the optional payment as provided
 41.17 in section 354.35 must be treated as the sum of a period-certain retirement annuity
 41.18 and a life retirement annuity for the purposes of any postretirement adjustment. The
 41.19 period-certain retirement annuity plus the life retirement annuity must be the annuity
 41.20 amount payable until age 62, 65, or normal retirement age, as selected by the member
 41.21 at retirement, for an annuity amount payable under section 354.35. A postretirement
 41.22 adjustment granted on the period-certain retirement annuity must terminate when the
 41.23 period-certain retirement annuity terminates.

41.24 **EFFECTIVE DATE.** This section is effective June 30, 2015.

41.25 Sec. 8. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

41.26 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.**

41.27 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
 41.28 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
 41.29 definition of funding stability under paragraph (b) has not been met, as follows:

41.30 (1) a postretirement increase of one percent must be applied each year, effective on
 41.31 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
 41.32 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January~~
 41.33 ~~1~~ increase as of the current June 30; and

41.34 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 41.35 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June

42.1 30, an annual postretirement increase of 1/12 of one percent for each month that the
42.2 person has been receiving an annuity or benefit must be applied, ~~effective January 1,~~
42.3 ~~following the calendar year in which the person has been retired for at least six months,~~
42.4 ~~but has been retired for less than 18 months.~~

42.5 (b) ~~The increases provided by this subdivision commence on January 1, 2014.~~
42.6 Increases under paragraph (a) for the State Patrol retirement plan terminate on December
42.7 31 of the calendar year in which two prior consecutive actuarial valuations for the
42.8 plan prepared by the approved actuary under sections 356.214 and 356.215 and the
42.9 standards for actuarial work promulgated by the Legislative Commission on Pensions
42.10 and Retirement indicates that the market value of assets of the retirement plan equals or
42.11 exceeds 85 percent of the actuarial accrued liability of the retirement plan. Thereafter,
42.12 increases under paragraph (a) become effective again on the December 31 of the calendar
42.13 year in which the actuarial valuation, or prior consecutive actuarial valuations for the
42.14 plan prepared by the approved actuary under sections 356.214 and 356.215 and the
42.15 standards for actuarial work promulgated by the Legislative Commission on Pensions and
42.16 Retirement indicates that the market value of the assets of the retirement plan equals or is
42.17 less than 80 percent of the actuarial accrued liability of the retirement plan for two years,
42.18 or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan
42.19 for one year and increases under paragraph (c) recommence commence after that date.

42.20 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
42.21 Patrol retirement plan are entitled to a postretirement adjustment annually on January
42.22 1, as follows:

42.23 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
42.24 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
42.25 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January~~
42.26 ~~1~~ increase as of the current June 30; and

42.27 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
42.28 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
42.29 30, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person
42.30 has been receiving an annuity or benefit must be applied, ~~effective January 1, following~~
42.31 ~~the calendar year in which the person has been retired for at least six months, but has been~~
42.32 ~~retired for less than 18 months.~~

42.33 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
42.34 December 31 of the calendar year in which two prior consecutive actuarial valuations
42.35 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
42.36 for actuarial work adopted by the Legislative Commission on Pensions and Retirement

43.1 indicates that the market value of assets of the retirement plan equals or exceeds 90
43.2 percent of the actuarial accrued liability of the retirement plan and increases under
43.3 subdivision 1 recommence after that date.

43.4 (e) An increase in annuity or benefit payments under this subdivision must be made
43.5 automatically unless written notice is filed by the annuitant or benefit recipient with the
43.6 executive director of the applicable covered retirement plan requesting that the increase
43.7 not be made.

43.8 **EFFECTIVE DATE.** This section is effective June 30, 2015.

43.9 Sec. 9. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

43.10 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
43.11 **System judges retirement plan.** (a) The increases provided under this subdivision begin
43.12 on January 1, 2014, and are in lieu of increases under subdivision 1 or 1a for retirement
43.13 annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

43.14 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the
43.15 judges retirement plan are entitled to a postretirement adjustment annually on January
43.16 1, as follows:

43.17 (1) a postretirement increase of 1.75 percent must be applied each year, effective on
43.18 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
43.19 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January~~
43.20 ~~1 increase as of the current June 30~~; and

43.21 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
43.22 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
43.23 30, an annual postretirement increase of 1/12 of 1.75 percent for each month that the
43.24 person has been receiving an annuity or benefit must be applied, ~~effective January 1,~~
43.25 ~~following the calendar year in which the person has been retired for at least six months,~~
43.26 ~~but has been retired for less than 18 months.~~

43.27 (c) Increases under this subdivision terminate on December 31 of the calendar year
43.28 in which two prior consecutive actuarial valuations prepared by the approved actuary
43.29 under sections 356.214 and 356.215 and the standards for actuarial work promulgated
43.30 by the Legislative Commission on Pensions and Retirement indicates that the market
43.31 value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial
43.32 accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is
43.33 applicable, begin on the January 1 next following that date.

43.34 (d) An increase in annuity or benefit payments under this subdivision must be made
43.35 automatically unless written notice is filed by the annuitant or benefit recipient with the

44.1 executive director of the applicable covered retirement plan requesting that the increase
44.2 not be made.

44.3 **EFFECTIVE DATE.** This section is effective June 30, 2015.

44.4 Sec. 10. **REPEALER.**

44.5 Minnesota Statutes 2014, section 354A.42, is repealed.

44.6 **EFFECTIVE DATE.** This section is effective June 30, 2015.

44.7 **ARTICLE 5**

44.8 **CONTRIBUTION STABILIZER PROVISION MODIFICATIONS**

44.9 Section 1. Minnesota Statutes 2014, section 352.045, is amended to read:

44.10 **352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER**
44.11 **CONTRIBUTIONS IN CERTAIN INSTANCES.**

44.12 Subdivision 1. **Application.** This section applies to the general state employees
44.13 retirement plan ~~and to~~ established under this chapter, the correctional state employees
44.14 retirement plan established under this chapter, and ~~to~~ the state patrol retirement plan
44.15 established under chapter 352B.

44.16 Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency
44.17 exists if, for ~~purposes of~~ the applicable plan, the total of the employee contributions, the
44.18 employer contributions, and any additional employer contributions, if applicable, exceeds
44.19 the total of the normal cost, the administrative expenses, and the amortization contribution
44.20 of the retirement plan as reported in the most recent actuarial valuation of the retirement
44.21 plan prepared by the approved actuary retained under section 356.214 and prepared under
44.22 section 356.215 and the standards for actuarial work of the Legislative Commission on
44.23 Pensions and Retirement. For purposes of this section, a contribution deficiency exists
44.24 if, for the applicable plan, the total employee contributions, employer contributions,
44.25 and any additional employer contributions are less than the total of the normal cost, the
44.26 administrative expenses, and the amortization contribution of the retirement plan as
44.27 reported in the most recent actuarial valuation of the retirement plan prepared by the
44.28 approved actuary retained under section 356.214 and prepared under section 356.215 and
44.29 the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

44.30 Subd. 3a. **Contribution rate revision; general state employees retirement plan.**
44.31 (a) Notwithstanding the contribution rates ~~stated in plan law~~ as specified in law governing
44.32 the applicable retirement plan, the board of directors of the Minnesota State Retirement

45.1 System may adjust the employee and employer contribution rates for the general state
45.2 employees retirement plan must be adjusted:

45.3 ~~(1) if the regular actuarial valuation of the plan prepared under section 356.215~~
45.4 ~~indicates that there is a contribution sufficiency greater than one percent of covered payroll~~
45.5 ~~and that the sufficiency has existed for at least two consecutive years, the employee and~~
45.6 ~~employer contribution rates must be decreased as determined under paragraph (b) to a~~
45.7 ~~level such that the sufficiency is no greater than one percent of covered payroll based~~
45.8 ~~on the most recent actuarial valuation; or~~

45.9 ~~(2) if the regular actuarial valuation of the plan under section 356.215 indicates that~~
45.10 ~~there is a contribution deficiency under subdivision 2 equal to or greater than 0.5 one-half~~
45.11 ~~of one percent of covered payroll and that the deficiency has existed for at least two~~
45.12 ~~consecutive years, the employee and employer contribution rates must be increased as~~
45.13 ~~determined under paragraph (c) to a level such that no deficiency exists based on the~~
45.14 ~~most recent actuarial valuation.~~

45.15 (b) If the actuarially required determined contribution of the plan is less than the
45.16 total support provided by the combined employee and employer contribution rates by
45.17 more than one percent of covered payroll, the plan employee and employer contribution
45.18 rates ~~must~~ may be decreased incrementally over one or more years ~~by no more than~~
45.19 ~~0.25 percent of pay each for employee and employer contribution rates to a level such~~
45.20 ~~that there remains a contribution sufficiency of at least one percent of covered payroll.~~
45.21 ~~No contribution rate~~ Any decrease may be made until at least two years have elapsed
45.22 ~~since any adjustment under this paragraph has been fully implemented in employee and~~
45.23 ~~employer contribution rates must not result in total contributions that are less than the sum~~
45.24 ~~of the normal cost and administrative expenses of the retirement plan.~~

45.25 (c) If the actuarially required contribution exceeds the total support provided by
45.26 the employee and employer contribution rates, the board of directors may increase the
45.27 employee and employer contribution rates ~~must be increased~~ equally to eliminate that
45.28 contribution deficiency. ~~If the contribution deficiency is:~~

45.29 ~~(1) less than two percent, the incremental increase may be up to 0.25 percent each~~
45.30 ~~for the employee and employer contribution rates;~~

45.31 ~~(2) greater than 1.99 percent and less than 4.01 percent, the incremental increase~~
45.32 ~~may be up to 0.5 percent each for the employee and employer contribution rates; or~~

45.33 ~~(3) greater than four percent, the incremental increase may be up to 0.75 percent~~
45.34 ~~each for the employee and employer contribution.~~

45.35 (d) To determine if an adjustment is to be made, the board of directors shall consult
45.36 with the approved actuary retained under section 356.214 and shall take into consideration

46.1 factors that include, but are not limited to, the contribution rates calculated based on the
46.2 actuarial value of assets and calculated based on the market value of assets; the funded
46.3 ratio calculated based on the actuarial value of assets; the funded ratio calculated based on
46.4 the market value of assets; the remaining number of years to the amortization target date;
46.5 the recent experience of the investment markets; and the results of the 30-year funding,
46.6 disbursements, and contribution projections prepared every other year as required under
46.7 the standards for actuarial work adopted by the Legislative Commission on Pensions
46.8 and Retirement.

46.9 (e) Any ~~recommended~~ adjustment to the contribution rates must be reported to
46.10 the chair and the executive director of the Legislative Commission on Pensions and
46.11 Retirement by January 15 following receipt of the most recent annual actuarial valuation
46.12 prepared under section 356.215. The report must include draft legislation to revise the
46.13 employee and employer contributions stated in plan law. If the Legislative Commission
46.14 on Pensions and Retirement does not recommend against the rate change or does not
46.15 recommend a modification in the rate change, the ~~recommended~~ adjustment becomes
46.16 effective on the first day of the first full payroll period in the fiscal year following receipt
46.17 of the most recent actuarial valuation that gave rise to the adjustment.

46.18 (e) (f) A contribution sufficiency of up to one percent of covered payroll must be
46.19 held in reserve to be used to offset any future actuarially ~~required~~ determined contributions
46.20 that are more than the total combined employee and employer contributions.

46.21 (f) (g) Before any reduction in contributions to eliminate a sufficiency in excess of
46.22 one percent of covered pay may be ~~recommended~~ made, the executive director must
46.23 review any need for a change in actuarial assumptions, as recommended by the approved
46.24 actuary retained under section 356.214 in the most recent experience study of the general
46.25 employees retirement plan prepared under section 356.215 and the standards for actuarial
46.26 work promulgated by the Legislative Commission on Pensions and Retirement that may
46.27 result in an increase in the actuarially ~~required~~ determined contribution and must report to
46.28 the Legislative Commission on Pensions and Retirement any ~~recommendation~~ decision
46.29 by the board to use the sufficiency exceeding one percent of covered payroll to offset the
46.30 impact of an actuarial assumption change recommended by the actuary retained under
46.31 section 356.214, subdivision 1, and reviewed by the actuary retained by the commission
46.32 under section 356.214, subdivision 4.

46.33 (g) (h) No contribution sufficiency in excess of one percent of covered pay may be
46.34 proposed to be used to increase benefits, and no benefit increase may be proposed that
46.35 would initiate an ~~automatic~~ adjustment to increase contributions under this subdivision.
46.36 Any proposed benefit improvement must include a recommendation, prepared by the

47.1 approved actuary retained under section 356.214, subdivision 1, and reviewed by the
47.2 actuary retained by the Legislative Commission on Pensions and Retirement as provided
47.3 under section 356.214, subdivision 4, on how the benefit modification will be funded.

47.4 Subd. 3b. **Contribution rate revision; correctional state employees retirement**
47.5 **plan and State Patrol retirement plan.** (a) Subdivision 3a applies to the correctional
47.6 state employees retirement plan under this chapter and to the State Patrol retirement
47.7 plan established under chapter 352B, except as ~~stated in this subdivision~~ specified in
47.8 paragraph (b) or (c).

47.9 (b) Any limitations on the amount of contribution rate changes stated in subdivision
47.10 3a apply only to the amount of the employee contribution revision. The employer
47.11 contribution for the correctional state employees retirement plan or the State Patrol
47.12 retirement plan, whichever is applicable, must be adjusted so that the employer
47.13 contribution is equal to 60 percent of the sum of employee plus employer contributions.

47.14 (c) For the State Patrol retirement plan, a contribution sufficiency of up to two
47.15 percent of covered payroll, rather than one percent, may be held in reserves without taking
47.16 action to reduce employee and employer contributions.

47.17 Sec. 2. Minnesota Statutes 2014, section 353.27, subdivision 3b, is amended to read:

47.18 Subd. 3b. **Change in employee and employer contributions in certain instances.**

47.19 (a) For purposes of this section:

47.20 (1) a contribution sufficiency exists if the total of the employee contribution under
47.21 subdivision 2, the employer contribution under subdivision 3, the additional employer
47.22 contribution under subdivision 3a, and any additional contribution previously imposed
47.23 under this subdivision exceeds the total of the normal cost, the administrative expenses,
47.24 and the amortization contribution of the general employees retirement plan as reported in
47.25 the most recent actuarial valuation of the retirement plan prepared by the actuary retained
47.26 under section 356.214 and prepared under section 356.215 and the standards for actuarial
47.27 work of the Legislative Commission on Pensions and Retirement; and

47.28 (2) a contribution deficiency exists if the total of the employee contributions under
47.29 subdivision 2, the employer contributions under subdivision 3, the additional employer
47.30 contribution under subdivision 3a, and any additional contribution previously imposed
47.31 under this subdivision is less than the total of the normal cost, the administrative expenses,
47.32 and the amortization contribution of the general employees retirement plan as reported in
47.33 the most recent actuarial valuation of the retirement plan prepared by the actuary retained
47.34 under section 356.214 and prepared under section 356.215 and the standards for actuarial
47.35 work of the Legislative Commission on Pensions and Retirement.

48.1 (b) Notwithstanding the contribution rate provision specified under subdivisions 2,
48.2 3, and 3a, the board of trustees of the Public Employees Retirement Association may
48.3 adjust the employee and employer contributions to the general employees retirement plan
48.4 under subdivisions 2 and 3 ~~must be adjusted:~~

48.5 ~~(1) if the regular actuarial valuation of the general employees retirement plan of~~
48.6 ~~the Public Employees Retirement Association prepared under section 356.215 indicates~~
48.7 ~~that there is a contribution sufficiency under paragraph (a) greater than one percent of~~
48.8 ~~covered payroll and that the sufficiency has existed for at least two consecutive years, the~~
48.9 ~~coordinated program employee and employer contribution rates must be decreased as~~
48.10 ~~determined under paragraph (e) to a level such that the sufficiency is no greater than one~~
48.11 ~~percent of covered payroll based on the most recent actuarial valuation; or~~

48.12 ~~(2) if the regular actuarial valuation of the general employees retirement plan of the~~
48.13 ~~Public Employees Retirement Association under section 356.215 indicates that there~~
48.14 ~~is a contribution deficiency under paragraph (a) equal to or greater than 0.5 one-half~~
48.15 ~~of one percent of covered payroll and that the deficiency has existed for at least two~~
48.16 ~~consecutive years, the coordinated program employee and employer contribution rates~~
48.17 ~~must be increased as determined under paragraph (d) to a level such that no deficiency~~
48.18 ~~exists based on the most recent actuarial valuation.~~

48.19 (c) If the actuarially required determined contribution of the general employees
48.20 retirement plan is less than the total support provided by the combined employee and
48.21 employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of
48.22 covered payroll, the general employees retirement plan coordinated program employee
48.23 and employer contribution rates under subdivisions 2 and 3 ~~must~~ may be decreased
48.24 ~~incrementally over one or more years by no more than 0.25 percent of pay each for~~
48.25 ~~employee and employer matching contribution rates to a level such that there remains a~~
48.26 ~~contribution sufficiency of at least one percent of covered payroll. No contribution rate~~
48.27 ~~decrease may be made until at least two years have elapsed since any adjustment under~~
48.28 ~~this subdivision has been fully implemented. Any decrease in employee and employer~~
48.29 ~~contribution rates must not result in total contributions that are less than the total of the~~
48.30 ~~normal cost of the retirement plan and the administrative expenses of the retirement plan.~~

48.31 (d) If the actuarially required determined contribution exceeds the total support
48.32 provided by the combined employee and employer contribution rates under subdivisions
48.33 2, 3, and 3a, the board of trustees may increase the employee and matching employer
48.34 contribution rates ~~must be increased equally~~ to eliminate that contribution deficiency.
48.35 ~~If the contribution deficiency is:~~

49.1 ~~(1) less than two percent, the incremental increase may be up to 0.25 percent for the~~
49.2 ~~general employees retirement plan employee and matching employer contribution rates;~~

49.3 ~~(2) greater than 1.99 percent and less than 4.01 percent, the incremental increase~~
49.4 ~~may be up to 0.5 percent for the employee and matching employer contribution rates; or~~

49.5 ~~(3) greater than four percent, the incremental increase may be up to 0.75 percent for~~
49.6 ~~the employee and matching employer contribution.~~

49.7 ~~(e) The general employees retirement plan contribution sufficiency or deficiency~~
49.8 ~~determination under paragraphs (a) to (d) must be made without the inclusion of the~~
49.9 ~~contributions to, the funded condition of, or the actuarial funding requirements of the~~
49.10 ~~MERF division. To determine if an adjustment is to be made, the board of trustees shall~~
49.11 ~~consult with the approved actuary retained under section 356.214 and shall take into~~
49.12 ~~consideration factors that include, but are not limited to, the contribution rates based on~~
49.13 ~~actuarial value of assets and contribution rates based on the market value of assets; the~~
49.14 ~~funded ratio based on the actuarial value of assets and based on the market value of assets;~~
49.15 ~~the number of years remaining to the amortization target date; the recent experience~~
49.16 ~~of the investment markets; and the results of the 30-year funding, disbursements, and~~
49.17 ~~contributions projections prepared every other year as required under the standards for~~
49.18 ~~actuarial work adopted by the Legislative Commission on Pensions and Retirement.~~

49.19 ~~(f) Any recommended adjustment to the contribution rates must be reported to~~
49.20 ~~the chair and the executive director of the Legislative Commission on Pensions and~~
49.21 ~~Retirement by January 15 following the receipt of the most recent annual actuarial~~
49.22 ~~valuation prepared under section 356.215. If the Legislative Commission on Pensions~~
49.23 ~~and Retirement does not recommend against the rate change or does not recommend~~
49.24 ~~a modification in the rate change, the recommended adjustment becomes effective for~~
49.25 ~~any salary paid on or after the January 1 next following the legislative session in which~~
49.26 ~~the Legislative Commission on Pensions and Retirement did not take any action to~~
49.27 ~~disapprove or modify the Public Employees Retirement Association Board of Trustees'~~
49.28 ~~recommendation to adjust adjustment to the employee and employer rates.~~

49.29 ~~(g) A contribution sufficiency of up to one percent of covered payroll must be held~~
49.30 ~~in reserve to be used to offset any future actuarially ~~required~~ determined contributions~~
49.31 ~~that are more than the total combined employee and employer contributions under~~
49.32 ~~subdivisions 2, 3, and 3a.~~

49.33 ~~(h) Before any reduction in contributions to eliminate a sufficiency in excess of one~~
49.34 ~~percent of covered pay may be ~~recommended~~ made, the executive director must review~~
49.35 ~~any need for a change in actuarial assumptions, as recommended by the actuary retained~~
49.36 ~~under section 356.214 in the most recent experience study of the general employees~~

50.1 retirement plan prepared under section 356.215 and the standards for actuarial work
 50.2 promulgated by the Legislative Commission on Pensions and Retirement that may result
 50.3 in an increase in the actuarially ~~required~~ determined contribution and must report to the
 50.4 Legislative Commission on Pensions and Retirement any ~~recommendaation~~ decision by the
 50.5 board to use the sufficiency exceeding one percent of covered payroll to offset the impact
 50.6 of an actuarial assumption change recommended by the actuary retained under section
 50.7 356.214, subdivision 1, and reviewed by the actuary retained by the commission under
 50.8 section 356.214, subdivision 4.

50.9 (i) No contribution sufficiency in excess of one percent of covered pay may be
 50.10 proposed to be used to increase benefits, and no benefit increase may be proposed that
 50.11 would initiate an ~~automatic~~ adjustment to increase contributions under this subdivision.
 50.12 Any proposed benefit improvement must include a recommendation, prepared by the
 50.13 approved actuary retained under section 356.214, subdivision 1, and reviewed by the
 50.14 actuary retained by the Legislative Commission on Pensions and Retirement as provided
 50.15 under section 356.214, subdivision 4, on how the benefit modification will be funded.

50.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

50.17 Sec. 3. Minnesota Statutes 2014, section 354.42, subdivision 4b, is amended to read:

50.18 Subd. 4b. **Contribution rate revision.** (a) Notwithstanding the contribution rate
 50.19 provisions under subdivisions 2 and 3, the Board of Trustees of the Teachers Retirement
 50.20 Association may adjust the employee and employer contribution rates ~~may be adjusted~~
 50.21 ~~as follows:~~

50.22 (1) ~~if, after June 30, 2015,~~ the regular actuarial valuation of the plan under section
 50.23 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or
 50.24 greater than one percent of covered payroll ~~and the sufficiency has existed for at least two~~
 50.25 ~~consecutive years, the employee and employer contribution rates for the plan may each be~~
 50.26 ~~decreased to a level such that the sufficiency equals no more than one percent of covered~~
 50.27 ~~payroll based on the most recent actuarial valuation; or~~

50.28 (2) ~~if, after June 30, 2015,~~ the regular valuation of the plan under section 356.215
 50.29 indicates that there is a deficiency equal to or greater than ~~0.25~~ one-half of one percent
 50.30 of covered payroll ~~and the deficiency has existed for at least two consecutive years, the~~
 50.31 ~~employee and employer contribution rates for the applicable plan may each be increased by:~~

50.32 (i) ~~0.25 percent if the deficiency is less than two percent of covered payroll;~~

50.33 (ii) ~~0.5 percent if the deficiency is equal to or greater than two percent of covered~~
 50.34 ~~payroll and less than or equal to four percent; and~~

51.1 ~~(iii) 0.75 percent if the deficiency is greater than four percent.~~ Any decrease in
 51.2 employee and employer contribution rates must not result in the total of contribution rates
 51.3 that is less than the total of normal cost and administrative expenses.

51.4 (b) To determine if an adjustment is to be made, the board of trustees shall consult
 51.5 with the approved actuary retained under section 356.214 and shall take into consideration
 51.6 factors that include, but are not limited to, the contribution rates based on actuarial value of
 51.7 assets and contribution rates based on the market value of assets; the funded ratio based on
 51.8 the actuarial value of assets and based on the market value of assets; the number of years
 51.9 remaining to the amortization target date; the recent experience of the investment markets;
 51.10 and the results of the 30-year funding, disbursements, and contributions projections
 51.11 prepared every other year as required under the standards for actuarial work adopted by
 51.12 the Legislative Commission on Pensions and Retirement.

51.13 **EFFECTIVE DATE.** This section is effective July 1, 2015.

51.14 Sec. 4. Minnesota Statutes 2014, section 354.42, subdivision 4d, is amended to read:

51.15 Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease
 51.16 made under subdivision 4b, as determined by the executive director of the Teachers
 51.17 Retirement Association, must be reported to the chair and the executive director of the
 51.18 Legislative Commission on Pensions and Retirement on or before the next February 1 and,
 51.19 if the Legislative Commission on Pensions and Retirement does not recommend against the
 51.20 rate change or does not recommend a modification in the rate change, is effective on the next
 51.21 July 1 following the determination ~~by the executive director~~ that a contribution deficiency
 51.22 or sufficiency exists based on the most recent actuarial valuation under section 356.215.

51.23 **EFFECTIVE DATE.** This section is effective July 1, 2015.

51.24 **ARTICLE 6**

51.25 **POLICE AND FIREFIGHTER RETIREMENT SUPPLEMENTAL STATE AID**

51.26 Section 1. Minnesota Statutes 2014, section 423A.022, subdivision 5, is amended to
 51.27 read:

51.28 Subd. 5. **Aid termination.** (a) The aid program under this section subdivision 2,
 51.29 paragraph (a), clauses (1) and (3), ends on the December 1 next following the actuarial
 51.30 valuation date on which the assets of the retirement plan on a market value basis equals
 51.31 or exceeds 90 percent of the total actuarial accrued liabilities of the retirement plan as
 51.32 disclosed in an actuarial valuation prepared under section 356.215 and the Standards for
 51.33 Actuarial Work promulgated by the Legislative Commission on Pensions and Retirement,

52.1 for the State Patrol retirement plan or the public employees police and fire retirement
52.2 plan, whichever occurs last.

52.3 (b) The aid under subdivision 2, paragraph (a), clause (2), does not terminate.

52.4 **ARTICLE 7**

52.5 **STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN LUMP**
52.6 **SUM RETIREMENT DIVISION MODIFICATIONS**

52.7 Section 1. Minnesota Statutes 2014, section 353G.09, subdivision 3, is amended to read:

52.8 Subd. 3. **Alternative pension eligibility and computation.** (a) An active member
52.9 of the retirement plan is entitled to an alternative lump-sum service pension from the
52.10 retirement plan if the person:

52.11 (1) has separated from active service with the fire department for at least 30 days;

52.12 (2) has attained the age of at least 50 years or the age for receipt of a service pension
52.13 under the benefit plan of the applicable former volunteer firefighters relief association as
52.14 of the date immediately ~~prior to~~ before the election of the retirement coverage change,
52.15 whichever is later;

52.16 (3) has completed at least five years of active service with the fire department and at
52.17 least five years in total as a member of the applicable former volunteer firefighters relief
52.18 association or of the retirement plan, but has not rendered at least five years of good time
52.19 service credit as a member of the retirement plan; and

52.20 (4) applies in a manner prescribed by the executive director for the service pension.

52.21 (b) If retirement coverage ~~prior to~~ before statewide retirement plan coverage was
52.22 provided by a defined benefit plan volunteer firefighters relief association, the alternative
52.23 lump-sum service pension is the service pension amount specified in the bylaws of the
52.24 applicable former volunteer firefighters relief association either as of the date immediately
52.25 ~~prior to~~ before the election of the retirement coverage change or as of the date immediately
52.26 before the termination of firefighting services, whichever is earlier, multiplied by the total
52.27 number of years of service as a member of that volunteer firefighters relief association
52.28 and as a member of the retirement plan. If retirement coverage ~~prior to~~ before statewide
52.29 retirement plan coverage was provided by a defined contribution plan volunteer firefighters
52.30 relief association, the alternative lump-sum service pension is an amount equal to that
52.31 portion of the person's account balance that the person was vested for as of the date
52.32 immediately ~~prior to~~ before the date on which statewide retirement plan coverage was first
52.33 provided to the person plus six percent annual compound interest from that date until the
52.34 date immediately ~~prior to~~ before the date of retirement.

53.1 Sec. 2. Minnesota Statutes 2014, section 353G.11, subdivision 1, is amended to read:

53.2 Subdivision 1. **Service pension levels.** Except as provided in subdivision 1a, the
 53.3 retirement plan provides the following levels of service pension amounts per full year of
 53.4 good time service credit to be selected at the election of coverage, or, if fully funded,
 53.5 thereafter:

53.6	Level A	\$500 per year of good time service credit
53.7	Level B	\$600 per year of good time service credit
53.8	Level C	\$700 per year of good time service credit
53.9	Level D	\$800 per year of good time service credit
53.10	Level E	\$900 per year of good time service credit
53.11	Level F	\$1,000 per year of good time service credit
53.12	Level G	\$1,250 per year of good time service credit
53.13	Level H	\$1,500 per year of good time service credit
53.14	Level I	\$2,000 per year of good time service credit
53.15	Level J	\$2,500 per year of good time service credit
53.16	Level K	\$3,000 per year of good time service credit
53.17	Level L	\$3,500 per year of good time service credit
53.18	Level M	\$4,000 per year of good time service credit
53.19	Level N	\$4,500 per year of good time service credit
53.20	Level O	\$5,000 per year of good time service credit
53.21	Level P	\$5,500 per year of good time service credit
53.22	Level Q	\$6,000 per year of good time service credit
53.23	Level R	\$6,500 per year of good time service credit
53.24	Level S	\$7,000 per year of good time service credit
53.25	Level T	\$7,500 per year of good time service credit

53.26 (1) a minimum service pension level of \$500 per year;

53.27 (2) a maximum service pension level of \$7,500 per year; and

53.28 (3) 69 service pension levels between the minimum level and the maximum level
 53.29 in \$100 increments.

53.30 Sec. 3. Minnesota Statutes 2014, section 353G.11, subdivision 1a, is amended to read:

53.31 Subd. 1a. **Continuation of prior service pension levels.** (a) If a municipality or
 53.32 independent nonprofit firefighting corporation elects to be covered by the retirement plan
 53.33 prior to before January 1, 2010, and selects the \$750 per year of good time service credit
 53.34 service pension amount effective for January 1, 2010, that level continues for the volunteer
 53.35 firefighters of that municipality or independent nonprofit firefighting corporation until a
 53.36 different service pension amount is selected under subdivision 2 after January 1, 2010.

53.37 (b) If a municipality or independent nonprofit firefighting corporation elected to be
 53.38 covered by the retirement plan before January 1, 2015, and selected a service pension

54.1 level under subdivision 1, other than a good time service credit service pension amount
 54.2 under subdivision 1, that level continues for the volunteer firefighters of the municipality
 54.3 or independent nonprofit firefighting corporation until a different service pension amount
 54.4 is selected under subdivision 2 after January 1, 2014.

54.5 Sec. 4. Minnesota Statutes 2014, section 353G.11, subdivision 2, is amended to read:

54.6 Subd. 2. **Level selection.** ~~At the time of~~ After the election to transfer of retirement
 54.7 coverage, or on April 30 thereafter to the retirement plan, the governing body or bodies of
 54.8 the entity or entities operating the fire department whose firefighters are covered by the
 54.9 retirement plan may request a cost estimate from the executive director of an increase in
 54.10 the service pension level applicable to the active firefighters of the fire department. Within
 54.11 ~~90~~ 120 days of the receipt of the cost estimate prepared by the executive director using a
 54.12 procedure certified as accurate by the approved actuary retained by the Public Employees
 54.13 Retirement Association, the governing body or bodies may approve the service pension
 54.14 level change, effective for January 1 of the following calendar year unless the governing
 54.15 body or bodies specify in the approved document an effective date as the January 1 of the
 54.16 second year following the level increase approval. If the approval occurs after April 30,
 54.17 the required municipal contribution for the following calendar year must be recalculated
 54.18 and the results reported to the municipality or municipalities. If not approved in a timely
 54.19 fashion, the service pension level change is considered to have been disapproved.

54.20 Sec. 5. Minnesota Statutes 2014, section 353G.11, subdivision 4, is amended to read:

54.21 Subd. 4. **Ancillary benefits.** Except as provided under section 353G.115, no
 54.22 disability, death, funeral, or other ancillary benefit beyond a service pension or a survivor
 54.23 benefit is payable from the retirement plan.

54.24 Sec. 6. Minnesota Statutes 2014, section 353G.13, subdivision 1, is amended to read:

54.25 Subdivision 1. **Eligibility.** An active firefighter who is a member of the retirement
 54.26 plan who also renders firefighting service and has good time service credit in the
 54.27 retirement plan from another fire department, if the number of years of good time service
 54.28 credit in the plan from a combination of nonconcurrent periods totals at least five years,
 54.29 is eligible, upon complying with the other requirements of section 353G.09, to receive
 54.30 a service pension upon filing an application in the manner prescribed by the executive
 54.31 director, computed as provided in subdivision 2.

54.32 Sec. 7. Minnesota Statutes 2014, section 353G.13, subdivision 2, is amended to read:

55.1 Subd. 2. **Combined service pension computation.** The service pension payable to
 55.2 a firefighter who qualifies under subdivision 1 is the per year of good time service credit
 55.3 service pension amount in effect for each account in which the firefighter has one or more
 55.4 years of good time service credit as of the date on which the firefighter terminated active
 55.5 service with the fire department associated with the applicable account, multiplied by
 55.6 the number of years of good time service credit that the firefighter has in the applicable
 55.7 account and adjusted for the vesting percentage based on the total number of years of good
 55.8 time service covered in the applicable accounts.

55.9 Sec. 8. **EFFECTIVE DATE.**

55.10 Unless otherwise specified, this article is effective July 1, 2015.

55.11 ARTICLE 8

55.12 STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN MONTHLY 55.13 BENEFIT RETIREMENT DIVISION CREATION

55.14 Section 1. Minnesota Statutes 2014, section 11A.17, subdivision 2, is amended to read:

55.15 Subd. 2. **Assets.** (a) The assets of the supplemental investment fund consist of the
 55.16 money certified and transmitted to the state board from the participating public retirement
 55.17 plans and funds and from the voluntary statewide ~~lump-sum~~ volunteer firefighter
 55.18 retirement plan under section 353G.08.

55.19 (b) With the exception of the assets of the voluntary statewide ~~lump-sum~~ volunteer
 55.20 firefighter retirement fund, the assets must be used to purchase investment shares in
 55.21 the investment accounts as specified by the plan or fund. The assets of the voluntary
 55.22 statewide ~~lump-sum~~ volunteer firefighter retirement fund must be invested in the volunteer
 55.23 firefighter account.

55.24 (c) These accounts must be valued at least on a monthly basis but may be valued
 55.25 more frequently as determined by the State Board of Investment.

55.26 Sec. 2. Minnesota Statutes 2014, section 353G.01, subdivision 6, is amended to read:

55.27 Subd. 6. **Fund.** "Fund" means the voluntary statewide ~~lump-sum~~ volunteer
 55.28 firefighter retirement fund established under section 353G.02, subdivision 3.

55.29 Sec. 3. Minnesota Statutes 2014, section 353G.01, subdivision 7, is amended to read:

55.30 Subd. 7. **Good time service credit.** "Good time service credit" means the length of
 55.31 service credit for an active firefighter that is reported by the applicable fire chief based

56.1 on the minimum firefighter activity standards of the fire department. The credit may be
56.2 ~~recognized~~ reported on an annual or monthly basis.

56.3 Sec. 4. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
56.4 to read:

56.5 Subd. 7a. **Lump-sum account.** "Lump-sum account" means that portion of the
56.6 retirement fund that contains the assets applicable to the lump-sum retirement division.

56.7 Sec. 5. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
56.8 to read:

56.9 Subd. 7b. **Lump-sum retirement division.** "Lump-sum retirement division" means
56.10 the division of the plan governed by section 353G.11.

56.11 Sec. 6. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
56.12 to read:

56.13 Subd. 8a. **Monthly benefit account.** "Monthly benefit account" means that portion
56.14 of the retirement fund that contains the assets applicable to the monthly benefit retirement
56.15 division.

56.16 Sec. 7. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
56.17 to read:

56.18 Subd. 8b. **Monthly benefit retirement division.** "Monthly benefit retirement
56.19 division" means the division of the plan governed by section 353G.113.

56.20 Sec. 8. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
56.21 to read:

56.22 Subd. 10a. **Retirement benefit plan document.** "Retirement benefit plan
56.23 document", for an account in the monthly benefit retirement division, means the articles of
56.24 incorporation and bylaws of the prior former volunteer firefighters relief association in
56.25 effect on the day before the date on which the retirement coverage transfer under section
56.26 353G.05 occurred or as provided in the most recent modification under section 353G.121.

56.27 Sec. 9. Minnesota Statutes 2014, section 353G.01, subdivision 11, is amended to read:

56.28 Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide
56.29 lump-sum volunteer firefighter retirement fund established under section 353G.02,
56.30 subdivision 3.

57.1 Sec. 10. Minnesota Statutes 2014, section 353G.01, subdivision 12, is amended to read:

57.2 Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan, either
57.3 the lump-sum retirement division or the monthly benefit retirement division, established
57.4 by this chapter.

57.5 Sec. 11. Minnesota Statutes 2014, section 353G.02, is amended to read:

57.6 **353G.02 PLAN AND FUND CREATION.**

57.7 Subdivision 1. **Retirement plan.** The voluntary statewide ~~lump-sum~~ volunteer
57.8 firefighter retirement plan, consisting of a lump-sum retirement division and a monthly
57.9 benefit retirement division, is created.

57.10 Subd. 2. **Administration.** The policy-making, management, and administrative
57.11 functions related to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement
57.12 plan and fund are vested in the board of trustees and the executive director of the Public
57.13 Employees Retirement Association. Their duties, authority, and responsibilities are as
57.14 provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken
57.15 in a manner consistent with chapter 356A.

57.16 Subd. 3. **Retirement fund.** (a) The voluntary statewide ~~lump-sum~~ volunteer
57.17 firefighter retirement fund, consisting of a lump-sum account and a monthly benefit
57.18 account, is created. The fund contains the assets attributable to the voluntary statewide
57.19 ~~lump-sum~~ volunteer firefighter retirement plan.

57.20 (b) The State Board of Investment shall invest those portions of the retirement
57.21 fund not required for immediate purposes in the voluntary statewide lump-sum volunteer
57.22 firefighter retirement plan in the statewide ~~lump-sum~~ volunteer firefighter account of the
57.23 Minnesota supplemental investment fund under section 11A.17.

57.24 (c) The commissioner of management and budget is the ex officio treasurer of the
57.25 voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund. The commissioner of
57.26 management and budget's general bond to the state covers all liability for actions taken as
57.27 the treasurer of the retirement fund.

57.28 (d) The revenues of the retirement plan beyond investment returns are governed by
57.29 section 353G.08 and must be deposited in the retirement fund. The disbursements of the
57.30 retirement plan are governed by section 353G.08. The commissioner of management and
57.31 budget shall transmit a detailed statement showing all credits to and disbursements from
57.32 the retirement fund to the executive director monthly.

57.33 Subd. 4. **Audit; actuarial valuation.** (a) The legislative auditor shall periodically
57.34 audit the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund.

58.1 (b) An actuarial valuation of the lump-sum retirement division of the voluntary
58.2 statewide lump-sum volunteer firefighter retirement plan may be performed periodically as
58.3 determined to be appropriate or useful by the board. An actuarial valuation of the monthly
58.4 benefit retirement division of the voluntary statewide volunteer firefighter retirement plan
58.5 must be performed as frequently as required by government sector generally accepted
58.6 accounting standards. An actuarial valuation must be performed by the approved
58.7 actuary retained under section 356.214 and must conform with section 356.215 and the
58.8 standards for actuarial work. An actuarial valuation must contain sufficient detail for each
58.9 participating employing entity to ascertain the actuarial condition of its account in the
58.10 fund and the contribution requirement towards its account.

58.11 **Subd. 5. Legal advisor; attorney general.** (a) The legal advisor of the board
58.12 and the executive director with respect to the voluntary statewide ~~lump-sum~~ volunteer
58.13 firefighter retirement plan is the attorney general.

58.14 (b) The board may sue, petition, be sued, or be petitioned under this chapter with
58.15 respect to the plan or the fund in the name of the board.

58.16 (c) The attorney general shall represent the board in all actions by the board or
58.17 against the board with respect to the plan or the fund.

58.18 (d) Venue of all actions related to the plan or fund is in the court for the first judicial
58.19 district unless the action is an appeal to the Court of Appeals under section 356.96.

58.20 **Subd. 6. Initial administrative expenses of the monthly benefit retirement**
58.21 **division; allocation of reimbursement.** (a) The administration expenses incurred by the
58.22 Public Employees Retirement Association in the establishment of the monthly benefit
58.23 retirement division of the voluntary statewide volunteer firefighters retirement plan,
58.24 including any computer programming expenses and any actuarial consultant expenses, are
58.25 payable from the assets of the initial monthly benefit volunteer firefighter relief association
58.26 that elects to transfer its administration to the voluntary statewide volunteer firefighter
58.27 retirement plan, following the transfer of assets.

58.28 (b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must
58.29 be reimbursed by the next nine monthly benefit volunteer firefighter relief associations that
58.30 transfer plan administration to the voluntary statewide volunteer firefighters retirement
58.31 plan. The reimbursement charge for each of the nine is three-tenths of one percent of the
58.32 market value of assets of the volunteer firefighter relief association as of December 31,
58.33 2012. The reimbursement amounts, up to the amount of administrative expenses actually
58.34 incurred under paragraph (a) in excess of \$33,600, must be credited to the account of the
58.35 fire department associated with the former monthly benefit volunteer firefighter relief

59.1 association that first transferred plan administration to the volunteer firefighter retirement
 59.2 plan.

59.3 Sec. 12. Minnesota Statutes 2014, section 353G.03, is amended to read:

59.4 **353G.03 VOLUNTARY STATEWIDE ~~LUMP-SUM~~ VOLUNTEER**
 59.5 **FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.**

59.6 Subdivision 1. **Establishment.** A Voluntary Statewide ~~Lump-Sum~~ Volunteer
 59.7 Firefighter Retirement Plan Advisory Board is created.

59.8 Subd. 2. **Function; purpose.** The advisory board shall meet periodically to provide
 59.9 advice to the board of trustees of the Public Employees Retirement Association about the
 59.10 retirement coverage needs of volunteer firefighters who are members of the retirement
 59.11 plan and about the legislative and administrative changes that would assist the retirement
 59.12 plan in accommodating volunteer firefighters who are not members of the retirement plan.

59.13 Subd. 3. **Composition.** (a) The advisory board consists of ~~seven~~ eight members.

59.14 (b) The advisory board members are:

59.15 (1) one representative of Minnesota townships, appointed by the Minnesota
 59.16 Association of Townships;

59.17 (2) two representatives of Minnesota cities, appointed by the League of Minnesota
 59.18 Cities;

59.19 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the
 59.20 Minnesota State Fire Chiefs Association;

59.21 (4) two representatives of Minnesota volunteer firefighters, all who are active
 59.22 volunteer firefighters, one of whom is covered by the lump-sum retirement division and
 59.23 one of whom is covered by the monthly benefit retirement division, appointed by the
 59.24 Minnesota State Fire Chiefs Association;

59.25 (5) one representative of Minnesota volunteer firefighters who is covered by
 59.26 the lump-sum retirement division, appointed by the Minnesota State Fire Departments
 59.27 Association; and

59.28 ~~(5)~~ (6) one representative of the Office of the State Auditor, designated by the state
 59.29 auditor.

59.30 Subd. 4. **Term.** (a) ~~The initial terms on the advisory board for the Minnesota~~
 59.31 ~~townships representative and the Minnesota fire chiefs representative are one year. The~~
 59.32 ~~initial terms on the advisory board for one of the Minnesota cities representatives and one~~
 59.33 ~~of the Minnesota active volunteer firefighter representatives are two years. The initial~~
 59.34 ~~terms on the advisory board for the other Minnesota cities representative and the other~~

60.1 ~~Minnesota active volunteer firefighter representative are three years.~~ The term for the
60.2 Office of the State Auditor representative is determined by the state auditor.

60.3 (b) ~~Subsequent~~ Terms on the advisory board other than the Office of the State
60.4 Auditor representative are three years.

60.5 Subd. 5. **Compensation of advisory board.** The compensation of members of the
60.6 advisory board, other than the Office of the State Auditor representative, is governed by
60.7 section 15.0575, subdivision 3.

60.8 **EFFECTIVE DATE.** Subdivisions 1, 2, 4, and 5 are effective July 1, 2015.
60.9 Subdivision 3 is effective the July 1 next following the day on which one or more
60.10 volunteer firefighter relief associations providing monthly service pensions in whole or in
60.11 part transfer administration of the retirement plan to the Public Employees Retirement
60.12 Association under Minnesota Statutes, chapter 353G.

60.13 Sec. 13. Minnesota Statutes 2014, section 353G.04, is amended to read:

60.14 **353G.04 INFORMATION FROM MUNICIPALITIES AND FIRE**
60.15 **DEPARTMENTS.**

60.16 The chief executive officers of municipalities and fire departments with volunteer
60.17 firefighters covered by the voluntary ~~lump-sum~~ statewide volunteer firefighter retirement
60.18 plan shall provide all relevant information and records requested by the board, the
60.19 executive director, and the State Board of Investment as required to perform their duties.

60.20 Sec. 14. Minnesota Statutes 2014, section 353G.05, is amended to read:

60.21 **353G.05 PLAN COVERAGE ELECTION.**

60.22 Subdivision 1. **Coverage.** Any municipality or independent nonprofit firefighting
60.23 corporation may elect to have its volunteer firefighters covered by the lump-sum
60.24 retirement division or the monthly benefit retirement division of the retirement plan,
60.25 whichever applies.

60.26 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of
60.27 volunteer firefighters by the lump-sum retirement plan division is initiated by a request
60.28 to the executive director for a cost analysis of the prospective retirement coverage under
60.29 the lump-sum retirement division.

60.30 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer
60.31 firefighters relief association or a defined contribution volunteer firefighters' relief
60.32 association governed by chapter 424A, the cost analysis of the prospective retirement
60.33 coverage must be requested jointly by the secretary of the volunteer firefighters relief

61.1 association, following approval of the request by the board of the volunteer firefighters
61.2 relief association, and the chief administrative officer of the entity associated with the relief
61.3 association, following approval of the request by the governing body of the entity associated
61.4 with the relief association. If the relief association is associated with more than one
61.5 entity, the chief administrative officer of each associated entity must execute the request.
61.6 If the volunteer firefighters are not currently covered by a volunteer firefighters relief
61.7 association, the cost analysis of the prospective retirement coverage must be requested by
61.8 the chief administrative officer of the entity operating the fire department. The request
61.9 must be made in writing and must be made on a form prescribed by the executive director.

61.10 (c) The cost analysis of the prospective retirement coverage by the lump-sum
61.11 retirement division of the statewide retirement plan must be based on the service pension
61.12 amount under section 353G.11 closest to the service pension amount provided by the
61.13 volunteer firefighters relief association if the relief association is a lump-sum defined
61.14 benefit plan, or the amount equal to 95 percent of the most current average account
61.15 balance per relief association member if the relief association is a defined contribution
61.16 plan, or to the lowest service pension amount under section 353G.11 if there is no
61.17 volunteer firefighters relief association, rounded up, and any other service pension amount
61.18 designated by the requester or requesters. The cost analysis must be prepared using a
61.19 mathematical procedure certified as accurate by an approved actuary retained by the
61.20 Public Employees Retirement Association.

61.21 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
61.22 that has filed the information required under section 69.051 in a timely fashion, upon
61.23 request by the executive director, the state auditor shall provide the most recent data
61.24 available on the financial condition of the volunteer firefighters relief association, the most
61.25 recent firefighter demographic data available, and a copy of the current relief association
61.26 bylaws. If a cost analysis is requested, but no volunteer firefighters relief association
61.27 exists, the chief administrative officer of the entity operating the fire department shall
61.28 provide the demographic information on the volunteer firefighters serving as members
61.29 of the fire department requested by the executive director.

61.30 ~~(e) If a cost analysis is requested, the executive director of the State Board of~~
61.31 ~~Investment shall review the investment portfolio of the relief association, if applicable,~~
61.32 ~~for compliance with the applicable provisions of chapter 11A and for appropriateness~~
61.33 ~~for retention under the established investment objectives and investment policies of the~~
61.34 ~~State Board of Investment. If the prospective retirement coverage change is approved~~
61.35 ~~under paragraph (f), the State Board of Investment may require that the relief association~~
61.36 ~~liquidate any investment security or other asset which the executive director of the State~~

62.1 ~~Board of Investment has determined to be an ineligible or inappropriate investment for~~
62.2 ~~retention by the State Board of Investment. The security or asset liquidation must occur~~
62.3 ~~before the effective date of the transfer of retirement plan coverage. If requested to do so by~~
62.4 ~~the chief administrative officer of the relief association, the executive director of the State~~
62.5 ~~Board of Investment shall provide advice about the best means to conduct the liquidation.~~

62.6 ~~(f) Upon receipt of the cost analysis, the governing body of the municipality~~
62.7 ~~or independent nonprofit firefighting corporation associated with the fire department~~
62.8 ~~shall either approve or disapprove the retirement coverage change within 120 days. If~~
62.9 ~~the retirement coverage change is not acted upon within 120 days, it is deemed to be~~
62.10 ~~disapproved. If the retirement coverage change is approved by the applicable governing~~
62.11 ~~body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan~~
62.12 ~~is effective on the next following January 1.~~

62.13 Subd. 3. Election of coverage; monthly benefit. (a) The process for electing
62.14 coverage of volunteer firefighters by the monthly retirement division is initiated by a
62.15 request to the executive director for an actuarial cost analysis of the prospective retirement
62.16 coverage under the monthly benefit retirement division. This request must be made by
62.17 the secretary of the volunteer firefighters relief association and the chief administrative
62.18 officer of the entity associated with the relief association, both of which must first obtain
62.19 approval of the request from their respective municipal governing body or independent
62.20 nonprofit firefighting corporation. The request must be made in writing and must be made
62.21 on a form prescribed by the executive director.

62.22 (b) Coverage by the monthly benefit retirement division may only be elected if
62.23 the volunteer firefighters are covered by a monthly benefit volunteer firefighters relief
62.24 association governed by chapter 424A.

62.25 (c) The cost analysis under paragraph (a) must be prepared by the approved actuary
62.26 retained by the Public Employees Retirement Association. The cost analysis must be
62.27 based on:

62.28 (1) the service pension and other retirement benefit types and amounts in effect for
62.29 the volunteer firefighters relief association as of the date of the request and any other
62.30 amount or amounts designated by the requesters, as disclosed in a special actuarial
62.31 valuation prepared under sections 356.215 and 356.216; and

62.32 (2) the standards for actuarial work, and the actuarial assumptions utilized in the
62.33 most recent prior actuarial valuation, except that the applicable interest rate actuarial
62.34 assumption is six percent.

63.1 (d) The secretary of the volunteer firefighters relief association making the request
 63.2 must supply the demographic and financial data necessary for the cost analysis to be
 63.3 prepared.

63.4 Subd. 4. **Invested assets review.** If a cost analysis is requested under subdivision 2
 63.5 or 3, the executive director of the State Board of Investment shall review the investment
 63.6 portfolio of the relief association, if applicable, for compliance with the applicable
 63.7 provisions of chapter 11A and for appropriateness for retention under the established
 63.8 investment objectives and investment policies of the State Board of Investment. If the
 63.9 prospective retirement coverage change is approved under subdivision 5, the State
 63.10 Board of Investment may require that the relief association liquidate any investment
 63.11 security or other asset which the executive director of the State Board of Investment has
 63.12 determined to be an ineligible or inappropriate investment for retention by the State Board
 63.13 of Investment. The security or asset liquidation must occur before the effective date of
 63.14 the transfer of retirement plan coverage. If requested to do so by the chief administrative
 63.15 officer of the relief association, the executive director of the State Board of Investment
 63.16 shall provide advice about the best means to conduct the liquidation.

63.17 Subd. 5. **Finalization; coverage transfer.** Upon receipt of the cost analysis
 63.18 requested under subdivision 2 or 3, the governing body of the municipality or independent
 63.19 nonprofit firefighting corporation associated with the fire department shall either approve
 63.20 or disapprove the retirement coverage change within 120 days. If the retirement coverage
 63.21 change is not acted upon within 120 days, it is deemed to be disapproved. If the retirement
 63.22 coverage change is approved by the applicable governing body, coverage by the voluntary
 63.23 statewide volunteer firefighter retirement plan is effective on the January 1 next following
 63.24 the approval date.

63.25 Sec. 15. Minnesota Statutes 2014, section 353G.06, is amended to read:

63.26 **353G.06 DISESTABLISHMENT OF PRIOR VOLUNTEER FIREFIGHTERS**
 63.27 **RELIEF ASSOCIATION SPECIAL FUND UPON RETIREMENT COVERAGE**
 63.28 **CHANGE.**

63.29 Subdivision 1. **Special fund disestablishment.** On the date December 31
 63.30 immediately prior to the effective date of the coverage change, the special fund of the
 63.31 applicable volunteer firefighters relief association, if one exists, ceases to exist as a
 63.32 pension fund of the association and legal title to the assets of the special fund transfers
 63.33 to the State Board of Investment, with the undivided beneficial title to the assets of the
 63.34 special fund remaining in the applicable volunteer firefighters as a group.

64.1 Subd. 2. **Other relief association changes.** In addition to the transfer and
 64.2 disestablishment of the special fund under subdivision 1, notwithstanding any provisions
 64.3 of chapter 424A or 424B to the contrary, upon the effective date of the change in
 64.4 volunteer firefighter retirement coverage, if the relief association membership elects to
 64.5 retain the relief association as a fraternal organization after the benefit coverage election,
 64.6 the following changes must be implemented with respect to the applicable volunteer
 64.7 firefighters relief association:

64.8 (1) the relief association board of trustees membership is reduced to five, comprised
 64.9 of the fire chief of the fire department and four trustees elected by and from the relief
 64.10 association membership;

64.11 (2) the relief association may only maintain a general fund, which continues to
 64.12 be governed by section 424A.06;

64.13 (3) the relief association is not authorized to receive the proceeds of any state aid or
 64.14 to receive any municipal funds; and

64.15 (4) the relief association may not pay any service pension or benefit that was not
 64.16 authorized as a general fund disbursement under the articles of incorporation or bylaws of
 64.17 the relief association in effect immediately prior to the plan coverage election process.

64.18 Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of
 64.19 the volunteer firefighters relief association under this section, the voluntary statewide
 64.20 ~~lump-sum~~ volunteer firefighter retirement plan is the successor in interest of the special
 64.21 fund of the volunteer firefighters relief association for all claims against the special fund
 64.22 other than a claim against the special fund, the volunteer firefighters relief association,
 64.23 the municipality, the fire department, or any person connected with the volunteer
 64.24 firefighters relief association in a fiduciary capacity under chapter 356A or common law
 64.25 that was based on any act or acts which were not performed in good faith and which
 64.26 constituted a breach of a fiduciary obligation. As the successor in interest of the special
 64.27 fund of the volunteer firefighters relief association, the voluntary statewide ~~lump-sum~~
 64.28 volunteer firefighter retirement plan may assert any applicable defense in any judicial
 64.29 proceeding which the board of trustees of the volunteer firefighters relief association or the
 64.30 municipality would have been entitled to assert.

64.31 Sec. 16. Minnesota Statutes 2014, section 353G.07, is amended to read:

64.32 **353G.07 CERTIFICATION OF GOOD TIME SERVICE CREDIT.**

64.33 (a) Annually, by March 31, the fire chief of the fire department with firefighters who
 64.34 are active members of either the lump-sum retirement plan division or the monthly benefit

65.1 retirement division shall certify to the executive director the good time service credit for the
65.2 previous calendar year of each firefighter rendering active service with the fire department.

65.3 (b) The fire chief shall provide to each firefighter rendering active service with
65.4 the fire department notification of the amount of good time service credit rendered by
65.5 the firefighter for the calendar year. The good time service credit notification must be
65.6 provided to the firefighter 60 days before its certification to the executive director of the
65.7 Public Employees Retirement Association, along with an indication of the process for the
65.8 firefighter to challenge the fire chief's determination of good time service credit. If the
65.9 good time service credit amount is challenged in a timely fashion, the fire chief shall hold
65.10 a hearing on the challenge, accept and consider any additional pertinent information,
65.11 and make a final determination of good time service credit. The final determination of
65.12 good time service credit by the fire chief is not reviewable by the executive director of
65.13 the Public Employees Retirement Association or by the board of trustees of the Public
65.14 Employees Retirement Association.

65.15 (c) The good time service credit certification is an official public document. If a
65.16 false good time service credit certification is filed or if false information regarding good
65.17 time service credits is provided, section 353.19 applies.

65.18 (d) The good time service credit certification must be expressed as a percentage of a
65.19 full year of service during which an active firefighter rendered at least the minimum level
65.20 and quantity of fire suppression, emergency response, fire prevention, or fire education
65.21 duties required by the fire department under the rules and regulations applicable to the
65.22 fire department. No more than one year of good time service credit may be certified
65.23 for a calendar year.

65.24 (e) If a firefighter covered by the retirement plan leaves active firefighting service
65.25 to render active military service that is required to be ~~covered~~ governed by the federal
65.26 Uniformed Services Employment and Reemployment Rights Act, as amended, the person
65.27 must be certified as providing a full year of good time service credit in each year of the
65.28 military service, up to the applicable limit of the federal Uniformed Services Employment
65.29 and Reemployment Rights Act. If the firefighter does not return from the military service
65.30 in compliance with the federal Uniformed Services Employment and Reemployment
65.31 Rights Act, the good time service credits applicable to that military service credit period
65.32 are forfeited and cancel at the end of the calendar year in which the federal law time
65.33 limit occurs.

65.34 Sec. 17. Minnesota Statutes 2014, section 353G.08, is amended to read:

65.35 **353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

66.1 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)
66.2 Annually, the executive director shall determine the funding requirements of each account
66.3 in the lump-sum retirement division of the voluntary statewide ~~lump-sum~~ volunteer
66.4 firefighter retirement plan on or before August 1. The funding requirements ~~as directed~~
66.5 computed under this section, subdivision must be determined using a mathematical
66.6 procedure developed and certified as accurate by ~~an~~ the approved actuary retained by the
66.7 Public Employees Retirement Association and must be based on present value factors
66.8 using a six percent interest rate, without any decrement assumptions. The funding
66.9 requirements must be certified to the entity or entities associated with the fire department
66.10 whose active firefighters are covered by the retirement plan.

66.11 (b) The overall funding balance of each lump-sum account for the current calendar
66.12 year must be determined in the following manner:

66.13 (1) The total accrued liability for all active and deferred members of the account as
66.14 of December 31 of the current year must be calculated based on the good time service
66.15 credit of active and deferred members as of that date.

66.16 (2) The total present assets of the account projected to December 31 of the current
66.17 year, including receipts by and disbursements from the account anticipated to occur on or
66.18 before December 31, must be calculated. To the extent possible, the market value of assets
66.19 must be utilized in making this calculation.

66.20 (3) The amount of the total present assets calculated under clause (2) must be
66.21 subtracted from the amount of the total accrued liability calculated under clause (1). If the
66.22 amount of total present assets exceeds the amount of the total accrued liability, then the
66.23 account is considered to have a surplus over full funding. If the amount of the total present
66.24 assets is less than the amount of the total accrued liability, then the account is considered
66.25 to have a deficit from full funding. If the amount of total present assets is equal to the
66.26 amount of the total accrued liability, then the special fund is considered to be fully funded.

66.27 (c) The financial requirements of each lump-sum account for the following calendar
66.28 year must be determined in the following manner:

66.29 (1) The total accrued liability for all active and deferred members of the account
66.30 as of December 31 of the calendar year next following the current calendar year must be
66.31 calculated based on the good time service used in the calculation under paragraph (b),
66.32 clause (1), increased by one year.

66.33 (2) The increase in the total accrued liability of the account for the following calendar
66.34 year over the total accrued liability of the account for the current year must be calculated.

67.1 (3) The amount of anticipated future administrative expenses of the account must be
67.2 calculated by multiplying the dollar amount of the administrative expenses for the most
67.3 recent prior calendar year by the factor of 1.035.

67.4 (4) If the account is fully funded, the financial requirement of the account for the
67.5 following calendar year is the total of the amounts calculated under clauses (2) and (3).

67.6 (5) If the account has a deficit from full funding, the financial requirement of the
67.7 account for the following calendar year is the total of the amounts calculated under clauses
67.8 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full
67.9 funding of the account.

67.10 (6) If the account has a surplus over full funding, the financial requirement of
67.11 the account for the following calendar year is the financial requirement of the account
67.12 calculated as though the account was fully funded under clause (4) and, if the account has
67.13 also had a surplus over full funding during the prior two years, additionally reduced by an
67.14 amount equal to one-tenth of the amount of the surplus over full funding of the account.

67.15 (d) The required contribution of the entity or entities associated with the fire
67.16 department whose active firefighters are covered by the lump-sum retirement plan division
67.17 is the annual financial requirements of the lump-sum account of the retirement plan under
67.18 paragraph (c) reduced by the amount of any fire state aid payable under sections 69.011 to
67.19 69.051 or police and firefighter retirement supplemental state aid payable under section
67.20 423A.022 that is reasonably anticipated to be received by the retirement plan attributable
67.21 to the entity or entities during the following calendar year, and an amount of interest on
67.22 the assets projected to be received during the following calendar year calculated at the
67.23 rate of six percent per annum. The required contribution must be allocated between the
67.24 entities if more than one entity is involved. A reasonable amount of anticipated fire state
67.25 aid is an amount that does not exceed the fire state aid actually received in the prior year
67.26 multiplied by the factor 1.035.

67.27 (e) The required contribution calculated in paragraph (d) must be paid to the
67.28 retirement plan on or before December 31 of the year for which it was calculated. If
67.29 the contribution is not received by the retirement plan by December 31, it is payable
67.30 with interest at an annual compound rate of six percent from the date due until the date
67.31 payment is received by the retirement plan. If the entity does not pay the full amount of
67.32 the required contribution, the executive director shall collect the unpaid amount under
67.33 section 353.28, subdivision 6.

67.34 Subd. 1a. Annual funding requirements; monthly benefit retirement division.

67.35 (a) Annually, the executive director shall determine the funding requirements of each

68.1 monthly benefit account in the voluntary statewide volunteer firefighter retirement plan on
68.2 or before August 1.

68.3 (b) The executive director must determine the funding requirements of a monthly
68.4 benefit account under this subdivision from:

68.5 (1) the most recent actuarial valuation normal cost, administrative expense,
68.6 including the cost of a regular actuarial valuation, and amortization results for the account
68.7 determined by the approved actuary retained by the retirement association under sections
68.8 356.215 and 356.216; and

68.9 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial
68.10 assumption and other actuarial assumptions approved under section 356.215, subdivision
68.11 18:

68.12 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit
68.13 increase to be amortized over a period of 20 years from the date of the benefit change;

68.14 (ii) with that portion of any unfunded actuarial accrued liability attributable to an
68.15 assumption change or an actuarial method change to be amortized over a period of 20
68.16 years from the date of the assumption or method change;

68.17 (iii) with that portion of any unfunded actuarial accrued liability attributable to an
68.18 investment loss to be amortized over a period of ten years from the date of investment
68.19 loss; and

68.20 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized
68.21 over a period of five years from the date of the actuarial valuation.

68.22 (c) The required contributions of the entity or entities associated with the fire
68.23 department whose active firefighters are covered by the monthly benefit retirement
68.24 division are the annual financial requirements of the monthly benefit account of the
68.25 retirement plan under paragraph (b) reduced by the amount of any fire state aid payable
68.26 under sections 69.011 to 69.051, or any police and firefighter retirement supplemental state
68.27 aid payable under section 423A.022, that is reasonably anticipated to be received by the
68.28 retirement plan attributable to the entity or entities during the following calendar year.

68.29 The required contribution must be allocated between the entities if more than one entity
68.30 is involved. A reasonable amount of anticipated fire state aid is an amount that does not
68.31 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

68.32 (d) The required contribution calculated in paragraph (c) must be paid to the
68.33 retirement plan on or before December 31 of the year for which it was calculated. If
68.34 the contribution is not received by the retirement plan by December 31, it is payable
68.35 with interest at an annual compound rate of six percent from the date due until the date
68.36 payment is received by the retirement plan. If the entity does not pay the full amount of

69.1 the required contribution, the executive director shall collect the unpaid amount under
69.2 section 353.28, subdivision 6.

69.3 Subd. 2. **Cash flow funding requirement.** If the executive director determines
69.4 that ~~an~~ a lump-sum retirement or a monthly benefit retirement account in the voluntary
69.5 statewide ~~lump-sum~~ volunteer firefighter retirement plan has insufficient assets to meet the
69.6 service pensions ~~determined~~ expected to be payable from the account over the succeeding
69.7 two years, the executive director shall certify the amount of the potential service pension
69.8 shortfall to the municipality or municipalities and the municipality or municipalities shall
69.9 make an additional employer contribution to the account within ten days of the certification.
69.10 If more than one municipality is associated with the account, unless the municipalities agree
69.11 to and implement a different allocation, the municipalities shall allocate the additional
69.12 employer contribution one-half in proportion to the population of each municipality and
69.13 one-half in proportion to the estimated market value of the property of each municipality.

69.14 Subd. 2a. **Additional municipal contributions authorized.** (a) At the discretion of
69.15 the municipality or the independent nonprofit firefighting corporation associated with a fire
69.16 department covered by a voluntary statewide ~~lump-sum~~ volunteer firefighter retirement
69.17 plan account, the municipality or the corporation may make additional contributions
69.18 to the applicable account.

69.19 (b) The executive director of the Public Employees Retirement Association
69.20 may specify requirements as to the form, timing, and accompanying information for
69.21 contributions made under this subdivision.

69.22 (c) Any contributions made under this subdivision must be included as total present
69.23 assets of the account for the calculation of any subsequent annual funding requirements
69.24 for the account under subdivision 1 or 1a or for the calculation of any cash flow funding
69.25 requirement under subdivision 2.

69.26 Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement
69.27 account or of a monthly benefit retirement account of the retirement fund may only be
69.28 disbursed for:

- 69.29 (1) the administrative expenses of the retirement plan;
- 69.30 (2) the investment expenses of the retirement fund;
- 69.31 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
69.32 353G.15;
- 69.33 (4) the survivor benefits payable under section 353G.12; and
- 69.34 (5) the disability benefit coverage insurance premiums under section 353G.115.

70.1 Sec. 18. Minnesota Statutes 2014, section 353G.09, is amended to read:

70.2 **353G.09 RETIREMENT BENEFIT ELIGIBILITY.**

70.3 Subdivision 1. **Entitlement.** Except as provided in subdivision 3, an active member
 70.4 of the retirement plan is entitled to a ~~lump-sum~~ service pension from the retirement plan
 70.5 if the person:

70.6 (1) has separated from active service with the fire department for at least 30 days;

70.7 (2) has attained the age of at least 50 years;

70.8 (3) has completed at least five years of good time service credit as a member of the
 70.9 retirement plan if the person is a member of the lump-sum retirement division or has
 70.10 completed at least the minimum number of years of good time service credit as a member
 70.11 of the retirement plan specified in the retirement benefit plan document attributable to the
 70.12 applicable fire department if the person is a member of the monthly benefit retirement
 70.13 division; and

70.14 (4) applies in a manner prescribed by the executive director for the service pension.

70.15 Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** (a) If an
 70.16 active member of the lump-sum retirement division has completed less than 20 years of
 70.17 good time service credit as a member of the lump-sum retirement division of the plan, the
 70.18 person's entitlement to a service pension is equal to the nonforfeitable percentage of the
 70.19 applicable service pension amount, as follows:

Completed years of good time service credit	Nonforfeitable percentage of the service pension
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent
20 and thereafter	100 percent

70.38 (b) If an active member of the monthly benefit retirement division has completed less
 70.39 than 20 years of good time service credit as a member of the monthly benefit retirement

71.1 division of the plan, the person's entitlement to a service pension must be governed by the
 71.2 retirement benefit plan document attributable to the applicable fire department.

71.3 Subd. 3. **Alternative lump-sum pension eligibility and computation.** (a) An
 71.4 active member of the lump-sum retirement division of the retirement plan is entitled to an
 71.5 alternative lump-sum service pension from the retirement plan if the person:

71.6 (1) has separated from active service with the fire department for at least 30 days;

71.7 (2) has attained the age of at least 50 years or the age for receipt of a service pension
 71.8 under the benefit plan of the applicable former volunteer firefighters relief association as
 71.9 of the date immediately prior to the election of the retirement coverage change, whichever
 71.10 is later;

71.11 (3) has completed at least five years of active service with the fire department and
 71.12 at least five years in total as a member of the applicable former volunteer firefighters
 71.13 relief association or of the lump-sum retirement division of the retirement plan, but has
 71.14 not rendered at least five years of good time service credit as a member of the lump-sum
 71.15 retirement division of the plan; and

71.16 (4) applies in a manner prescribed by the executive director for the service pension.

71.17 (b) If retirement coverage prior to statewide retirement plan coverage was provided
 71.18 by a defined benefit lump-sum retirement plan volunteer firefighters relief association,
 71.19 the alternative lump-sum service pension is the service pension amount specified in the
 71.20 bylaws of the applicable former volunteer firefighters relief association either as of the
 71.21 date immediately ~~prior to~~ before the election of the retirement coverage change or as of
 71.22 the date immediately before the termination of firefighting services, whichever is earlier,
 71.23 multiplied by the total number of years of service as a member of that volunteer firefighters
 71.24 relief association and as a member of the retirement plan. If retirement coverage ~~prior to~~
 71.25 before statewide retirement plan coverage was provided by a defined contribution plan
 71.26 volunteer firefighters relief association, the alternative lump-sum service pension is an
 71.27 amount equal to the person's account balance as of the date immediately ~~prior to~~ before
 71.28 the date on which statewide retirement plan coverage was first provided to the person plus
 71.29 six percent annual compound interest from that date until the date immediately ~~prior~~
 71.30 ~~to~~ before the date of retirement.

71.31 Sec. 19. Minnesota Statutes 2014, section 353G.10, is amended to read:

71.32 **353G.10 DEFERRED SERVICE PENSION AMOUNT.**

71.33 A person who was an active member of a fire department covered by either the
 71.34 lump-sum retirement division or the monthly benefit retirement division of the retirement
 71.35 plan who has separated from active firefighting service for at least 30 days and who has

72.1 completed at least five years of good time service credit, but has not attained the age of 50
 72.2 years, is entitled to a deferred service pension on or after attaining the age of 50 years
 72.3 and applying in a manner specified by the executive director for the service pension. The
 72.4 service pension payable is the nonforfeitable percentage of the service pension under
 72.5 section 353G.09, subdivision 2, and is payable without any interest on or increase in the
 72.6 service pension over the period of deferral.

72.7 Sec. 20. Minnesota Statutes 2014, section 353G.11, is amended to read:

72.8 **353G.11 LUMP-SUM RETIREMENT DIVISION SERVICE PENSION**

72.9 **LEVELS.**

72.10 Subdivision 1. **Levels; lump-sum retirement division.** The lump-sum retirement
 72.11 division of the retirement plan provides the following levels of service pension amounts to
 72.12 be selected at the election of coverage, or, if fully funded, thereafter:

72.13	Level A	\$500 per year of good time service credit
72.14	Level B	\$600 per year of good time service credit
72.15	Level C	\$700 per year of good time service credit
72.16	Level D	\$800 per year of good time service credit
72.17	Level E	\$900 per year of good time service credit
72.18	Level F	\$1,000 per year of good time service credit
72.19	Level G	\$1,250 per year of good time service credit
72.20	Level H	\$1,500 per year of good time service credit
72.21	Level I	\$2,000 per year of good time service credit
72.22	Level J	\$2,500 per year of good time service credit
72.23	Level K	\$3,000 per year of good time service credit
72.24	Level L	\$3,500 per year of good time service credit
72.25	Level M	\$4,000 per year of good time service credit
72.26	Level N	\$4,500 per year of good time service credit
72.27	Level O	\$5,000 per year of good time service credit
72.28	Level P	\$5,500 per year of good time service credit
72.29	Level Q	\$6,000 per year of good time service credit
72.30	Level R	\$6,500 per year of good time service credit
72.31	Level S	\$7,000 per year of good time service credit
72.32	Level T	\$7,500 per year of good time service credit

72.33 Subd. 1a. **Continuation of prior lump-sum service pension levels.** If a
 72.34 municipality or independent nonprofit firefighting corporation ~~elects~~ elects to be covered
 72.35 by the lump-sum retirement division of the retirement plan ~~prior to~~ before January 1,
 72.36 2010, and ~~selects~~ selected the \$750 per year of good time service credit service pension
 72.37 amount effective for January 1, 2010, that level continues for the volunteer firefighters of

73.1 that municipality or independent nonprofit firefighting corporation until a different service
73.2 pension amount is selected under subdivision 2 after January 1, 2010.

73.3 Subd. 2. **Lump-sum retirement division level selection.** At the time of the election
73.4 to transfer retirement coverage to the lump-sum retirement division of the retirement plan,
73.5 or on April 30 thereafter, the governing body or bodies of the entity or entities operating
73.6 the fire department whose firefighters are covered by the retirement plan may request
73.7 a cost estimate from the executive director of an increase in the service pension level
73.8 applicable to the active firefighters of the fire department. Within 90 days of the receipt of
73.9 the cost estimate prepared by the executive director using a procedure certified as accurate
73.10 by the approved actuary retained by the Public Employees Retirement Association, the
73.11 governing body or bodies may approve the service pension level change, effective for the
73.12 following calendar year. If not approved in a timely fashion, the service pension level
73.13 change is considered to have been disapproved.

73.14 Subd. 3. **Supplemental benefit.** The lump-sum retirement account of the retirement
73.15 plan also shall pay a supplemental benefit as provided for in section 424A.10.

73.16 Subd. 4. **Ancillary benefits.** Except as provided in section 353G.115 or 353G.12,
73.17 no disability, death, funeral, or other ancillary benefit beyond a service pension or a
73.18 survivor benefit is payable from the lump-sum retirement account of the retirement plan.

73.19 Sec. 21. **[353G.112] MONTHLY BENEFIT RETIREMENT DIVISION SERVICE**
73.20 **PENSION LEVELS.**

73.21 The service pension amount for the firefighters of a fire department covered by the
73.22 monthly benefit retirement division of the retirement plan is the amount specified in the
73.23 retirement benefit plan document applicable to the fire department.

73.24 Sec. 22. Minnesota Statutes 2014, section 353G.115, is amended to read:

73.25 **353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**
73.26 **CASUALTY INSURANCE.**

73.27 (a) Except as provided in paragraph (b) or (c), no disability benefit is payable from
73.28 the statewide retirement plan.

73.29 (b) If the board approves the arrangement, disability coverage for the lump-sum
73.30 retirement division of the statewide retirement plan members may be provided through
73.31 a group disability insurance policy obtained from an insurance company licensed to do
73.32 business in this state. The lump-sum retirement account of the voluntary statewide
73.33 lump-sum volunteer firefighter retirement plan is authorized to pay the premium for the
73.34 disability insurance authorized by this paragraph. The proportional amount of the total

74.1 annual disability insurance premium must be added to the required contribution amount
74.2 determined under section 353G.08.

74.3 (c) The disability benefit coverage for the monthly benefit retirement division is
74.4 the disability service pension amount specified in the retirement benefit plan document
74.5 applicable to the fire department, applicable former volunteer firefighters relief association
74.6 in effect as of the last day before the date on which retirement coverage transferred to the
74.7 voluntary statewide volunteer firefighter retirement plan, subject to all conditions and
74.8 limitations in the disability service pension specified therein.

74.9 Sec. 23. Minnesota Statutes 2014, section 353G.12, subdivision 2, is amended to read:

74.10 Subd. 2. **Lump-sum retirement plan; survivor benefit amount.** The amount of
74.11 the survivor benefit for the lump-sum retirement division is the amount of the lump-sum
74.12 service pension that would have been payable to the member of the lump-sum retirement
74.13 plan division on the date of death if the member had been age 50 or older on that date.

74.14 Sec. 24. Minnesota Statutes 2014, section 353G.12, is amended by adding a
74.15 subdivision to read:

74.16 Subd. 3. **Monthly benefit retirement plan; survivor benefit amount.** The amount
74.17 of the survivor benefit for the monthly benefit retirement division is the survivor service
74.18 pension amount specified in the retirement benefit plan document applicable to the fire
74.19 department, subject to all conditions and limitations for the benefit specified therein.

74.20 Sec. 25. **[353G.121] MONTHLY BENEFIT RETIREMENT DIVISION;**
74.21 **POST-TRANSFER BENEFIT PLAN DOCUMENT MODIFICATIONS.**

74.22 (a) The fire chief of a fire department that has an active membership who are covered
74.23 by the monthly benefit retirement division of the statewide retirement plan may initiate the
74.24 process of modifying the retirement benefit plan document under this section.

74.25 (b) The modification procedure is initiated when the applicable fire chief files with
74.26 the executive director of the Public Employees Retirement Association a written summary
74.27 of the desired benefit plan document modification, the proposed benefit plan document
74.28 modification language, a written request for the preparation of an actuarial cost estimate
74.29 for the proposed benefit plan document modification, and payment of the estimated cost of
74.30 the actuarial cost estimate.

74.31 (c) Upon receipt of the modification request and related documents, the executive
74.32 director shall review the language of the proposed benefit plan document modification
74.33 and, if a clarification is needed in the submitted language, shall inform the fire chief

75.1 of the necessary clarification. Once the proposed benefit plan document modification
 75.2 language has been clarified by the fire chief and resubmitted to the executive director, the
 75.3 executive director shall arrange for the approved actuary retained by the Public Employees
 75.4 Retirement Association to prepare a benefit plan document modification cost estimate
 75.5 under the applicable provisions of section 356.215 and of the standards for actuarial work
 75.6 adopted by the Legislative Commission on Pensions and Retirement. Upon completion of
 75.7 the benefit plan document modification cost estimate, the executive director shall forward
 75.8 the estimate to the fire chief who requested it and to the chief financial officer of the
 75.9 municipality or entity with which the fire department is primarily associated.

75.10 (d) The fire chief, upon receipt of the cost estimate, shall circulate the cost estimate
 75.11 with the active firefighters in the fire department and shall take reasonable steps to provide
 75.12 the estimate results to any affected retired members of the fire department and their
 75.13 beneficiaries. The chief financial officer of the municipality or entity associated with the
 75.14 fire department shall present the proposed modification language and the cost estimate to
 75.15 the governing body of the municipality or entity for its consideration at a public hearing
 75.16 held for that purpose.

75.17 (e) If the governing body of the municipality or entity approves the modification
 75.18 language, the chief administrative officer of the municipality or entity shall notify the
 75.19 executive director of the Public Employees Retirement Association of that approval. The
 75.20 benefit plan document modification is effective on the January 1 next following the date of
 75.21 filing the approval with the Public Employees Retirement Association and the state auditor.

75.22 Sec. 26. Minnesota Statutes 2014, section 353G.13, is amended to read:

75.23 **353G.13 LUMP-SUM RETIREMENT DIVISION; PORTABILITY.**

75.24 Subdivision 1. **Eligibility.** An active firefighter who is a member of the lump-sum
 75.25 retirement division of the retirement plan who also renders firefighting service and has
 75.26 good time service credit in the lump-sum retirement division of the retirement plan from
 75.27 another fire department, if the good time service credit in the plan from a combination of
 75.28 periods totals at least five years, is eligible, upon complying with the other requirements of
 75.29 section 353G.09, to receive a lump-sum service pension upon filing an application in the
 75.30 manner prescribed by the executive director, computed as provided in subdivision 2.

75.31 Subd. 2. **Combined service pension computation.** The lump-sum service pension
 75.32 payable to a firefighter who qualifies under subdivision 1 is the per year of good time
 75.33 lump-sum service credit service pension amount in effect for each lump-sum retirement
 75.34 account in which the firefighter has good time service credit as of the date on which the
 75.35 firefighter terminated active service with the fire department associated with the applicable

76.1 account, multiplied by the number of years of good time service credit that the firefighter
76.2 has in the applicable account.

76.3 Subd. 3. **Payment.** A lump-sum service pension under this section must be paid
76.4 in a single payment, with the applicable portion of the total lump-sum service pension
76.5 payment amount deducted from each lump-sum retirement account.

76.6 Sec. 27. Minnesota Statutes 2014, section 353G.14, is amended to read:

76.7 **353G.14 PURCHASE OF ANNUITY CONTRACTS.**

76.8 The executive director may purchase an annuity contract on behalf of a retiring
76.9 firefighter retiring from the lump-sum retirement division of the statewide retirement
76.10 plan with a total premium payment in an amount equal to the lump-sum service pension
76.11 payable under section 353G.09 if the purchase was requested by the retiring firefighter in a
76.12 manner prescribed by the executive director. The annuity contract must be purchased from
76.13 an insurance carrier that is licensed to do business in this state. If purchased, the annuity
76.14 contract is in lieu of any service pension or other benefit from the lump-sum retirement
76.15 plan of the retirement plan. The annuity contract may be purchased at any time after the
76.16 volunteer firefighter discontinues active service, but the annuity contract must stipulate that
76.17 no annuity amounts are payable before the former volunteer firefighter attains the age of 50.

76.18 Sec. 28. Minnesota Statutes 2014, section 353G.15, is amended to read:

76.19 **353G.15 INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.**

76.20 Upon receipt of a determination that the voluntary statewide volunteer firefighter
76.21 retirement plan is a qualified pension plan under section 401(a) of the Internal Revenue
76.22 Code, as amended, the executive director, upon request, shall transfer ~~the~~ a lump-sum
76.23 service pension amount under sections 353G.08 and 353G.11 of a former volunteer
76.24 firefighter who has terminated active firefighting services covered by the lump-sum
76.25 retirement division of the statewide plan and who has attained the age of at least 50 years
76.26 to the person's individual retirement account under section 408(a) of the federal Internal
76.27 Revenue Code, as amended. The transfer request must be in a manner prescribed by the
76.28 executive director and must be filed by the former volunteer firefighter who has sufficient
76.29 service credit to be entitled to a service pension or, following the death of a participating
76.30 active firefighter, must be filed by the deceased firefighter's surviving spouse.

76.31 Sec. 29. Minnesota Statutes 2014, section 353G.16, is amended to read:

76.32 **353G.16 EXEMPTION FROM PROCESS.**

77.1 The provisions of section 356.401 apply to the voluntary statewide volunteer
 77.2 firefighter retirement plan.

77.3 Sec. 30. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

77.4 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the
 77.5 applicable following interest assumption:

77.6 (1) select and ultimate interest rate assumption

77.7 plan	ultimate interest 77.8 rate assumption
77.9 general state employees retirement plan	8.5%
77.10 correctional state employees retirement plan	8.5
77.11 State Patrol retirement plan	8.5
77.12 legislators retirement plan, and for the 77.13 constitutional officers calculation of total plan 77.14 liabilities	0
77.15 judges retirement plan	8.5
77.16 general public employees retirement plan	8.5
77.17 public employees police and fire retirement plan	8.5
77.18 local government correctional service 77.19 retirement plan	8.5
77.20 teachers retirement plan	8.5
77.21 St. Paul teachers retirement plan	8.5

77.22 Except for the legislators retirement plan and the constitutional officers calculation
 77.23 of total plan liabilities, the select preretirement interest rate assumption for the period after
 77.24 June 30, 2012, through June 30, 2017, is 8 percent.

77.25 (2) single rate interest rate assumption

77.26 plan	interest rate 77.27 assumption
77.28 Bloomington Fire Department Relief Association	6
77.29 local monthly benefit volunteer firefighters relief 77.30 associations	5
77.31 <u>monthly benefit retirement plans in the statewide</u> 77.32 <u>volunteer firefighter retirement plan</u>	<u>6</u>

77.33 (b)(1) If funding stability has been attained, the valuation must use a postretirement
 77.34 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
 77.35 in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1,
 77.36 whichever applies.

77.37 (2) If funding stability has not been attained, the valuation must use a select
 77.38 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment
 77.39 rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415,
 77.40 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the

78.1 approved actuary estimates that the plan will attain the defined funding stability measure,
 78.2 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal
 78.3 to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29,
 78.4 subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning
 78.5 when funding stability is projected to be attained.

78.6 (c) The actuarial valuation must use the applicable following single rate future salary
 78.7 increase assumption, the applicable following modified single rate future salary increase
 78.8 assumption, or the applicable following graded rate future salary increase assumption:

78.9 (1) single rate future salary increase assumption

plan	future salary increase assumption
78.10 legislators retirement plan	5%
78.11 judges retirement plan	3
78.12 Bloomington Fire Department Relief Association	4

78.15 (2) age-related future salary increase age-related select and ultimate future salary
 78.16 increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
78.17 local government correctional service retirement plan	assumption B
78.18 St. Paul teachers retirement plan	assumption A

78.20 For plans other than the St. Paul teachers
 78.21 retirement plan and the local government
 78.22 correctional service retirement plan, the
 78.23 select calculation is: during the designated
 78.24 select period, a designated percentage rate
 78.25 is multiplied by the result of the designated
 78.26 integer minus T, where T is the number of
 78.27 completed years of service, and is added
 78.28 to the applicable future salary increase
 78.29 assumption. The designated select period
 78.30 is ten years and the designated integer is
 78.31 ten for the local government correctional
 78.32 service retirement plan and 15 for the St.
 78.33 Paul Teachers Retirement Fund Association.
 78.34 The designated percentage rate is 0.2 percent
 78.35 for the St. Paul Teachers Retirement Fund
 78.36 Association.

78.37 The ultimate future salary increase assumption is:

	age	A	B
79.1			
79.2	16	5.9%	9%
79.3	17	5.9	9
79.4	18	5.9	9
79.5	19	5.9	9
79.6	20	5.9	9
79.7	21	5.9	8.75
79.8	22	5.9	8.5
79.9	23	5.85	8.25
79.10	24	5.8	8
79.11	25	5.75	7.75
79.12	26	5.7	7.5
79.13	27	5.65	7.25
79.14	28	5.6	7
79.15	29	5.55	6.75
79.16	30	5.5	6.75
79.17	31	5.45	6.5
79.18	32	5.4	6.5
79.19	33	5.35	6.5
79.20	34	5.3	6.25
79.21	35	5.25	6.25
79.22	36	5.2	6
79.23	37	5.15	6
79.24	38	5.1	6
79.25	39	5.05	5.75
79.26	40	5	5.75
79.27	41	4.95	5.75
79.28	42	4.9	5.5
79.29	43	4.85	5.25
79.30	44	4.8	5.25
79.31	45	4.75	5
79.32	46	4.7	5
79.33	47	4.65	5
79.34	48	4.6	5
79.35	49	4.55	5
79.36	50	4.5	5
79.37	51	4.45	5
79.38	52	4.4	5
79.39	53	4.35	5
79.40	54	4.3	5
79.41	55	4.25	4.75
79.42	56	4.2	4.75
79.43	57	4.15	4.5

80.1	58	4.1	4.25
80.2	59	4.05	4.25
80.3	60	4	4.25
80.4	61	4	4.25
80.5	62	4	4.25
80.6	63	4	4.25
80.7	64	4	4.25
80.8	65	4	4
80.9	66	4	4
80.10	67	4	4
80.11	68	4	4
80.12	69	4	4
80.13	70	4	4

80.14 (3) service-related ultimate future salary increase assumption

80.15	general state employees retirement plan of the	assumption A
80.16	Minnesota State Retirement System	
80.17	general employees retirement plan of the Public	assumption B
80.18	Employees Retirement Association	
80.19	Teachers Retirement Association	assumption C
80.20	public employees police and fire retirement plan	assumption D
80.21	State Patrol retirement plan	assumption E
80.22	correctional state employees retirement plan of the	assumption F
80.23	Minnesota State Retirement System	

80.24	service						
80.25	length	A	B	C	D	E	F
80.26	1	10.5%	12.03%	12%	13%	8%	6%
80.27	2	8.1	8.9	9	11	7.5	5.85
80.28	3	6.9	7.46	8	9	7	5.7
80.29	4	6.2	6.58	7.5	8	6.75	5.55
80.30	5	5.7	5.97	7.25	6.5	6.5	5.4
80.31	6	5.3	5.52	7	6.1	6.25	5.25
80.32	7	5	5.16	6.85	5.8	6	5.1
80.33	8	4.7	4.87	6.7	5.6	5.85	4.95
80.34	9	4.5	4.63	6.55	5.4	5.7	4.8
80.35	10	4.4	4.42	6.4	5.3	5.55	4.65
80.36	11	4.2	4.24	6.25	5.2	5.4	4.55
80.37	12	4.1	4.08	6	5.1	5.25	4.45
80.38	13	4	3.94	5.75	5	5.1	4.35
80.39	14	3.8	3.82	5.5	4.9	4.95	4.25
80.40	15	3.7	3.7	5.25	4.8	4.8	4.15
80.41	16	3.6	3.6	5	4.8	4.65	4.05
80.42	17	3.5	3.51	4.75	4.8	4.5	3.95
80.43	18	3.5	3.5	4.5	4.8	4.35	3.85

81.1	19	3.5	3.5	4.25	4.8	4.2	3.75
81.2	20	3.5	3.5	4	4.8	4.05	3.75
81.3	21	3.5	3.5	3.9	4.7	4	3.75
81.4	22	3.5	3.5	3.8	4.6	4	3.75
81.5	23	3.5	3.5	3.7	4.5	4	3.75
81.6	24	3.5	3.5	3.6	4.5	4	3.75
81.7	25	3.5	3.5	3.5	4.5	4	3.75
81.8	26	3.5	3.5	3.5	4.5	4	3.75
81.9	27	3.5	3.5	3.5	4.5	4	3.75
81.10	28	3.5	3.5	3.5	4.5	4	3.75
81.11	29	3.5	3.5	3.5	4.5	4	3.75
81.12	30 or more	3.5	3.5	3.5	4.5	4	3.75

81.13 (d) The actuarial valuation must use the applicable following payroll growth
 81.14 assumption for calculating the amortization requirement for the unfunded actuarial
 81.15 accrued liability where the amortization retirement is calculated as a level percentage
 81.16 of an increasing payroll:

81.17	plan	payroll growth assumption
81.18	general state employees retirement plan of the	3.75%
81.19	Minnesota State Retirement System	
81.20	correctional state employees retirement plan	3.75
81.21	State Patrol retirement plan	3.75
81.22	judges retirement plan	3
81.23	general employees retirement plan of the Public	3.75
81.24	Employees Retirement Association	
81.25	public employees police and fire retirement plan	3.75
81.26	local government correctional service retirement plan	3.75
81.27	teachers retirement plan	3.75
81.28	St. Paul teachers retirement plan	4

81.29 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
 81.30 different salary assumption or a different payroll increase assumption:

- 81.31 (1) has been proposed by the governing board of the applicable retirement plan;
- 81.32 (2) is accompanied by the concurring recommendation of the actuary retained under
 81.33 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 81.34 most recent actuarial valuation report if section 356.214 does not apply; and
- 81.35 (3) has been approved or deemed approved under subdivision 18.

81.36 **EFFECTIVE DATE.** This section is effective June 30, 2015.

81.37 **Sec. 31. EFFECTIVE DATE.**

81.38 Unless otherwise specified, this article is effective July 1, 2015.

82.1 **ARTICLE 9**82.2 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION WORKING**
82.3 **GROUP RECOMMENDATIONS**

82.4 Section 1. Minnesota Statutes 2014, section 69.051, subdivision 1a, is amended to read:

82.5 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
82.6 association, as defined in section 424A.001, subdivision 4, that is not required to file a
82.7 financial report and audit under subdivision 1 must prepare a detailed statement of the
82.8 financial affairs for the preceding fiscal year of the relief association's special and general
82.9 funds in the style and form prescribed by the state auditor. The detailed statement must
82.10 show:

82.11 (1) the sources and amounts of all money received;

82.12 (2) all disbursements, accounts payable and accounts receivable;

82.13 (3) the amount of money remaining in the treasury;

82.14 (4) total assets, including a listing of all investments;

82.15 (5) the accrued liabilities; and

82.16 (6) all other items necessary to show accurately the revenues and expenditures and
82.17 financial position of the relief association.

82.18 (b) The detailed financial statement of the special and general funds required under
82.19 paragraph (a) must be certified by a certified public accountant or by the state auditor. ~~In~~
82.20 ~~addition to certifying the financial condition of the special and general funds of the relief~~
82.21 ~~association, the accountant or auditor conducting the examination shall give an opinion~~
82.22 ~~as to the condition of the special and general funds of the relief association, and shall~~
82.23 ~~comment upon any exceptions to the report in accordance with agreed-upon procedures~~
82.24 and forms prescribed by the state auditor. The accountant must have at least five years of
82.25 public accounting, auditing, or similar experience, and must not be an active, inactive, or
82.26 retired member of the relief association or the fire department.

82.27 (c) The detailed financial statement required under paragraph (a) must be
82.28 countersigned by:

82.29 (1) the municipal clerk or clerk-treasurer of the municipality; or

82.30 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest
82.31 municipality in population which contracts with the independent nonprofit firefighting
82.32 corporation if the relief association is a subsidiary of an independent nonprofit firefighting
82.33 corporation and by the secretary of the independent nonprofit firefighting corporation; or

83.1 (3) by the chief financial official of the county in which the volunteer firefighter
83.2 relief association is located or primarily located if the relief association is associated with
83.3 a fire department that is not located in or associated with an organized municipality.

83.4 (d) The volunteer firefighters' relief association board must file the detailed financial
83.5 statement required under paragraph (a) in the relief association office for public inspection
83.6 and present it to the governing body of the municipality within 45 days after the close of
83.7 the fiscal year, and must submit a copy of the certified detailed financial statement to the
83.8 state auditor within 90 days of the close of the fiscal year.

83.9 (e) A certified public accountant or auditor who performs the agreed-upon
83.10 procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

83.11 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to financial
83.12 statements prepared for calendar year 2015 and thereafter.

83.13 Sec. 2. Minnesota Statutes 2014, section 69.80, is amended to read:

83.14 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

83.15 (a) Notwithstanding any provision of law to the contrary, the payment of the
83.16 following necessary, reasonable and direct expenses of maintaining, protecting and
83.17 administering the special fund, when provided for in the bylaws of the association and
83.18 approved by the board of trustees, constitutes authorized administrative expenses of a
83.19 volunteer firefighters' relief association organized under any law of this state or the
83.20 Bloomington Fire Department Relief Association:

83.21 (1) office expense, including, but not limited to, rent, utilities, equipment, supplies,
83.22 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative
83.23 personnel;

83.24 (2) salaries of the officers of the association, or their designees, and salaries of the
83.25 members of the board of trustees of the association if the salary amounts are approved by
83.26 the governing body of the entity that is responsible for meeting any minimum obligation
83.27 under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to
83.28 42, and the itemized expenses of relief association officers and board members that are
83.29 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

83.30 (3) tuition, registration fees, organizational dues, and other authorized expenses
83.31 of the officers or members of the board of trustees incurred in attending educational
83.32 conferences, seminars, or classes relating to the administration of the relief association;

83.33 (4) audit, and audit-related services, accounting and accounting-related services, and
83.34 actuarial, medical, legal, and investment and performance evaluation expenses;

84.1 (5) filing and application fees payable by the relief association to federal or other
84.2 governmental entities;

84.3 (6) reimbursement to the officers and members of the board of trustees, or their
84.4 designees, for reasonable and necessary expenses actually paid and incurred in the
84.5 performance of their duties as officers or members of the board; and

84.6 (7) premiums on fiduciary liability insurance and official bonds for the officers,
84.7 members of the board of trustees, and employees of the relief association.

84.8 (b) Any other expenses of the relief association must be paid from the general fund
84.9 of the association, if one exists. If a relief association has only one fund, that fund is the
84.10 special fund for purposes of this section. If a relief association has a special fund and
84.11 a general fund, and any expense of the relief association that is directly related to the
84.12 purposes for which both funds were established, the payment of that expense must be
84.13 apportioned between the two funds on the basis of the benefits derived by each fund.

84.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

84.15 Sec. 3. Minnesota Statutes 2014, section 424A.001, is amended by adding a
84.16 subdivision to read:

84.17 Subd. 12. **Membership start date.** Membership in a volunteer firefighters relief
84.18 association begins upon the date of hire by a municipality, a joint powers board, or an
84.19 independent nonprofit firefighting corporation with which the relief association is directly
84.20 associated, unless otherwise specified in the relief association bylaws.

84.21 **EFFECTIVE DATE.** This section is effective January 1, 2016.

84.22 Sec. 4. Minnesota Statutes 2014, section 424A.002, subdivision 1, is amended to read:

84.23 Subdivision 1. **Authorization.** A municipal fire department or an independent
84.24 nonprofit firefighting corporation, with approval by the applicable municipality or
84.25 municipalities, may establish a new volunteer firefighters relief association or may retain
84.26 an existing volunteer firefighters relief association. A municipal fire department or an
84.27 independent nonprofit firefighting corporation may be associated with only one volunteer
84.28 firefighters relief association at one time.

84.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

84.30 Sec. 5. Minnesota Statutes 2014, section 424A.016, subdivision 4, is amended to read:

84.31 Subd. 4. **Individual accounts.** (a) An individual account must be established for
84.32 each firefighter who is a member of the relief association.

85.1 (b) To each individual active member account must be credited an equal share of:

85.2 (1) any amounts of fire state aid and police and firefighter retirement supplemental
85.3 state aid received by the relief association;

85.4 (2) any amounts of municipal contributions to the relief association raised from
85.5 levies on real estate or from other available municipal revenue sources exclusive of fire
85.6 state aid; and

85.7 (3) any amounts equal to the share of the assets of the special fund to the credit of:

85.8 (i) any former member who terminated active service with the fire department to
85.9 which the relief association is associated before meeting the minimum service requirement
85.10 provided for in subdivision 2, paragraph (b), and has not returned to active service with
85.11 the fire department for a period no shorter than five years; or

85.12 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
85.13 the amounts credited to the individual member account under subdivision 2, paragraph
85.14 (b), and any applicable provision of the bylaws of the relief association. In addition, any
85.15 investment return on the assets of the special fund must be credited in proportion to the
85.16 share of the assets of the special fund to the credit of each individual active member
85.17 account. Administrative expenses of the relief association payable from the special
85.18 fund may be deducted from individual accounts in a manner specified in the bylaws of
85.19 the relief association.

85.20 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
85.21 any investment return on the assets of the special fund to the accounts of inactive members.

85.22 (d) Amounts to be credited to individual accounts must be allocated uniformly
85.23 for all years of active service and allocations must be made for all years of service,
85.24 except for caps on service credit if so provided in the bylaws of the relief association.

85.25 Amounts forfeited under paragraph (b), clause (3), before a resumption of active service
85.26 and membership under section 424A.01, subdivision 6, remain forfeited and may not be
85.27 reinstated upon the resumption of active service and membership. The allocation method
85.28 may utilize monthly proration for fractional years of service, as the bylaws or articles of
85.29 incorporation of the relief association so provide. The bylaws or articles of incorporation
85.30 may define a "month," but the definition must require a calendar month to have at least 16
85.31 days of active service. If the bylaws or articles of incorporation do not define a "month," a
85.32 "month" is a completed calendar month of active service measured from the member's
85.33 date of entry to the same date in the subsequent month.

85.34 (e) At the time of retirement under subdivision 2 and any applicable provision of the
85.35 bylaws of the relief association, a retiring member is entitled to that portion of the assets
85.36 of the special fund to the credit of the member in the individual member account which is

86.1 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief
86.2 association based on the number of years of service to the credit of the retiring member.

86.3 (f) Annually, the secretary of the relief association shall certify the individual
86.4 account allocations to the state auditor at the same time that the annual financial statement
86.5 or financial report and audit of the relief association, whichever applies, is due under
86.6 section 69.051.

86.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

86.8 Sec. 6. Minnesota Statutes 2014, section 424A.02, subdivision 3, is amended to read:

86.9 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August
86.10 1 as part of the certification of the financial requirements and minimum municipal
86.11 obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5,
86.12 as applicable, the secretary or some other official of the relief association designated in the
86.13 bylaws of each defined benefit relief association shall calculate and certify to the governing
86.14 body of the applicable municipality the average amount of available financing per active
86.15 covered firefighter for the most recent three-year period. The amount of available financing
86.16 includes any amounts of fire state aid and police and firefighter retirement supplemental
86.17 state aid received or receivable by the relief association, any amounts of municipal
86.18 contributions to the relief association raised from levies on real estate or from other
86.19 available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in
86.20 excess of the accrued liabilities of the relief association calculated under section 424A.092,
86.21 subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

86.22 (b) The maximum service pension which the defined benefit relief association has
86.23 authority to provide for in its bylaws for payment to a member retiring after the calculation
86.24 date when the minimum age and service requirements specified in subdivision 1 are met
86.25 must be determined using the table in paragraph (c) or (d), whichever applies.

86.26 (c) For a defined benefit relief association where the governing bylaws provide for
86.27 a monthly service pension to a retiring member, the maximum monthly service pension
86.28 amount per month for each year of service credited that may be provided for in the bylaws
86.29 is the greater of the service pension amount provided for in the bylaws on the date of the
86.30 calculation of the average amount of the available financing per active covered firefighter
86.31 or the maximum service pension figure corresponding to the average amount of available
86.32 financing per active covered firefighter:

87.1	Minimum Average Amount of Available	Maximum Service Pension Amount
87.2	Financing per Firefighter	Payable per Month for Each
87.3		Year of Service
87.4	\$...	\$.25
87.5	41	.50
87.6	81	1.00
87.7	122	1.50
87.8	162	2.00
87.9	203	2.50
87.10	243	3.00
87.11	284	3.50
87.12	324	4.00
87.13	365	4.50
87.14	405	5.00
87.15	486	6.00
87.16	567	7.00
87.17	648	8.00
87.18	729	9.00
87.19	810	10.00
87.20	891	11.00
87.21	972	12.00
87.22	1053	13.00
87.23	1134	14.00
87.24	1215	15.00
87.25	1296	16.00
87.26	1377	17.00
87.27	1458	18.00
87.28	1539	19.00
87.29	1620	20.00
87.30	1701	21.00
87.31	1782	22.00
87.32	1823	22.50
87.33	1863	23.00
87.34	1944	24.00
87.35	2025	25.00
87.36	2106	26.00
87.37	2187	27.00
87.38	2268	28.00
87.39	2349	29.00
87.40	2430	30.00
87.41	2511	31.00
87.42	2592	32.00
87.43	2673	33.00
87.44	2754	34.00

88.1	2834	35.00
88.2	2916	36.00
88.3	2997	37.00
88.4	3078	38.00
88.5	3159	39.00
88.6	3240	40.00
88.7	3321	41.00
88.8	3402	42.00
88.9	3483	43.00
88.10	3564	44.00
88.11	3645	45.00
88.12	3726	46.00
88.13	3807	47.00
88.14	3888	48.00
88.15	3969	49.00
88.16	4050	50.00
88.17	4131	51.00
88.18	4212	52.00
88.19	4293	53.00
88.20	4374	54.00
88.21	4455	55.00
88.22	4536	56.00
88.23	4617	57.00
88.24	4698	58.00
88.25	4779	59.00
88.26	4860	60.00
88.27	4941	61.00
88.28	5022	62.00
88.29	5103	63.00
88.30	5184	64.00
88.31	5265	65.00
88.32	5346	66.00
88.33	5427	67.00
88.34	5508	68.00
88.35	5589	69.00
88.36	5670	70.00
88.37	5751	71.00
88.38	5832	72.00
88.39	5913	73.00
88.40	5994	74.00
88.41	6075	75.00
88.42	6156	76.00
88.43	6237	77.00

89.1	6318	78.00
89.2	6399	79.00
89.3	6480	80.00
89.4	6561	81.00
89.5	6642	82.00
89.6	6723	83.00
89.7	6804	84.00
89.8	6885	85.00
89.9	6966	86.00
89.10	7047	87.00
89.11	7128	88.00
89.12	7209	89.00
89.13	7290	90.00
89.14	7371	91.00
89.15	7452	92.00
89.16	7533	93.00
89.17	7614	94.00
89.18	7695	95.00
89.19	7776	96.00
89.20	7857	97.00
89.21	7938	98.00
89.22	8019	99.00
89.23	8100	100.00
89.24	any amount in excess of	
89.25	8100	100.00

89.26 (d) For a defined benefit relief association in which the governing bylaws provide
 89.27 for a lump-sum service pension to a retiring member, the maximum lump-sum service
 89.28 pension amount for each year of service credited that may be provided for in the bylaws is
 89.29 the greater of the service pension amount provided for in the bylaws on the date of the
 89.30 calculation of the average amount of the available financing per active covered firefighter
 89.31 or the maximum service pension figure corresponding to the average amount of available
 89.32 financing per active covered firefighter for the applicable specified period:

89.33	Minimum Average Amount of Available	Maximum Lump-Sum Service
89.34	Financing per Firefighter	Pension Amount Payable for
89.35		Each Year of Service
89.36	\$...	\$ 10
89.37	11	20
89.38	16	30
89.39	23	40
89.40	27	50
89.41	32	60
89.42	43	80

90.1	54	100
90.2	65	120
90.3	77	140
90.4	86	160
90.5	97	180
90.6	108	200
90.7	131	240
90.8	151	280
90.9	173	320
90.10	194	360
90.11	216	400
90.12	239	440
90.13	259	480
90.14	281	520
90.15	302	560
90.16	324	600
90.17	347	640
90.18	367	680
90.19	389	720
90.20	410	760
90.21	432	800
90.22	486	900
90.23	540	1000
90.24	594	1100
90.25	648	1200
90.26	702	1300
90.27	756	1400
90.28	810	1500
90.29	864	1600
90.30	918	1700
90.31	972	1800
90.32	1026	1900
90.33	1080	2000
90.34	1134	2100
90.35	1188	2200
90.36	1242	2300
90.37	1296	2400
90.38	1350	2500
90.39	1404	2600
90.40	1458	2700
90.41	1512	2800
90.42	1566	2900
90.43	1620	3000

91.1	1672	3100
91.2	1726	3200
91.3	1753	3250
91.4	1780	3300
91.5	1820	3375
91.6	1834	3400
91.7	1888	3500
91.8	1942	3600
91.9	1996	3700
91.10	2023	3750
91.11	2050	3800
91.12	2104	3900
91.13	2158	4000
91.14	2212	4100
91.15	2265	4200
91.16	2319	4300
91.17	2373	4400
91.18	2427	4500
91.19	2481	4600
91.20	2535	4700
91.21	2589	4800
91.22	2643	4900
91.23	2697	5000
91.24	2751	5100
91.25	2805	5200
91.26	2859	5300
91.27	2913	5400
91.28	2967	5500
91.29	3021	5600
91.30	3075	5700
91.31	3129	5800
91.32	3183	5900
91.33	3237	6000
91.34	3291	6100
91.35	3345	6200
91.36	3399	6300
91.37	3453	6400
91.38	3507	6500
91.39	3561	6600
91.40	3615	6700
91.41	3669	6800
91.42	3723	6900
91.43	3777	7000

92.1	3831	7100
92.2	3885	7200
92.3	3939	7300
92.4	3993	7400
92.5	4047	7500
92.6	4101	7600
92.7	4155	7700
92.8	4209	7800
92.9	4263	7900
92.10	4317	8000
92.11	4371	8100
92.12	4425	8200
92.13	4479	8300
92.14	4533	8400
92.15	4587	8500
92.16	4641	8600
92.17	4695	8700
92.18	4749	8800
92.19	4803	8900
92.20	4857	9000
92.21	4911	9100
92.22	4965	9200
92.23	5019	9300
92.24	5073	9400
92.25	5127	9500
92.26	5181	9600
92.27	5235	9700
92.28	5289	9800
92.29	5343	9900
92.30	5397	10,000
92.31	any amount in excess of	
92.32	5397	10,000

92.33 (e) For a defined benefit relief association in which the governing bylaws provide
 92.34 for a monthly benefit service pension as an alternative form of service pension payment
 92.35 to a lump-sum service pension, the maximum service pension amount for each pension
 92.36 payment type must be determined using the applicable table contained in this subdivision.

92.37 (f) If a defined benefit relief association establishes a service pension in compliance
 92.38 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
 92.39 amount of available financing per active covered firefighter is subsequently reduced
 92.40 because of a reduction in fire state aid or because of an increase in the number of active
 92.41 firefighters, the relief association may continue to provide the prior service pension

93.1 amount specified in its bylaws, but may not increase the service pension amount until
93.2 the minimum average amount of available financing per firefighter under the table in
93.3 paragraph (c) or (d), whichever applies, permits.

93.4 (g) No defined benefit relief association is authorized to provide a service pension in
93.5 an amount greater than the largest applicable flexible service pension maximum amount
93.6 even if the amount of available financing per firefighter is greater than the financing
93.7 amount associated with the largest applicable flexible service pension maximum.

93.8 (h) The method of calculating service pensions must be applied uniformly for all
93.9 years of active service. Credit must be given for all years of active service except for caps
93.10 on service credit if so provided in the bylaws of the relief association.

93.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

93.12 Sec. 7. Minnesota Statutes 2014, section 424A.02, subdivision 3a, is amended to read:

93.13 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)

93.14 If a defined benefit relief association pays a service pension greater than the maximum
93.15 service pension associated with the applicable average amount of available financing per
93.16 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever
93.17 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable
93.18 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is
93.19 less, the state auditor shall:

93.20 (1) disqualify the municipality or the nonprofit firefighting corporation associated
93.21 with the relief association from receiving fire state aid by making the appropriate
93.22 notification to the municipality and the commissioner of revenue, with the disqualification
93.23 applicable for the next apportionment and payment of fire state aid; and

93.24 (2) order the treasurer of the applicable relief association to recover the amount of
93.25 the overpaid service pension or pensions from any retired firefighter who received an
93.26 overpayment.

93.27 (b) Fire state aid amounts from disqualified municipalities for the period of
93.28 disqualifications under paragraph (a), clause (1), must be credited to the amount of
93.29 fire insurance premium tax proceeds available for the next subsequent fire state aid
93.30 apportionment.

93.31 (c) The amount of any overpaid service pension recovered under paragraph (a),
93.32 clause (2), must be credited to the amount of fire insurance premium tax proceeds
93.33 available for the next subsequent fire state aid apportionment.

93.34 (d) The determination of the state auditor that a relief association has paid a service
93.35 pension greater than the applicable maximum must be made on the basis of the information

94.1 filed by the relief association and the municipality with the state auditor under sections
 94.2 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other
 94.3 relevant information that comes to the attention of the state auditor. The determination
 94.4 of the state auditor is final. An aggrieved municipality, relief association, or person may
 94.5 appeal the determination under section 480A.06.

94.6 (e) The state auditor may certify, upon learning that a relief association overpaid
 94.7 a service pension based on an error in the maximum service pension calculation, the
 94.8 municipality or nonprofit firefighting corporation associated with the relief association
 94.9 for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the
 94.10 relief association has initiated recovery of any overpayment amount. Notwithstanding
 94.11 paragraph (c), all overpayments recovered under this paragraph must be credited to the
 94.12 relief association's special fund.

94.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

94.14 Sec. 8. Minnesota Statutes 2014, section 424A.02, subdivision 9a, is amended to read:

94.15 Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or
 94.16 special law to the contrary, a defined benefit relief association paying a monthly service
 94.17 pension may provide a postretirement increase to retired members and ancillary benefit
 94.18 recipients of the relief association if (1) the relief association adopts an appropriate
 94.19 bylaw amendment; and (2) the bylaw amendment is approved by the municipality
 94.20 pursuant to subdivision 10 and section 424A.093, subdivision 6. The postretirement
 94.21 increase is applicable only to retired members and ancillary benefit recipients receiving a
 94.22 monthly service pension or monthly ancillary benefit as of the effective date of the bylaw
 94.23 amendment. The authority to provide a postretirement increase to retired members and
 94.24 ancillary benefit recipients of a relief association contained in this subdivision supersedes
 94.25 any prior special law authorization relating to the provision of postretirement increases.

94.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

94.27 Sec. 9. Minnesota Statutes 2014, section 424A.05, subdivision 2, is amended to read:

94.28 Subd. 2. **Special fund assets and revenues.** The special fund must be credited
 94.29 with all fire state aid ~~moneys~~ and police and firefighter retirement supplemental state
 94.30 aid received under sections 69.011 to 69.051 and 423A.022, all taxes levied by or other
 94.31 revenues received from the municipality under sections 424A.091 to 424A.096 or any
 94.32 applicable special law requiring municipal support for the relief association, any ~~moneys~~
 94.33 funds or property donated, given, granted or devised by any person which is specified for

95.1 use for the support of the special fund and any interest or investment return earned upon
95.2 the assets of the special fund. The treasurer of the relief association is the custodian of
95.3 the assets of the special fund and must be the recipient on behalf of the special fund of
95.4 all revenues payable to the special fund. The treasurer shall maintain adequate records
95.5 documenting any transaction involving the assets or the revenues of the special fund.
95.6 These records and the bylaws of the relief association are public and must be open for
95.7 inspection by any member of the relief association, any officer or employee of the state or
95.8 of the municipality, or any member of the public, at reasonable times and places.

95.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

95.10 Sec. 10. Minnesota Statutes 2014, section 424A.05, subdivision 3, is amended to read:

95.11 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from
95.12 the special fund may not be made for any purpose other than one of the following:

95.13 (1) for the payment of service pensions to retired members of the relief association if
95.14 authorized and paid under law and the bylaws governing the relief association;

95.15 (2) for the purchase of an annuity for the applicable person under section 424A.015,
95.16 subdivision 3, for the transfer of service pension or benefit amounts to the applicable
95.17 person's individual retirement account under section 424A.015, subdivision 4, or to the
95.18 applicable person's account in the Minnesota deferred compensation plan under section
95.19 424A.015, subdivision 5;

95.20 (3) for the payment of temporary or permanent disability benefits to disabled
95.21 members of the relief association if authorized and paid under law and specified in amount
95.22 in the bylaws governing the relief association;

95.23 (4) for the payment of survivor benefits or for the payment of a death benefit to the
95.24 estate of the deceased active or deferred firefighter, if authorized and paid under law and
95.25 specified in amount in the bylaws governing the relief association;

95.26 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
95.27 Department Association and to the Minnesota State Fire Chiefs Association in order to
95.28 entitle relief association members to membership in and the benefits of these associations
95.29 or organizations;

95.30 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
95.31 Association, or an insurance company licensed by the state of Minnesota offering casualty
95.32 insurance, in order to entitle relief association members to membership in and the benefits
95.33 of the association or organization; and

95.34 (7) for the payment of administrative expenses of the relief association as authorized
95.35 under section 69.80.

96.1 (b) Checks or authorizations for electronic fund transfers for disbursements
96.2 authorized by this section must be signed by the relief association treasurer and at least one
96.3 other elected trustee who has been designated by the board of trustees to sign the checks or
96.4 authorizations. A relief association may make disbursements authorized by this subdivision
96.5 by electronic funds transfers only if the specific method of payment and internal control
96.6 policies and procedures regarding the method are approved by the board of trustees.

96.7 **EFFECTIVE DATE.** This section is effective July 1, 2015.

96.8 Sec. 11. Minnesota Statutes 2014, section 424A.092, subdivision 3, is amended to read:

96.9 Subd. 3. **Financial requirements of relief association; minimum obligation of**
96.10 **municipality.** (a) During the month of July, the officers of the relief association shall
96.11 determine the overall funding balance of the special fund for the current calendar year,
96.12 the financial requirements of the special fund for the following calendar year and the
96.13 minimum obligation of the municipality with respect to the special fund for the following
96.14 calendar year in accordance with the requirements of this subdivision.

96.15 (b) The overall funding balance of the special fund for the current calendar year must
96.16 be determined in the following manner:

96.17 (1) The total accrued liability of the special fund for all active and deferred members
96.18 of the relief association as of December 31 of the current year must be calculated under
96.19 subdivisions 2 and 2a, if applicable.

96.20 (2) The total present assets of the special fund projected to December 31 of the
96.21 current year, including receipts by and disbursements from the special fund anticipated to
96.22 occur on or before December 31, must be calculated. To the extent possible, for those
96.23 assets for which a market value is readily ascertainable, the current market value as of the
96.24 date of the calculation for those assets must be utilized in making this calculation. For any
96.25 asset for which no market value is readily ascertainable, the cost value or the book value,
96.26 whichever is applicable, must be utilized in making this calculation.

96.27 (3) The amount of the total present assets of the special fund calculated under clause
96.28 (2) must be subtracted from the amount of the total accrued liability of the special fund
96.29 calculated under clause (1). If the amount of total present assets exceeds the amount of
96.30 the total accrued liability, then the special fund is considered to have a surplus over full
96.31 funding. If the amount of the total present assets is less than the amount of the total
96.32 accrued liability, then the special fund is considered to have a deficit from full funding. If
96.33 the amount of total present assets is equal to the amount of the total accrued liability, then
96.34 the special fund is considered to be fully funded.

97.1 (c) The financial requirements of the special fund for the following calendar year
97.2 must be determined in the following manner:

97.3 (1) The total accrued liability of the special fund for all active and deferred members
97.4 of the relief association as of December 31 of the calendar year next following the current
97.5 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

97.6 (2) The increase in the total accrued liability of the special fund for the following
97.7 calendar year over the total accrued liability of the special fund for the current year must
97.8 be calculated.

97.9 (3) The amount of anticipated future administrative expenses of the special fund
97.10 must be calculated by multiplying the dollar amount of the administrative expenses of the
97.11 special fund for the most recent prior calendar year by the factor of 1.035.

97.12 (4) If the special fund is fully funded, the financial requirements of the special fund for
97.13 the following calendar year are the total of the amounts calculated under clauses (2) and (3).

97.14 (5) If the special fund has a deficit from full funding, the financial requirements of
97.15 the special fund for the following calendar year are the financial requirements of the
97.16 special fund calculated as though the special fund were fully funded under clause (4) plus
97.17 an amount equal to one-tenth of the original amount of the deficit from full funding of the
97.18 special fund as determined under clause (2) resulting either from an increase in the amount
97.19 of the service pension occurring in the last ten years or from a net annual investment loss
97.20 occurring during the last ten years until each increase in the deficit from full funding is
97.21 fully retired. The annual amortization contribution under this clause may not exceed the
97.22 amount of the deficit from full funding.

97.23 (6) If the special fund has a surplus over full funding, the financial requirements of
97.24 the special fund for the following calendar year are the financial requirements of the special
97.25 fund calculated as though the special fund were fully funded under clause (4) reduced by an
97.26 amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

97.27 (d) The minimum obligation of the municipality with respect to the special fund is
97.28 the financial requirements of the special fund reduced by the amount of any fire state aid
97.29 and police and firefighter retirement supplemental state aid payable under sections 69.011
97.30 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality for
97.31 transmittal to the special fund during the following calendar year, an amount of interest on
97.32 the assets of the special fund projected to the beginning of the following calendar year
97.33 calculated at the rate of five percent per annum, and the amount of any contributions to
97.34 the special fund required by the relief association bylaws from the active members of the
97.35 relief association reasonably anticipated to be received during the following calendar year.

98.1 A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire
98.2 state aid actually received in the prior year multiplied by the factor 1.035.

98.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

98.4 Sec. 12. Minnesota Statutes 2014, section 424A.092, subdivision 6, is amended to read:

98.5 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
98.6 relief association does not have a surplus over full funding under subdivision 3, paragraph
98.7 (c), clause (5), and if the municipality is required to provide financial support to the special
98.8 fund of the relief association under this section, the adoption of or any amendment to the
98.9 articles of incorporation or bylaws of a relief association which increases or otherwise
98.10 affects the retirement coverage provided by or the service pensions or retirement benefits
98.11 payable from the special fund of any relief association to which this section applies is not
98.12 effective until it is ratified by the governing body of the municipality served by the fire
98.13 department to which the relief association is directly associated or by the independent
98.14 nonprofit firefighting corporation, as applicable, and the officers of a relief association
98.15 shall not seek municipal ratification prior to preparing and certifying an estimate of
98.16 the expected increase in the accrued liability and annual accruing liability of the relief
98.17 association attributable to the amendment. If the special fund of the relief association
98.18 has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the
98.19 municipality is not required to provide financial support to the special fund of the relief
98.20 association under this section, the relief association may adopt or amend its articles of
98.21 incorporation or bylaws which increase or otherwise affect the retirement coverage
98.22 provided by or the service pensions or retirement benefits payable from the special fund
98.23 of the relief association which are effective without municipal ratification so long as this
98.24 does not cause the amount of the resulting increase in the accrued liability of the special
98.25 fund of the relief association to exceed 90 percent of the amount of the surplus over full
98.26 funding reported in the prior year and this does not result in the financial requirements
98.27 of the special fund of the relief association exceeding the expected amount of the future
98.28 fire state aid and police and firefighter retirement supplemental state aid to be received
98.29 by the relief association as determined by the board of trustees following the preparation
98.30 of an estimate of the expected increase in the accrued liability and annual accruing
98.31 liability of the relief association attributable to the change. If a relief association adopts or
98.32 amends its articles of incorporation or bylaws without municipal ratification under this
98.33 subdivision, and, subsequent to the amendment or adoption, the financial requirements
98.34 of the special fund of the relief association under this section are such so as to require
98.35 financial support from the municipality, the provision which was implemented without

99.1 municipal ratification is no longer effective without municipal ratification and any service
99.2 pensions or retirement benefits payable after that date may be paid only in accordance with
99.3 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

99.4 Sec. 13. Minnesota Statutes 2014, section 424A.093, subdivision 5, is amended to read:

99.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association
99.6 shall determine the minimum obligation of the municipality with respect to the special
99.7 fund of the relief association for the following calendar year on or before August 1 of each
99.8 year in accordance with the requirements of this subdivision.

99.9 (b) The minimum obligation of the municipality with respect to the special fund is
99.10 an amount equal to the financial requirements of the special fund of the relief association
99.11 determined under subdivision 4, reduced by the estimated amount of any fire state
99.12 aid and police and firefighter retirement supplemental state aid payable under sections
99.13 69.011 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality
99.14 for transmittal to the special fund of the relief association during the following year
99.15 and the amount of any anticipated contributions to the special fund required by the
99.16 relief association bylaws from the active members of the relief association reasonably
99.17 anticipated to be received during the following calendar year. A reasonable amount of
99.18 anticipated fire state aid is an amount that does not exceed the fire state aid actually
99.19 received in the prior year multiplied by the factor 1.035.

99.20 (c) The officers of the relief association shall certify the financial requirements of the
99.21 special fund of the relief association and the minimum obligation of the municipality with
99.22 respect to the special fund of the relief association as determined under subdivision 4 and
99.23 this subdivision by August 1 of each year. The certification must be made to the entity that
99.24 is responsible for satisfying the minimum obligation with respect to the special fund of the
99.25 relief association. If the responsible entity is a joint powers entity, the certification must be
99.26 made in the manner specified in the joint powers agreement, or if the joint powers agreement
99.27 is silent on this point, the certification must be made to the chair of the joint powers board.

99.28 (d) The financial requirements of the relief association and the minimum municipal
99.29 obligation must be included in the financial report or financial statement under section
99.30 69.051.

99.31 (e) The municipality shall provide for at least the minimum obligation of the
99.32 municipality with respect to the special fund of the relief association by tax levy or from
99.33 any other source of public revenue. The municipality may levy taxes for the payment of the
99.34 minimum municipal obligation without any limitation as to rate or amount and irrespective
99.35 of any limitations imposed by other provisions of law or charter upon the rate or amount

100.1 of taxation until the balance of the special fund or any fund of the relief association has
100.2 attained a specified level. In addition, any taxes levied under this section must not cause
100.3 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year
100.4 by the municipality which are subject to a limitation as to rate or amount to be reduced.

100.5 (f) If the municipality does not include the full amount of the minimum municipal
100.6 obligation in its levy for any year, the officers of the relief association shall certify that
100.7 amount to the county auditor, who shall spread a levy in the amount of the minimum
100.8 municipal obligation on the taxable property of the municipality.

100.9 (g) If the state auditor determines that a municipal contribution actually made in a
100.10 plan year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause
100.11 (5), the state auditor may request from the relief association or from the city a copy of
100.12 the certifications under this subdivision. The relief association or the city, whichever
100.13 applies, must provide the certifications within 14 days of the date of the request from
100.14 the state auditor.

100.15 Sec. 14. Minnesota Statutes 2014, section 424A.093, subdivision 6, is amended to read:

100.16 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
100.17 relief association does not have a surplus over full funding under subdivision 4, and
100.18 if the municipality is required to provide financial support to the special fund of the
100.19 relief association under this section, the adoption of or any amendment to the articles of
100.20 incorporation or bylaws of a relief association which increases or otherwise affects the
100.21 retirement coverage provided by or the service pensions or retirement benefits payable from
100.22 the special fund of any relief association to which this section applies is not effective until it
100.23 is ratified by the governing body of the municipality served by the fire department to which
100.24 the relief association is directly associated or by the independent nonprofit firefighting
100.25 corporation, as applicable. If the special fund of the relief association has a surplus
100.26 over full funding under subdivision 4, and if the municipality is not required to provide
100.27 financial support to the special fund of the relief association under this section, the relief
100.28 association may adopt or amend its articles of incorporation or bylaws which increase or
100.29 otherwise affect the retirement coverage provided by or the service pensions or retirement
100.30 benefits payable from the special fund of the relief association which are effective without
100.31 municipal ratification so long as this does not cause the amount of the resulting increase in
100.32 the accrued liability of the special fund of the relief association to exceed 90 percent of
100.33 the amount of the surplus over full funding reported in the prior year and this does not
100.34 result in the financial requirements of the special fund of the relief association exceeding
100.35 the expected amount of the future fire state aid and police and firefighter retirement

101.1 supplemental state aid to be received by the relief association as determined by the
 101.2 board of trustees following the preparation of an updated actuarial valuation including
 101.3 the proposed change or an estimate of the expected actuarial impact of the proposed
 101.4 change prepared by the actuary of the relief association. If a relief association adopts or
 101.5 amends its articles of incorporation or bylaws without municipal ratification pursuant to
 101.6 this subdivision, and, subsequent to the amendment or adoption, the financial requirements
 101.7 of the special fund of the relief association under this section are such so as to require
 101.8 financial support from the municipality, the provision which was implemented without
 101.9 municipal ratification is no longer effective without municipal ratification and any service
 101.10 pensions or retirement benefits payable after that date may be paid only in accordance with
 101.11 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

101.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

101.13 **ARTICLE 10**

101.14 **PARTICULAR VOLUNTEER FIREFIGHTER RELIEF** 101.15 **ASSOCIATION CHANGES**

101.16 Section 1. **ROSEVILLE VOLUNTEER FIREFIGHTERS RELIEF**
 101.17 **ASSOCIATION; GOVERNANCE AND ADMINISTRATION.**

101.18 Subdivision 1. **Retiree board of trustees representation.** (a) Notwithstanding
 101.19 any provision of Minnesota Statutes, section 424A.04, subdivision 1, to the contrary
 101.20 the membership of the board of trustees of the Roseville Volunteer Firefighters Relief
 101.21 Association (RVFRA) is as provided in paragraph (b), with the additional membership of
 101.22 the chief of the fire department, one elected Roseville municipal official, and one elected
 101.23 or appointed Roseville municipal official appointed by the Roseville City Council if:

101.24 (1) all service pensions and survivor benefits have not been annuitized as provided
 101.25 under Minnesota Statutes, section 424A.015, subdivision 3; and

101.26 (2) the RVFRA is administered by a governing board.

101.27 (b)(1) Beginning the day following the effective date of this section, the RVFRA
 101.28 board of trustees shall consist of three active Roseville firefighters elected from the
 101.29 membership of the RVFRA and three retired members of the RVFRA elected from the
 101.30 membership of the relief association.

101.31 (2) Beginning on the January 1 next following the date on which the number of active
 101.32 Roseville firefighters who are members of the RVFRA totals 25 or less, the RVFRA board of
 101.33 trustees shall consist of two active firefighters elected from the membership of the RVFRA,
 101.34 and four retired members of the RVFRA elected from the membership of the RVFRA.

102.1 (3) Beginning on the January 1 next following the date on which the number of
102.2 active Roseville firefighters who are members of the RVFRA totals ten or less, the RVFRA
102.3 board of trustees shall consist of one active firefighter elected from the membership of
102.4 the RVFRA, and five retired members of the RVFRA elected from the membership of the
102.5 RVFRA.

102.6 (4) Beginning on the January 1 next following the date on which there are no active
102.7 Roseville firefighters who are members of the RVFRA, the RVFRA board of trustees shall
102.8 consist of six retired members of the RVFRA elected from the membership of the RVFRA.

102.9 Subd. 2. **Disposition of remaining assets when obligations are paid.** Upon the
102.10 death of the last benefit recipient and the last potential surviving spouse of the last benefit
102.11 recipient, the remaining assets of the RVFRA or the former RVFRA cancel to the city
102.12 treasury of the city of Roseville.

102.13 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
102.14 the city council of Roseville and its chief clerical officer timely complete their compliance
102.15 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

102.16 Sec. 2. **CENTENNIAL VOLUNTEER FIREFIGHTERS RELIEF**
102.17 **ASSOCIATION; LINO LAKES FIREFIGHTER TRANSFERS.**

102.18 (a) Notwithstanding any provisions of Minnesota Statutes, chapters 424A and 424B,
102.19 to the contrary, if between May 1, 2015, and December 31, 2017, a Centennial Fire District
102.20 firefighter elects to become an emergency on-call firefighter employed by a city or nonprofit
102.21 firefighting corporation adjoining or within the service area of the Centennial Fire District
102.22 as it existed on March 1, 2015, the firefighter may elect to transfer past retirement coverage
102.23 for prior firefighting service with the Centennial Fire District as provided in paragraph (b)
102.24 and to have prospective firefighting service treated as a continuation of past firefighting
102.25 service for vesting and benefit computation purposes by the volunteer firefighter relief
102.26 association of the applicable city or nonprofit firefighting corporation if the bylaws of that
102.27 relief association so permit or by the voluntary statewide volunteer firefighter retirement
102.28 plan if that plan provides retirement coverage to the applicable fire department.

102.29 (b) If a change in fire department service described in paragraph (a) is made in a
102.30 timely fashion, upon notification by the fire chief of the fire department of the municipality
102.31 or nonprofit firefighting corporation described in paragraph (a) to the secretary of the
102.32 applicable volunteer firefighter relief association or to the executive director of the Public
102.33 Employees Retirement Association, good time service credit, accrued liability associated
102.34 with the good time service credit, a proportional share of relief association assets on
102.35 an institution-to-institution basis, and a proportional share of any net accounts payable

103.1 or receivable must be transferred from the Centennial Volunteer Firefighters Relief
103.2 Association to the applicable account in the voluntary statewide volunteer firefighter
103.3 retirement plan or to the applicable volunteer firefighter relief association retirement
103.4 plan. The transferring good time service credit must be the years and months of credit
103.5 indicated in the firefighter's records in the Centennial Volunteer Firefighters Relief
103.6 Association on the date of transfer. The transferred accrued liability must be the liability
103.7 for the transferred good time service credit at the service pension level under Minnesota
103.8 Statutes, section 424A.092 or 424A.093, whichever applies, or under Minnesota Statutes,
103.9 section 353G.11, subdivision 1, whatever is applicable to the fire department successively
103.10 employing the firefighter. The transferred assets amount must be that portion of the market
103.11 value of the assets of the Centennial Volunteer Firefighters Relief Association as of the
103.12 December 31 preceding the transfer date determined by expressing the total length of good
103.13 time service credit multiplied by the applicable multiple of the applicable liability table
103.14 factor in Minnesota Statutes, section 424A.092, subdivision 2, of all active and deferred
103.15 members of the Centennial Volunteer Firefighters Relief Association, adjusted for any
103.16 deferred member deferral period interest, and applying that percentage to the asset market
103.17 value. If there are any accounts payable or accounts receivable as of the December 31
103.18 preceding the transfer date, the same percentage as applicable to the asset transfer must be
103.19 applied to the net accounts payable/receivable amount, with the result deducted from or
103.20 added to the ultimate transfer amount. Any dispute about these transfer amounts must
103.21 be referred for resolution by the volunteer firefighter relief association to the Office of
103.22 Administrative Hearings for resolution under Minnesota Statutes, chapter 14.

103.23 (c) The transfer dates under this section are January 1, 2016, January 1, 2017, or
103.24 January 1, 2018.

103.25 (d) The asset transfer under paragraph (b) must be made in cash unless the secretary
103.26 of the successor of the volunteer firefighter relief association or the executive director of
103.27 the State Board of Investment, whichever applies, determines that the transfer may be
103.28 made on an investment security basis, and if so determined, must be in the investment
103.29 security portfolio mix specified by the secretary of the successor of the volunteer firefighter
103.30 relief association or the executive director of the State Board of Investment.

103.31 (e) The transfer of good time service credit and accrued liability constitutes a
103.32 forfeiture of any claim by the transferring firefighter to any service pension or ancillary
103.33 benefit payment from the Centennial Volunteer Firefighters Relief Association as of the
103.34 transfer date and must be so reflected in any financial reporting of the Centennial Volunteer
103.35 Firefighters Relief Association as of the December 31 preceding the transfer date.

104.1 (f) With respect to any transferred firefighter under this section, the successor
 104.2 volunteer firefighter relief association or the account of the voluntary statewide volunteer
 104.3 firefighter retirement plan applicable to the successor fire department is the successor in
 104.4 interest to the Centennial Volunteer Firefighters Relief Association and has and may assert
 104.5 any applicable defense that the Centennial Volunteer Firefighters Relief Association could
 104.6 have asserted if the transfer did not occur unless the act or acts constituting the cause of
 104.7 action were not undertaken by the Centennial Volunteer Firefighters Relief Association in
 104.8 good faith and in compliance with applicable state law.

104.9 **EFFECTIVE DATE; LOCAL APPROVAL REQUIREMENT.** This section is
 104.10 effective the day after the latest date on which the governing bodies and the chief clerical
 104.11 officers of the cities of Centerville, Circle Pines, and Lino Lakes timely complete their
 104.12 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

104.13 **ARTICLE 11**

104.14 **SMALL GROUP RETIREMENT CHANGES**

104.15 Section 1. Minnesota Statutes 2014, section 352.01, subdivision 2a, is amended to read:

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

104.17 (1) employees of the Minnesota Historical Society;

104.18 (2) employees of the State Horticultural Society;

104.19 (3) employees of the Minnesota Crop Improvement Association;

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

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

104.24 (6) currently contributing employees covered by the system who are temporarily
 104.25 employed by the legislature during a legislative session or any currently contributing
 104.26 employee employed for any special service as defined in subdivision 2b, clause ~~(8)~~ (6);

104.27 (7) employees of the legislature who are appointed without a limit on the duration
 104.28 of their employment ~~and persons employed or designated by the legislature or by a~~
 104.29 ~~legislative committee or commission or other competent authority to conduct a special~~
 104.30 ~~inquiry, investigation, examination, or installation;~~

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

104.34 (9) employees of the Minnesota Safety Council;

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

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

105.9 (12) judges of the Tax Court;

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

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

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

105.20 (16) employees of the University of Minnesota unless excluded under subdivision
105.21 2b, clause (3);

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

105.24 (18) employees of the Minnesota Government Engineers Council to whom section
105.25 352.029 does not apply;

105.26 (19) employees of the Minnesota Sports Facilities Authority;

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

105.28 (21) employees of the Minnesota State Retirement System;

105.29 (22) employees of the State Agricultural Society;

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

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

105.34 (b) Employees specified in paragraph (a), clause (13), are included employees under
105.35 paragraph (a) if employer and employee contributions are made in a timely manner in the
105.36 amounts required by section 352.04. Employee contributions must be deducted from

106.1 salary. Employer contributions are the sole obligation of the employer assuming operation
106.2 of the University of Minnesota heating plant facilities or any successor organizations to
106.3 that employer.

106.4 **EFFECTIVE DATE.** This section is effective July 1, 2015.

106.5 Sec. 2. Minnesota Statutes 2014, section 352D.02, subdivision 1, is amended to read:

106.6 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),
106.7 (3), (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or
106.8 Metropolitan Council and are eligible for coverage under the general state employees
106.9 retirement plan under chapter 352, are participants in the unclassified program under this
106.10 chapter unless the employee gives notice to the executive director of the Minnesota State
106.11 Retirement System within one year following the commencement of employment in the
106.12 unclassified service that the employee desires coverage under the general state employees
106.13 retirement plan. For the purposes of this chapter, an employee who does not file notice
106.14 with the executive director is deemed to have exercised the option to participate in the
106.15 unclassified program.

106.16 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified
106.17 program under this chapter unless the person was eligible to elect different coverage under
106.18 section 3A.07 and elected retirement coverage by the applicable alternative retirement
106.19 plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified
106.20 program under this chapter for judicial employment in excess of the service credit limit in
106.21 section 490.121, subdivision 22.

106.22 (c) Enumerated employees and referenced persons are:

106.23 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
106.24 and the attorney general;

106.25 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary
106.26 of State, State Auditor, Attorney General;

106.27 (3) an employee of the State Board of Investment;

106.28 (4) the head of a department, division, or agency created by statute in the unclassified
106.29 service, an acting department head subsequently appointed to the position, or an employee
106.30 enumerated in section 15A.0815 or 15A.083, subdivision 4;

106.31 (5) a member of the legislature;

106.32 (6) ~~a full-time~~ an unclassified employee of the legislature or a commission or agency
106.33 of the legislature who is appointed without a limit on the duration of the employment or a
106.34 temporary legislative employee having shares in the supplemental retirement fund as a

107.1 result of former employment covered by this chapter, whether or not eligible for coverage
107.2 under the Minnesota State Retirement System;

107.3 (7) a person who is employed in a position established under section 43A.08,
107.4 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing
107.5 a department or agency of the state, which is at the deputy or assistant head of department
107.6 or agency or director level;

107.7 (8) the regional administrator, or executive director of the Metropolitan Council,
107.8 general counsel, division directors, operations managers, and other positions as designated
107.9 by the council, all of which may not exceed 27 positions at the council and the chair;

107.10 (9) the commissioner, deputy commissioner, and not to exceed nine positions
107.11 of the Minnesota Office of Higher Education in the unclassified service, as designated
107.12 by the Minnesota Office of Higher Education before January 1, 1992, or subsequently
107.13 redesignated with the approval of the board of directors of the Minnesota State Retirement
107.14 System, unless the person has elected coverage by the individual retirement account
107.15 plan under chapter 354B;

107.16 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
107.17 Constitution of the state of Minnesota, the state court administrator and judicial district
107.18 administrators;

107.19 (11) the chief executive officers of correctional facilities operated by the Department
107.20 of Corrections and of hospitals and nursing homes operated by the Department of Human
107.21 Services;

107.22 (12) an employee whose principal employment is at the state ceremonial house;

107.23 (13) an employee of the Agricultural Utilization Research Institute;

107.24 (14) an employee of the State Lottery who is covered by the managerial plan
107.25 established under section 43A.18, subdivision 3;

107.26 (15) a judge who has exceeded the service credit limit in section 490.121,
107.27 subdivision 22;

107.28 (16) an employee of Enterprise Minnesota, Inc.;

107.29 (17) a person employed by the Minnesota State Colleges and Universities as faculty
107.30 or in an eligible unclassified administrative position as defined in section 354B.20,
107.31 subdivision 6, who was employed by the former state university or the former community
107.32 college system before May 1, 1995, and elected unclassified program coverage prior to
107.33 May 1, 1995; and

107.34 (18) a person employed by the Minnesota State Colleges and Universities who
107.35 was employed in state service before July 1, 1995, who subsequently is employed in an

108.1 eligible unclassified administrative position as defined in section 354B.20, subdivision
108.2 6, and who elects coverage by the unclassified program.

108.3 **EFFECTIVE DATE.** This section is effective the day following final enactment
108.4 and applies to any legislative employee who had that status as of that date.

108.5 Sec. 3. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

108.6 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
108.7 whose annual salary from one governmental subdivision is stipulated in advance to exceed
108.8 \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year
108.9 employee and who are not specifically excluded under subdivision 2b or who have not
108.10 been provided an option to participate under subdivision 2d, whether individually or by
108.11 action of the governmental subdivision, must participate as members of the association
108.12 with retirement coverage by the general employees retirement plan under this chapter,
108.13 the public employees police and fire retirement plan under this chapter, or the local
108.14 government correctional employees retirement plan under chapter 353E, whichever
108.15 applies. Membership commences as a condition of their employment on the first day of
108.16 their employment or on the first day that the eligibility criteria are met, whichever is later.

108.17 Public employees include but are not limited to:

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

108.20 (2) elected county sheriffs;

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

108.24 (i) town and city clerk or treasurer;

108.25 (ii) county auditor, treasurer, or recorder;

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

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

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

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

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

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

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

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

109.9 ~~(9)~~ (10) employees of the Public Employees Retirement Association.

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

109.18 (c) If in any subsequent year the annual salary of an included public employee is
 109.19 less than the minimum salary threshold specified in this subdivision, the member retains
 109.20 membership eligibility.

109.21 (d) For the purpose of participation in the MERF division of the general employees
 109.22 retirement plan, public employees include employees who were members of the former
 109.23 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
 109.24 members of the MERF division of the association.

109.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

109.26 Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 2b, is amended to read:

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

109.31 (1) persons whose annual salary from one governmental subdivision never exceeds
 109.32 an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district
 109.33 employee or \$3,800 if the person is a school year employee. If annual compensation from
 109.34 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
 109.35 year or a school year, whichever applies, after being stipulated in advance not to exceed

110.1 the applicable amount, the stipulation is no longer valid and contributions must be made
110.2 on behalf of the employee under section 353.27, subdivision 12, from the first month in
110.3 which the employee received salary exceeding \$425 in a month;

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

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

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

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

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

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

110.30 (8) persons who are members of a religious order and are excluded from coverage
110.31 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
110.32 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
110.33 as amended, if no irrevocable election of coverage has been made under section 3121(r) of
110.34 the Internal Revenue Code of 1954, as amended;

110.35 (9) persons who are:

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

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

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

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

111.13 (11) except for employees of Hennepin County or employees of Hennepin
111.14 Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision
111.15 under a work permit or under an H-1b visa initially issued or extended for a combined
111.16 period of less than three years of employment but upon extension of the employment of
111.17 the visa beyond the three-year period, the foreign citizen must be reported for membership
111.18 beginning on the first of the month following the extension if the monthly earnings
111.19 threshold as provided under subdivision 2a is met;

111.20 (12) public hospital employees who elected not to participate as members of the
111.21 association before 1972 and who did not elect to participate from July 1, 1988, to October
111.22 1, 1988;

111.23 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
111.24 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
111.25 may still qualify as public employees under subdivision 2 and may be members of the
111.26 Public Employees Retirement Association and participants in the general employees
111.27 retirement plan or the public employees police and fire plan, whichever applies, on the
111.28 basis of compensation received from public employment service other than service as
111.29 volunteer ambulance service personnel;

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

112.1 (15) pipefitters and associated trades personnel employed by Independent School
112.2 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
112.3 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
112.4 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
112.5 241, article 2, section 12;

112.6 (16) electrical workers, plumbers, carpenters, and associated trades personnel who
112.7 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
112.8 who have retirement coverage under a collective bargaining agreement by the Electrical
112.9 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
112.10 or the pension plan applicable to Carpenters Local 322 who were either first employed
112.11 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
112.12 Laws 2000, chapter 461, article 7, section 5;

112.13 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
112.14 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
112.15 or Independent School District No. 625, St. Paul, with coverage under a collective
112.16 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
112.17 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
112.18 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
112.19 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
112.20 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
112.21 Session chapter 10, article 10, section 6;

112.22 (18) plumbers who are employed by the Metropolitan Airports Commission, with
112.23 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
112.24 who either were first employed after May 1, 2001, or if first employed before May 2,
112.25 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
112.26 10, section 6;

112.27 (19) employees who are hired after June 30, 2002, solely to fill seasonal positions
112.28 under subdivision 12b which are limited in duration by the employer to 185 consecutive
112.29 calendar days or less in each year of employment with the governmental subdivision;

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

- 113.1 (21) independent contractors and the employees of independent contractors;
- 113.2 (22) reemployed annuitants of the association during the course of that reemployment;
- 113.3 (23) persons appointed to serve on a board or commission of a governmental
- 113.4 subdivision or an instrumentality thereof; ~~and~~
- 113.5 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud
- 113.6 Metropolitan Transit Commission who are members of the International Brotherhood
- 113.7 of Teamsters Local 638 and who are, by virtue of that employment, members of the
- 113.8 International Brotherhood of Teamsters Central States pension plan; and
- 113.9 (25) electricians or pipefitters employed by the Minneapolis Park and Recreation
- 113.10 Board, with coverage under a collective bargaining agreement by the IBEW local 292,
- 113.11 or pipefitters local 539 pension plan, who were first employed before May 2, 2015, and
- 113.12 who elected to be excluded under section 5.
- 113.13 (b) Any person performing the duties of a public officer in a position defined in
- 113.14 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
- 113.15 employee of an independent contractor.

113.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

113.17 Sec. 5. **PUBLIC PENSION COVERAGE EXCLUSION FOR CERTAIN**

113.18 **TRADES PERSONNEL.**

113.19 An electrician or pipefitter who is employed by the Minneapolis Park and Recreation

113.20 Board on the effective date of this section and who has pension coverage under a collective

113.21 bargaining agreement by the IBEW local 292, or pipefitters local 539, may elect to be

113.22 excluded from pension coverage by the Public Employees Retirement Association. The

113.23 exclusion election must be made in writing on a form prescribed by the executive director

113.24 of the Public Employees Retirement Association and must be filed with the executive

113.25 director. The exclusion election is irrevocable. Authority to make the coverage exclusion

113.26 expires on January 1, 2016.

113.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

113.28 Sec. 6. **MSRS-GENERAL; EXCLUDED SEASONAL REVENUE**

113.29 **DEPARTMENT EMPLOYMENT SERVICE CREDIT PURCHASE.**

- 113.30 (a) An eligible person described in paragraph (b) is eligible to make a service credit
- 113.31 purchase described in paragraph (c) for the period of service indicated in paragraph (d)
- 113.32 if made by the expiration date specified in paragraph (e).
- 113.33 (b) An eligible person is a person who:

114.1 (1) was born on May 7, 1963;

114.2 (2) was a seasonal employee of the Department of Revenue in fiscal years 1988,
114.3 1989, 1990, 1991, 1992, 1993, and 1994 and was excluded from general state employees
114.4 retirement plan coverage under Minnesota Statutes 1988, section 352.01, subdivision
114.5 2b, clause (20);

114.6 (3) became a full-time employee of the Department of Revenue on October 12,
114.7 1993; and

114.8 (4) was not eligible to purchase this period of service credit under Laws 1997,
114.9 chapter 241, article 8, section 7.

114.10 (c) The service credit purchase must be made as provided in Minnesota Statutes,
114.11 section 356.551, except that, because of delays admitted to by the Minnesota State
114.12 Retirement System in providing necessary information to permit an eligible person to
114.13 pursue special legislation in a timely fashion during the 2014 legislative session, the
114.14 amount payable by an eligible person, if paid before August 1, 2015, is the full actuarial
114.15 value amount calculated as if the payment was to be made on June 1, 2014, with the
114.16 balance of the liability accruing to the general state employees retirement plan of the
114.17 Minnesota State Retirement System.

114.18 (d) The period of employment available for an allowable service credit purchase
114.19 under this section is the period or periods of actual seasonal employment by the Department
114.20 of Revenue occurring in fiscal years 1988 to 1994 that was not already credited as allowable
114.21 service by a retirement plan listed in Minnesota Statutes, section 356.30, subdivision 3.

114.22 (e) The service credit purchase must be made before July 1, 2017, or before the
114.23 person's retirement date, whichever is earlier.

114.24 (f) Service credit for the seasonal Department of Revenue employment must be
114.25 granted by the general state employees retirement plan upon the receipt by the executive
114.26 director of the Minnesota State Retirement System of the purchase payment amount
114.27 under paragraph (c).

114.28 (g) The eligible person shall provide the executive director of the Minnesota State
114.29 Retirement System with any relevant information pertaining to this purchase that the
114.30 director requests.

114.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

114.32 **Sec. 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION-GENERAL; ST.**
114.33 **PAUL PUBLIC SCHOOL EMPLOYEES WITH ERRONEOUSLY REPORTED**
114.34 **EMPLOYMENT TERMINATIONS.**

115.1 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
115.2 service credit from the general employees retirement plan of the Public Employees
115.3 Retirement Association (PERA) for the period specified in paragraph (c) upon making the
115.4 prior service credit purchase payment indicated in paragraph (d).

115.5 (b) An eligible person is a person who:

115.6 (1) was born on June 18, 1952;

115.7 (2) was initially employed by Independent School District No. 625, St. Paul, in
115.8 1987, in a nonteaching employment position;

115.9 (3) was initially covered by the general employees retirement plan of PERA;

115.10 (4) was erroneously reported to PERA by Independent School District No. 625, St.
115.11 Paul, as having terminated employment in August 1993;

115.12 (5) did not have member contributions deducted for the general employees
115.13 retirement plan of PERA for the period of August 1, 1993, through January 3, 1997; and

115.14 (6) had the error discovered in 1998 and received PERA general plan allowable
115.15 service credit for the period of July 1, 1994, through January 3, 1997.

115.16 (c) The period authorized for a purchase of prior allowable service credit is August
115.17 1, 1993, through June 30, 1994.

115.18 (d) To purchase the prior allowable service credit in paragraph (c), the eligible
115.19 person shall make the member contributions that would have been deducted from the
115.20 person's salary if the eligible person had been included in PERA general plan retirement
115.21 coverage during the period of August 1, 1993, through June 30, 1994, without compound
115.22 interest because Independent School District No. 625, St. Paul, admitted to failing to
115.23 timely and fully inform an eligible person in 1998 of its reporting error to PERA that
115.24 caused an allowable service credit loss and agreed additionally to pay the interest charge
115.25 on the equivalent member contribution amount.

115.26 (e) If an eligible person makes the payment specified under paragraph (d),
115.27 Independent School District No. 625, St. Paul, shall pay the balance of the full actuarial
115.28 value prior service credit payment amount provided for in Minnesota Statutes, section
115.29 356.551, within 60 days of the date on which the executive director of PERA certifies that
115.30 the eligible person's payment was received by PERA. If Independent School District No.
115.31 625, St. Paul, does not make the payment required by this paragraph in a timely manner,
115.32 the executive director of PERA shall certify: (1) that payment was not timely; (2) the
115.33 amount of the unpaid employer obligation under this paragraph; and (3) interest at a
115.34 monthly rate of 0.71 percent from the date on which the eligible person made the payment
115.35 under paragraph (d) until the first day of the first month next following the certification to

116.1 the commissioner of education, who shall withhold that amount from any state aid payable
116.2 to Independent School District No. 625, St. Paul.

116.3 (f) Upon receipt of the payment under paragraph (d), PERA shall grant allowable
116.4 service credit under Minnesota Statutes, section 353.01, subdivision 16, to the eligible
116.5 person.

116.6 (g) This section expires on December 31, 2016.

116.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

116.8 **Sec. 8. PERA-GENERAL; SERVICE CREDIT PURCHASE FOR OMITTED**
116.9 **CONTRIBUTION PERIOD; NASHVILLE TOWNSHIP EMPLOYEE.**

116.10 (a) Notwithstanding any provision to the contrary, an eligible person described
116.11 in paragraph (b) is entitled to purchase from the general employees retirement plan of
116.12 the Public Employees Retirement Association (PERA) allowable service credit under
116.13 Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member
116.14 deductions in paragraph (c).

116.15 (b) An eligible person is a person who:

116.16 (1) was born on August 8, 1938;

116.17 (2) was first employed by Nashville Township on April 1, 1994;

116.18 (3) was eligible for retirement coverage by and membership in the general
116.19 employees retirement plan of PERA on July 1, 1998; and

116.20 (4) had omitted deductions paid for allowable service for Nashville Township back
116.21 to July 1, 2010.

116.22 (c) The period of prior service credit available for purchase is the period from July 1,
116.23 1998, to June 30, 2010, during which no member contributions for the general employees
116.24 retirement plan of PERA were deducted from the eligible person's salary by Nashville
116.25 Township, and which could not be corrected through the PERA omitted contribution
116.26 provision due to the three-year time limit in the provision.

116.27 (d) The purchase payment amount payable by the eligible person is the employee
116.28 contributions that should have been made, plus 8.5 percent interest compounded annually
116.29 from the date each deduction should have occurred, until the date paid to PERA. The
116.30 purchase payment amount payable by Nashville Township is the balance of the full
116.31 actuarial value prior service credit purchase payment amount determined under Minnesota
116.32 Statutes, section 356.551, as of the first day of the month next following the receipt of the
116.33 eligible person's payment that is remaining after deducting the purchase payment amount
116.34 payable by the eligible person.

117.1 (e) The payment amount due from Nashville Township under paragraph (d) must
 117.2 be made on or before the 15th of the month next following the receipt of the eligible
 117.3 person's payment under paragraph (d). If the Nashville Township purchase payment
 117.4 amount is not paid in a timely fashion, the amount due accrues compound monthly interest
 117.5 at the rate of 0.71 percent per month from the first day of the month next following the
 117.6 receipt of the eligible person's payment until the Nashville Township purchase payment
 117.7 amount is received by PERA. If Nashville Township fails to pay its portion of the purchase
 117.8 payment amount to PERA 90 days after the receipt of the eligible person's payment, the
 117.9 executive director shall collect the unpaid amount under Minnesota Statutes, section
 117.10 353.28, subdivision 6, paragraph (a).

117.11 (f) The eligible person must provide the executive director of PERA with any
 117.12 relevant requested information pertaining to this service credit purchase.

117.13 (g) Authority to make a service credit purchase under this section expires on June 30,
 117.14 2015, or upon the eligible person's termination of employment under Minnesota Statutes,
 117.15 section 353.01, subdivision 11a, whichever occurs earlier.

117.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

117.17 **ARTICLE 12**

117.18 **MSRS, PERA, AND TRA ADMINISTRATIVE PROVISIONS**

117.19 Section 1. Minnesota Statutes 2014, section 352.91, subdivision 3e, is amended to read:

117.20 Subd. 3e. **Minnesota Specialty Health System-Cambridge.** (a) "Covered
 117.21 correctional service" means service by a state employee in one of the employment positions
 117.22 with the Minnesota Specialty Health System-Cambridge specified in paragraph (b) if at
 117.23 least 75 percent of the employee's working time is spent in direct contact with patients
 117.24 who are in the Minnesota Specialty Health System-Cambridge and if service in such a
 117.25 position is certified to the executive director by the commissioner of human services.

117.26 (b) The employment positions are:

- 117.27 (1) behavior analyst 1;
- 117.28 (2) behavior analyst 2;
- 117.29 (3) behavior analyst 3;
- 117.30 (4) group supervisor;
- 117.31 (5) group supervisor assistant;
- 117.32 (6) human services support specialist;
- 117.33 (7) residential program lead;
- 117.34 (8) psychologist 2;

- 118.1 (9) recreation program assistant;
 118.2 (10) recreation therapist senior;
 118.3 (11) registered nurse senior;
 118.4 (12) skills development specialist;
 118.5 (13) social worker senior;
 118.6 (14) social worker specialist; and
 118.7 (15) speech pathology specialist.

118.8 (c) A Department of Human Services employee who was employed at the Minnesota
 118.9 Specialty Health System-Cambridge immediately preceding the 2014 conversion to the
 118.10 community-based homes and was in covered correctional service at the time of the
 118.11 transition shall continue to be covered by the correctional employees retirement plan while
 118.12 employed by and without a break in service with the Department of Human Services in
 118.13 the direct care and treatment ~~services administration~~ of patients.

118.14 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2014.

118.15 Sec. 2. Minnesota Statutes 2014, section 352B.10, subdivision 5, is amended to read:

118.16 Subd. 5. **Optional annuity.** A disabilitant may elect, in lieu of spousal survivorship
 118.17 coverage under section 352B.11, subdivision 2b, the normal disability benefit or an
 118.18 optional annuity as provided in section 352B.08, subdivision 3. The choice of an optional
 118.19 annuity must be made in writing, on a form prescribed by the executive director, and ~~must~~
 118.20 may be made before the commencement of the payment of the disability benefit, ~~or.~~ If the
 118.21 disabilitant did not select an optional annuity at the time of application, the disabilitant
 118.22 may select an optional annuity under this section within 90 days before reaching age 55
 118.23 or within 90 days before reaching the five-year anniversary of the effective date of the
 118.24 disability benefit, whichever is later. The optional annuity is effective on the date on
 118.25 which the disability benefit begins to accrue, or the month following the attainment of age
 118.26 55 or following the five-year anniversary of the effective date of the disability benefit,
 118.27 whichever is later.

118.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

118.29 Sec. 3. Minnesota Statutes 2014, section 352B.105, is amended to read:

118.30 **352B.105 TERMINATION OF DISABILITY BENEFITS.**

118.31 **Subdivision 1. Termination.** Disability benefits payable under section 352B.10
 118.32 must terminate on the ~~transfer~~ date; on which the disabilitant transfers status as a
 118.33 disabilitant to status as a retirement annuitant.

119.1 Subd. 2. Pre-July 1, 2015, disabilitants. The transfer date for a person whose
 119.2 disability benefits began to accrue before July 1, 2015, and who is still disabled is the end
 119.3 of the month in which the disabilitant becomes 65 years old or the five-year anniversary
 119.4 of the effective date of the disability benefit, whichever is later. If the disabilitant is still
 119.5 disabled on the transfer date, the disabilitant must be deemed to be a retired member and,
 119.6 if the disabilitant had chosen an optional annuity under section 352B.10, subdivision 5,
 119.7 must receive an annuity under the terms of the optional annuity previously chosen. If the
 119.8 disabilitant had not chosen an optional annuity under section 352B.10, subdivision 5, the
 119.9 disabilitant may then choose to receive either a normal retirement annuity computed under
 119.10 section 352B.08, subdivision 2, or an optional annuity as provided in section 352B.08,
 119.11 subdivision 3. An optional annuity must be chosen within 90 days of attaining the transfer
 119.12 date. If an optional annuity is chosen, the optional annuity accrues on the first of the
 119.13 month next following the transfer date.

119.14 Subd. 3. Post-June 30, 2015, disabilitants. The transfer date for a person whose
 119.15 disability benefits began to accrue after June 30, 2015, and who is still disabled is the end
 119.16 of the month in which the disabilitant becomes 55 years old or the five-year anniversary of
 119.17 the effective date of the disability benefit, whichever is later.

119.18 **EFFECTIVE DATE.** This section is effective July 1, 2015.

119.19 Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 10, is amended to read:

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

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

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

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

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

119.31 (2) for a public employee who is covered by a supplemental retirement plan under
 119.32 section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions
 119.33 to the applicable supplemental retirement plan when an agreement between the parties
 119.34 establishes that the contributions will either result in a mandatory reduction of employees'

120.1 wages through payroll withholdings, or be made in lieu of an amount that would otherwise
120.2 be paid as wages;

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

120.15 (4) ~~the amount paid to~~ for a member who is absent from employment ~~by reason~~
120.16 ~~of personal, parental, or military~~ due to an authorized leave of absence, other than an
120.17 authorized medical leave of absence, the compensation paid during the leave if equivalent
120.18 to the hourly base salary rate in effect during the six months of allowable service, or
120.19 portions thereof, prior to the leave, multiplied by the average number of regular hours
120.20 for which the employee was compensated during the six months of allowable service
120.21 prior to the applicable leave of absence;

120.22 (5) ~~the amount paid to~~ for a member who is absent from employment by reason of an
120.23 authorized medical leave of absence, the compensation paid during the leave if specified
120.24 in advance to be at least one-half of, but no more than equal to, the earnings the member
120.25 received, on which contributions were reported and allowable service credited during the
120.26 six months immediately preceding the medical leave of absence; and

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

120.32 (b) Salary does not mean:

120.33 (1) fees paid to district court reporters;

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

- 121.1 (3) for the donor, payment to another person of the value of hours donated under a
121.2 benevolent vacation, personal, or sick leave donation program;
- 121.3 (4) any form of severance or retirement incentive payments;
- 121.4 (5) an allowance payment or per diem payments for or reimbursement of expenses;
- 121.5 (6) lump-sum settlements not attached to a specific earnings period;
- 121.6 (7) workers' compensation payments or disability insurance payments, including
121.7 payments from employer self-insurance arrangements;
- 121.8 (8) employer-paid amounts used by an employee toward the cost of insurance
121.9 coverage, flexible spending accounts, cafeteria plans, health care expense accounts, day
121.10 care expenses, or any payments in lieu of any employer-paid group insurance coverage,
121.11 including the difference between single and family rates that may be paid to a member with
121.12 single coverage and certain amounts determined by the executive director to be ineligible;
- 121.13 (9) employer-paid fringe benefits, including, but not limited to:
- 121.14 (i) employer-paid premiums or supplemental contributions for employees for all
121.15 types of insurance;
- 121.16 (ii) membership dues or fees for the use of fitness or recreational facilities;
- 121.17 (iii) incentive payments or cash awards relating to a wellness program;
- 121.18 (iv) the value of any nonmonetary benefits;
- 121.19 (v) any form of payment made in lieu of an employer-paid fringe benefit;
- 121.20 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered
121.21 annuity program; and
- 121.22 (vii) any amount paid by the employer as a supplement to salary, either as a
121.23 lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not
121.24 available to the employee as cash;
- 121.25 (10) the amount equal to that which the employing governmental subdivision would
121.26 otherwise pay toward single or family insurance coverage for a covered employee when,
121.27 through a contract or agreement with some but not all employees, the employer:
- 121.28 (i) discontinues, or for new hires does not provide, payment toward the cost of the
121.29 employee's selected insurance coverages under a group plan offered by the employer;
- 121.30 (ii) makes the employee solely responsible for all contributions toward the cost of
121.31 the employee's selected insurance coverages under a group plan offered by the employer,
121.32 including any amount the employer makes toward other employees' selected insurance
121.33 coverages under a group plan offered by the employer; and
- 121.34 (iii) provides increased salary rates for employees who do not have any
121.35 employer-paid group insurance coverages;

122.1 (11) except as provided in section 353.86 or 353.87, compensation of any kind
 122.2 paid to volunteer ambulance service personnel or volunteer firefighters, as defined in
 122.3 subdivision 35 or 36;

122.4 (12) the amount of compensation that exceeds the limitation provided in section
 122.5 356.611;

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

122.9 (14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).

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

122.15 **EFFECTIVE DATE.** This section is effective July 1, 2015.

122.16 Sec. 5. Minnesota Statutes 2014, section 353.01, subdivision 11a, is amended to read:

122.17 Subd. 11a. **Termination of public service.** (a) "Termination of public service"
 122.18 occurs ~~(+)~~ when:

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

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

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

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

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

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

123.1 **EFFECTIVE DATE.** This section is effective July 1, 2015.

123.2 Sec. 6. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

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

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

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

123.13 (4) a period of authorized leave of absence ~~with pay~~ during which the employee
123.14 receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which
123.15 deductions for employee contributions are made, deposited, and credited to the fund;

123.16 (5) a period of authorized ~~personal, parental, or medical~~ leave of absence without
123.17 pay, ~~including a leave of absence covered under the federal Family Medical Leave Act,~~
123.18 ~~that does not exceed one year~~ or with pay that is not included in the definition of salary
123.19 under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are
123.20 not authorized, and for which a member obtained service credit for ~~each month in up~~
123.21 to 12 months of the authorized leave period by payment under section 353.0161 or
123.22 353.0162, to the fund made in place of salary deductions. ~~An employee must return to~~
123.23 ~~public service and render a minimum of three months of allowable service in order to be~~
123.24 ~~eligible to make payment under section 353.0161 for a subsequent authorized leave of~~
123.25 ~~absence without pay. Upon payment, the employee must be granted allowable service~~
123.26 ~~credit for the purchased period;~~

123.27 (6) a periodic, repetitive leave that is offered to all employees of a governmental
123.28 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
123.29 as certified to the association by the employer. A participating member obtains service
123.30 credit by making employee contributions in an amount or amounts based on the member's
123.31 average salary, excluding overtime pay, that would have been paid if the leave had not been
123.32 taken. The employer shall pay the employer and additional employer contributions on
123.33 behalf of the participating member. The employee and the employer are responsible to pay
123.34 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
123.35 from the end of the normal cycle until full payment is made. An employer shall also make

124.1 the employer and additional employer contributions, plus 8.5 percent interest, compounded
124.2 annually, on behalf of an employee who makes employee contributions but terminates
124.3 public service. The employee contributions must be made within one year after the end of
124.4 the annual normal working cycle or within 30 days after termination of public service,
124.5 whichever is sooner. The executive director shall prescribe the manner and forms to be
124.6 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
124.7 payment, the member must be granted allowable service credit for the purchased period;

124.8 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
124.9 months allowable service per authorized temporary or seasonal layoff in one calendar year.

124.10 An employee who has received the maximum service credit allowed for an authorized
124.11 temporary or seasonal layoff must return to public service and must obtain a minimum of
124.12 three months of allowable service subsequent to the layoff in order to receive allowable
124.13 service for a subsequent authorized temporary or seasonal layoff;

124.14 (8) a period during which a member is absent from employment by a governmental
124.15 subdivision by reason of service in the uniformed services, as defined in United States
124.16 Code, title 38, section 4303(13), if the member returns to public service with the same
124.17 governmental subdivision upon discharge from service in the uniformed service within the
124.18 time frames required under United States Code, title 38, section 4312(e), provided that
124.19 the member did not separate from uniformed service with a dishonorable or bad conduct
124.20 discharge or under other than honorable conditions. The service must be credited if the
124.21 member pays into the fund equivalent employee contributions based upon the contribution
124.22 rate or rates in effect at the time that the uniformed service was performed multiplied by
124.23 the full and fractional years being purchased and applied to the annual salary rate. The
124.24 annual salary rate is the average annual salary during the purchase period that the member
124.25 would have received if the member had continued to be employed in covered employment
124.26 rather than to provide uniformed service, or, if the determination of that rate is not
124.27 reasonably certain, the annual salary rate is the member's average salary rate during the
124.28 12-month period of covered employment rendered immediately preceding the period of the
124.29 uniformed service. Payment of the member equivalent contributions must be made during
124.30 a period that begins with the date on which the individual returns to public employment
124.31 and that is three times the length of the military leave period, or within five years of the
124.32 date of discharge from the military service, whichever is less. If the determined payment
124.33 period is less than one year, the contributions required under this clause to receive service
124.34 credit may be made within one year of the discharge date. Payment may not be accepted
124.35 following 30 days after termination of public service under subdivision 11a. If the member
124.36 equivalent contributions provided for in this clause are not paid in full, the member's

125.1 allowable service credit must be prorated by multiplying the full and fractional number
125.2 of years of uniformed service eligible for purchase by the ratio obtained by dividing the
125.3 total member contributions received by the total member contributions otherwise required
125.4 under this clause. The equivalent employer contribution, and, if applicable, the equivalent
125.5 additional employer contribution must be paid by the governmental subdivision employing
125.6 the member if the member makes the equivalent employee contributions. The employer
125.7 payments must be made from funds available to the employing unit, using the employer
125.8 and additional employer contribution rate or rates in effect at the time that the uniformed
125.9 service was performed, applied to the same annual salary rate or rates used to compute the
125.10 equivalent member contribution. The governmental subdivision involved may appropriate
125.11 money for those payments. The amount of service credit obtainable under this section may
125.12 not exceed five years unless a longer purchase period is required under United States Code,
125.13 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
125.14 employer contribution amounts payable under this clause. Interest must be computed at a
125.15 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
125.16 break in service to the end of the month in which the payment is received. Upon payment,
125.17 the employee must be granted allowable service credit for the purchased period; or

125.18 (9) a period specified under section 353.0162.

125.19 ~~(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for~~
125.20 ~~state officers and employees displaced by the Community Corrections Act, chapter 401,~~
125.21 ~~and transferred into county service under section 401.04, "allowable service" means the~~
125.22 ~~combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and~~
125.23 ~~section 352.01, subdivision 11.~~

125.24 (e) (b) No member may receive more than 12 months of allowable service credit in a
125.25 year either for vesting purposes or for benefit calculation purposes. For an active member
125.26 who was an active member of the former Minneapolis Firefighters Relief Association
125.27 on December 29, 2011, "allowable service" is the period of service credited by the
125.28 Minneapolis Firefighters Relief Association as reflected in the transferred records of the
125.29 association up to December 30, 2011, and the period of service credited under paragraph
125.30 (a), clause (1), after December 30, 2011. For an active member who was an active member
125.31 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable
125.32 service" is the period of service credited by the Minneapolis Police Relief Association as
125.33 reflected in the transferred records of the association up to December 30, 2011, and the
125.34 period of service credited under paragraph (a), clause (1), after December 30, 2011.

125.35 (d) MS 2002 [Expired]

125.36 **EFFECTIVE DATE.** This section is effective July 1, 2015.

126.1 Sec. 7. Minnesota Statutes 2014, section 353.01, subdivision 28, is amended to read:

126.2 Subd. 28. **Retirement.** (a) "Retirement" means the commencement of the payment
126.3 of an annuity based on a date designated by the board of trustees by the association. This
126.4 date determines the rights under this chapter which occur either before or after retirement.
126.5 A right to retirement is subject to termination of public service under subdivision 11a.
126.6 A right to retirement requires a complete and continuous separation for 30 days from
126.7 employment as a public employee and from the provision of paid services to that employer.

126.8 (b) An individual who separates from employment as a public employee and who,
126.9 within 30 days of separation, returns to provide service to a governmental subdivision
126.10 as an independent contractor or as an employee of an independent contractor, has not
126.11 satisfied the separation requirements under paragraph (a).

126.12 (e) (b) Notwithstanding the 30-day separation requirement under paragraph (a), a
126.13 member of a defined benefit plan under this chapter, who also participates in the public
126.14 employees defined contribution plan under chapter 353D for other public service, may be
126.15 paid, if eligible, a retirement annuity from the defined benefit plan while participating in the
126.16 defined contribution plan. A retirement annuity is also payable from a defined benefit plan
126.17 under this chapter to an eligible member who terminates public service and who, within
126.18 30 days of separation, takes office as an elected official of a governmental subdivision.

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

126.23 **EFFECTIVE DATE.** This section is effective July 1, 2015.

126.24 Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 36, is amended to read:

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

126.29 **EFFECTIVE DATE.** This section is effective July 1, 2015.

126.30 Sec. 9. Minnesota Statutes 2014, section 353.0161, is amended by adding a subdivision
126.31 to read:

127.1 Subd. 3. Restriction on subsequent purchases. To purchase salary credit or
127.2 service credit for a subsequent authorized leave of absence period, the member must return
127.3 to public service and render a minimum of three months of allowable service credit.

127.4 EFFECTIVE DATE. This section is effective July 1, 2015.

127.5 Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

127.6 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

127.7 (a) A member may purchase additional salary credit for a period specified in this
127.8 section.

127.9 (b) The applicable period is a period during which the member is receiving a reduced
127.10 salary from the employer while the member is:

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

127.13 (2) on an authorized ~~medical~~ leave of absence; or

127.14 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
127.15 savings program offered or mandated by a governmental subdivision.

127.16 (c) The differential salary amount is the difference between the average monthly
127.17 salary received by the member during the period of reduced salary under this section and
127.18 the average monthly salary of the member, excluding overtime, on which contributions
127.19 to the applicable plan were made during the period of the last six months of covered
127.20 employment occurring immediately before the period of reduced salary, applied to the
127.21 member's normal employment period, measured in hours or otherwise, as applicable.

127.22 (d) To receive eligible salary credit, the member shall pay an amount equal to:

127.23 (1) the applicable employee contribution rate under section 353.27, subdivision
127.24 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
127.25 differential salary amount;

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

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

127.32 (e) The employer, by appropriate action of its governing body and documented in its
127.33 official records, may pay the employer equivalent contributions and, as applicable, the
127.34 equivalent employer additional contributions on behalf of the member.

128.1 (f) Payment under this section must include interest on the contribution amount
128.2 or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable
128.3 months from the date on which the period of reduced salary specified under this section
128.4 terminates to the date on which the payment or payments are received by the executive
128.5 director. Payment under this section must be completed within the earlier of 30 days from
128.6 termination of public service by the employee under section 353.01, subdivision 11a, or
128.7 one year after the termination of the period specified in paragraph (b), as further restricted
128.8 under this section.

128.9 (g) The period for which additional allowable salary credit may be purchased is
128.10 limited to the period during which the person receives temporary workers' compensation
128.11 payments or for those business years in which the governmental subdivision offers or
128.12 mandates a budget or salary savings program, as certified to the executive director by a
128.13 resolution of the governing body of the governmental subdivision. For an authorized
128.14 ~~medical~~ leave of absence, the period for which allowable salary credit may be purchased
128.15 may not exceed 12 ~~consecutive~~ months of authorized ~~medical~~ leave.

128.16 (h) To purchase salary credit for a subsequent period of temporary workers'
128.17 compensation benefits or subsequent authorized medical leave of absence, the member
128.18 must return to public service and render a minimum of three months of allowable service.

128.19 **EFFECTIVE DATE.** This section is effective July 1, 2015.

128.20 Sec. 11. Minnesota Statutes 2014, section 353.03, subdivision 3, is amended to read:

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

128.22 (1) elect a president and vice-president;

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

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

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

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

128.34 (6) authorize procedures for use of electronic signatures as defined in section
128.35 325L.02, paragraph (h), on applications and forms required by the association;

129.1 ~~(6)~~ (7) adopt an appropriate mortality table based on experience of the fund as
129.2 recommended by the association actuary and approved under section 356.215, subdivision
129.3 18, with interest set at the rate specified in section 356.215, subdivision 8;

129.4 ~~(7)~~ (8) provide for the payment out of the fund of the cost of administering this
129.5 chapter, of all necessary expenses for the administration of the fund and of all claims for
129.6 withdrawals, pensions, or benefits allowed;

129.7 ~~(8)~~ (9) approve or disapprove all recommendations and actions of the executive
129.8 director made subject to its approval or disapproval by subdivision 3a; and

129.9 ~~(9)~~ (10) approve early retirement and optional annuity factors, subject to review by
129.10 the actuary retained by the Legislative Commission on Pensions and Retirement; establish
129.11 the schedule for implementation of the approved factors; and notify the Legislative
129.12 Commission on Pensions and Retirement of the implementation schedule.

129.13 (b) In passing upon all applications and claims, the board may summon, swear, hear,
129.14 and examine witnesses and, in the case of claims for disability benefits, may require the
129.15 claimant to submit to a medical examination by a physician of the board's choice, at the
129.16 expense of the fund, as a condition precedent to the passing on the claim, and, in the
129.17 case of all applications and claims, may conduct investigations necessary to determine
129.18 their validity and merit.

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

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

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

129.36 **EFFECTIVE DATE.** This section is effective July 1, 2015.

130.1 Sec. 12. Minnesota Statutes 2014, section 353.031, subdivision 5, is amended to read:

130.2 Subd. 5. **Medical adviser.** The executive director may contract with an accredited
130.3 independent organization specializing in disability determinations or a licensed physicians
130.4 ~~or physicians on the staff of the state commissioner of health, as designated by the~~
130.5 ~~commissioner, physician~~ to be the medical adviser of the association. The medical adviser
130.6 shall review all medical reports submitted to the association, including the findings of
130.7 an independent medical examination requested under this section, and shall advise the
130.8 executive director.

130.9 **EFFECTIVE DATE.** This section is effective July 1, 2015.

130.10 Sec. 13. Minnesota Statutes 2014, section 353.031, subdivision 10, is amended to read:

130.11 Subd. 10. **Restoring forfeited service and salary credit.** (a) To restore forfeited
130.12 service and salary credit, a repayment of a refund must be made within six months after
130.13 the effective date of disability benefits or within six months after the date of the filing of
130.14 the disability application, whichever is later.

130.15 (b) Except for the salary credit purchase authorized under section 353.0162,
130.16 paragraph (b), clause (1), no purchase of prior service or payment made in lieu of salary
130.17 deductions otherwise authorized under section 353.01 or 353.0162 may be made after the
130.18 occurrence of the disability for which an application is filed under this section.

130.19 **EFFECTIVE DATE.** This section is effective July 1, 2015.

130.20 Sec. 14. Minnesota Statutes 2014, section 353.27, subdivision 10, is amended to read:

130.21 Subd. 10. **Employer exclusion reports.** (a) The head of a department or a
130.22 designated representative shall annually furnish the executive director with an exclusion
130.23 report listing and certifying only those employees in potentially PERA general employees
130.24 retirement plan-eligible positions who were not reported as members of the general
130.25 employees retirement plan and who worked during the school year for school employees
130.26 and calendar year for nonschool employees. ~~The department head must certify the~~
130.27 ~~accuracy and completeness of the exclusion report to the association.~~ The executive
130.28 director shall prescribe the manner and forms, including standardized exclusion codes, to
130.29 be used by a governmental subdivision in preparing and filing exclusion reports. Also, the
130.30 executive director shall check the exclusion report to ascertain whether any omissions
130.31 have been made ~~by a department head~~ in the reporting of new public employees for
130.32 membership. The executive director may delegate an association employee under section

131.1 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the
131.2 payroll records of a governmental subdivision.

131.3 (b) If an employer fails to comply with the reporting requirements under this
131.4 subdivision, the executive director may assess a fine of \$25 for each failure if the
131.5 association staff has notified the employer of the noncompliance and attempted to obtain
131.6 the missing data or form from the employer for a period of more than three months.

131.7 **EFFECTIVE DATE.** This section is effective July 1, 2015.

131.8 Sec. 15. Minnesota Statutes 2014, section 353.29, subdivision 7, is amended to read:

131.9 Subd. 7. **Annuities; accrual.** (a) Except as to elected public officials, a retirement
131.10 annuity granted under this chapter begins with the first day of the first calendar month
131.11 after the date of termination of public service. The annuity must be paid in equal monthly
131.12 installments and does not accrue beyond the end of the month in which entitlement to the
131.13 annuity has terminated. ~~If the annuitant dies prior to negotiating the check for the month~~
131.14 ~~in which death occurs, payment must be made to the surviving spouse, or if none, to the~~
131.15 ~~designated beneficiary, or if none, to the estate.~~

131.16 (b) An annuity granted to an elective public official accrues on the day following
131.17 expiration of public office or expiration of the right to hold that office. The annuity for the
131.18 month during which the expiration occurred is prorated accordingly.

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

131.21 (d) An annuity payment may be made retroactive for up to one year prior to that month
131.22 in which a complete application is received by the executive director under subdivision 4.

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

131.26 **EFFECTIVE DATE.** This section is effective July 1, 2015.

131.27 Sec. 16. Minnesota Statutes 2014, section 353.33, subdivision 6, is amended to read:

131.28 Subd. 6. **Continuing eligibility for benefits.** Disability benefits are contingent upon
131.29 a disabled person's participation in a vocational ~~rehabilitation evaluation~~ assessment if the
131.30 executive director determines that the disabled person may be able to return to a gainful
131.31 occupation. If, after a review by the executive director under section 353.031, subdivision
131.32 8, a member is found to be no longer totally and permanently disabled, payments must

132.1 cease the first of the month following the expiration of a 30-day period after the member
132.2 receives a certified letter notifying the member that payments will cease.

132.3 **EFFECTIVE DATE.** This section is effective July 1, 2015.

132.4 Sec. 17. Minnesota Statutes 2014, section 353.33, subdivision 13, is amended to read:

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

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

132.11 **EFFECTIVE DATE.** This section is effective July 1, 2015.

132.12 Sec. 18. Minnesota Statutes 2014, section 353.37, subdivision 1, is amended to read:

132.13 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible
132.14 for an annuity from the general employees retirement plan of the Public Employees
132.15 Retirement Association, the public employees police and fire retirement plan, or the local
132.16 government correctional employees retirement plan must be suspended under subdivision
132.17 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if
132.18 the person reenters public service as a nonelective employee of a governmental subdivision
132.19 ~~in a position covered by this chapter~~ or returns to work as an employee of a labor
132.20 organization that represents public employees who are association members under this
132.21 chapter and salary for the reemployment service exceeds the annual maximum earnings
132.22 allowable for that age for the continued receipt of full benefit amounts monthly under the
132.23 federal Old Age, Survivors and Disability Insurance Program as set by the secretary of
132.24 health and human services under United States Code, title 42, section 403, in any calendar
132.25 year. If the person has not yet reached the minimum age for the receipt of Social Security
132.26 benefits, the maximum salary for the person is equal to the annual maximum earnings
132.27 allowable for the minimum age for the receipt of Social Security benefits.

132.28 (b) The provisions of paragraph (a) do not apply to the members of the MERF
132.29 division.

132.30 **EFFECTIVE DATE.** This section is effective July 1, 2015.

132.31 Sec. 19. Minnesota Statutes 2014, section 353.656, subdivision 1a, is amended to read:

133.1 Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A
133.2 member of the police and fire plan, other than a firefighter covered by section 353.6511, or
133.3 a police officer covered by section 353.6512, whose disabling condition is determined
133.4 to be a duty disability that is also a permanent and total disability as defined in section
133.5 353.01, subdivision 19, is entitled to receive, for life, disability benefits in an amount equal
133.6 to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
133.7 additional 3.0 percent of that average salary for each year of service in excess of 20 years.

133.8 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
133.9 under section 353.33, subdivision 6, but the review may be waived if the executive director
133.10 receives a written statement from the association's medical advisor that no improvement
133.11 can be expected in the member's disabling condition that was the basis for payment of the
133.12 benefit under paragraph (a). A member receiving a disability benefit under this subdivision
133.13 who is found to no longer be permanently and totally disabled as defined under section
133.14 353.01, subdivision 19, but continues to meet the definition for receipt of a duty disability
133.15 under section 353.01, subdivision 41, is subject to subdivision 1 upon written notice from
133.16 the association's medical advisor that the person is no longer considered permanently and
133.17 totally disabled, and may upon application, elect an optional annuity under subdivision 1b.

133.18 (c) If a member approved for disability benefits under this subdivision dies before
133.19 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph
133.20 (b), or within 60 months of the effective date of the disability, whichever is later,
133.21 the surviving spouse is entitled to receive a survivor benefit under section 353.657,
133.22 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling
133.23 condition for which disability benefits were approved, or section 353.657, subdivision
133.24 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition
133.25 for which benefits were approved under this subdivision.

133.26 (d) If the election of an actuarial equivalent optional annuity is not made at the time
133.27 the permanent and total disability benefit accrues, an election must be made within 90
133.28 days before the member attains normal retirement age as defined under section 353.01,
133.29 subdivision 37, paragraph (b), or having collected total and permanent disability benefits
133.30 for 60 months, whichever is later. If a member receiving disability benefits who has
133.31 dependent children dies, subdivision 6a, paragraph (c), applies.

133.32 **EFFECTIVE DATE.** This section is effective July 1, 2015.

133.33 Sec. 20. Minnesota Statutes 2014, section 353.656, subdivision 1b, is amended to read:

133.34 Subd. 1b. **Optional annuity election.** (a) A disabled member of the police and fire
133.35 fund may elect to receive the normal disability benefit or an actuarial equivalent optional

134.1 annuity. If the election of an actuarial equivalent optional annuity is made before the
134.2 commencement of payment of the disability benefit, the optional annuity must begin to
134.3 accrue on the same date as the disability benefit covering only the ~~disabilitant~~ disability
134.4 benefit recipient would have accrued.

134.5 (b) If an election of an optional annuity is not made before the commencement of the
134.6 disability benefit, the ~~disabilitant~~ disability benefit recipient may elect an optional annuity:

134.7 (1) within 90 days before normal retirement age;

134.8 (2) upon the filing of an application to convert to an early retirement annuity, if
134.9 electing to convert to an early retirement annuity before the normal retirement age; ~~or~~

134.10 (3) within 90 days before the expiration of the 60-month period for which a disability
134.11 benefit is paid, if the disability benefit is payable because the disabled member did not
134.12 have at least 20 years of allowable service at normal retirement age; or

134.13 (4) upon being determined that the disability benefit recipient continues to be disabled
134.14 under subdivision 1, but is no longer totally and permanently disabled under subdivision 1a.

134.15 (c) If a disabled member who has named a joint and survivor optional annuity
134.16 beneficiary dies before the disability benefit ceases and is recalculated under subdivision
134.17 5a, the beneficiary eligible to receive the joint and survivor annuity may elect to have
134.18 the annuity converted at the times designated in paragraph (b), clause (1), (2), or (3),
134.19 whichever allows for the earliest payment of a higher joint and survivor annuity option
134.20 resulting from recalculation under subdivision 5a, paragraph (e).

134.21 (d) A disabled member may name a person other than the spouse as beneficiary
134.22 of a joint and survivor annuity only if the spouse of the disabled member permanently
134.23 waives surviving spouse coverage on the disability application form prescribed by the
134.24 executive director.

134.25 (e) If the spouse of the member permanently waives survivor coverage, the
134.26 dependent child or children, if any, continue to be eligible for dependent child benefits
134.27 under section 353.657, subdivision 3, and the designated optional annuity beneficiary
134.28 may draw the monthly benefit.

134.29 (f) Any optional annuity under this subdivision, plus dependent child benefits, if
134.30 applicable, are subject to the maximum and minimum family benefit amounts specified in
134.31 section 353.657, subdivision 3a.

134.32 **EFFECTIVE DATE.** This section is effective July 1, 2015.

134.33 Sec. 21. Minnesota Statutes 2014, section 353.656, subdivision 2, is amended to read:

134.34 Subd. 2. **Benefits paid under workers' compensation law.** (a) If When the amount
134.35 determined under paragraph (b) exceeds the equivalent salary determined under paragraph

135.1 (c), the disability benefit amount must be reduced to that amount which, when added to
 135.2 the workers' compensation benefits, equals the equivalent salary.

135.3 (b) When a member becomes disabled and receives receiving a disability benefit as
 135.4 specified in this section and is also entitled to receive lump sum or periodic benefits under
 135.5 workers' compensation laws, the single life annuity actuarial equivalent disability benefit
 135.6 amount and the workers' compensation amount must be added. The computation must
 135.7 exclude any attorney fees paid by the ~~disabilitant~~ disability benefit recipient as authorized
 135.8 under applicable workers' compensation laws. The computation must also exclude
 135.9 permanent partial disability payments provided under section 176.101, subdivision 2a,
 135.10 and retraining payments under section 176.102, subdivision 11, if the permanent partial
 135.11 disability or retraining payments are reported to the executive director in a manner
 135.12 specified by the executive director.

135.13 ~~(b)~~ (c) The equivalent salary is the amount determined under clause (1) or (2),
 135.14 whichever is greater:

135.15 (1) the salary the disabled member received as of the date of the disability; or

135.16 (2) the salary currently payable for the same employment position or substantially
 135.17 similar positions in the applicable government subdivision.

135.18 ~~(e) If the amount determined under paragraph (a) exceeds the equivalent salary~~
 135.19 ~~determined under paragraph (b), the disability benefit amount must be reduced to that~~
 135.20 ~~amount which, when added to the workers' compensation benefits, equals the equivalent~~
 135.21 ~~salary.~~

135.22 **EFFECTIVE DATE.** This section is effective July 1, 2015.

135.23 Sec. 22. Minnesota Statutes 2014, section 353.656, subdivision 4, is amended to read:

135.24 Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to
 135.25 receive a disability benefit payment when there remains to the member's credit unused
 135.26 annual leave, sick leave, or any other employer-provided salary continuation plan, or
 135.27 under any other circumstances when, during the period of disability, there has been no
 135.28 impairment of the person's salary as a police officer, a firefighter, or a paramedic as defined
 135.29 in section 353.64, subdivision 10, whichever applies.

135.30 (b) If a disabled member resumes a gainful occupation with earnings that, when added
 135.31 to the ~~normal~~ single life disability benefit, and workers' compensation benefit if applicable,
 135.32 exceed the ~~disabilitant~~ disability benefit recipient's reemployment earnings limit, the
 135.33 amount of the disability benefit must be reduced during the months of employment and
 135.34 receipt of workers' compensation benefits, if applicable, as provided in this paragraph.
 135.35 The ~~disabilitant~~ disability benefit recipient's reemployment earnings limit is the greater of:

136.1 (1) the monthly salary earned at the date of disability; or

136.2 (2) 125 percent of the base monthly salary currently paid by the employing
136.3 governmental subdivision for similar positions.

136.4 (c) The disability benefit must be reduced by one dollar for each three dollars by
136.5 which the total amount of the current monthly disability benefit, any monthly workers'
136.6 compensation benefits if applicable, and actual monthly earnings exceed the greater
136.7 ~~disabilitant~~ disability benefit recipient's reemployment earnings limit. In no event may
136.8 the monthly disability benefit as adjusted under this subdivision exceed the disability
136.9 benefit originally allowed.

136.10 **EFFECTIVE DATE.** This section is effective July 1, 2015.

136.11 Sec. 23. Minnesota Statutes 2014, section 353.656, subdivision 5a, is amended to read:

136.12 Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the
136.13 payment of any disability benefit the first of the month following the reinstatement of a
136.14 member to full time or less than full-time service in a position covered by the police
136.15 and fire fund.

136.16 (b) A disability benefit paid to a disabled member of the police and fire plan, that
136.17 was granted under laws in effect after June 30, 2007, terminates at the end of the month in
136.18 which the member:

136.19 (1) reaches normal retirement age;

136.20 (2) if the disability benefit is payable for a 60-month period as determined under
136.21 subdivisions 1 and 3, as applicable, the first of the month following the expiration of
136.22 the 60-month period; or

136.23 (3) if the disabled member so chooses, the end of the month in which the member
136.24 has elected to convert to an early retirement annuity under section 353.651, subdivision 4.

136.25 (c) If the police and fire plan member continues to be disabled when the disability
136.26 benefit terminates under this subdivision, the member is deemed to be retired. The
136.27 individual is entitled to receive a normal retirement annuity or an early retirement annuity
136.28 under section 353.651, whichever is applicable, as further specified in paragraph (d) or
136.29 (e). If the individual did not previously elect an optional annuity under subdivision ~~1a~~
136.30 1b, paragraph (a), the individual may elect an optional annuity under subdivision ~~1a~~
136.31 1b, paragraph (b).

136.32 (d) A member of the police and fire plan who is receiving a disability benefit under
136.33 this section may, upon application, elect to receive an early retirement annuity under
136.34 section 353.651, subdivision 4, at any time after attaining age 50, but must convert to a
136.35 retirement annuity no later than the end of the month in which the disabled member attains

137.1 normal retirement age. An early retirement annuity elected under this subdivision must be
137.2 calculated on the disabled member's accrued years of service and average salary as defined
137.3 in section 353.01, subdivision 17a, and when elected, the member is deemed to be retired.

137.4 (e) When an individual's disability benefit terminates under paragraph (b), clause (1)
137.5 or (2), and is recalculated as a retirement annuity under this section, the annuity must be
137.6 based on clause (1) or clause (2), whichever provides the greater amount:

137.7 (1) the benefit amount at the time of reclassification, including all prior adjustments
137.8 provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and
137.9 thereafter as provided in section 356.415; or

137.10 (2) a benefit amount computed on the member's actual years of accrued allowable
137.11 service credit and the law in effect at the time the disability benefit first accrued, plus any
137.12 increases that would have applied since that date under Minnesota Statutes 2008, section
137.13 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

137.14 **EFFECTIVE DATE.** This section is effective July 1, 2015.

137.15 Sec. 24. Minnesota Statutes 2014, section 353D.03, subdivision 3, is amended to read:

137.16 Subd. 3. **Ambulance service, rescue squad personnel contribution.** (a) A public
137.17 ambulance service ~~or privately operated ambulance service that receives an operating~~
137.18 ~~subsidy from a governmental entity~~ that elects to participate in the plan shall fund benefits
137.19 for its qualified personnel who individually elect to participate.

137.20 (b) Personnel who are paid for their services may elect to make member contributions
137.21 in an amount not to exceed the service's contribution on their behalf.

137.22 (c) Ambulance service contributions on behalf of salaried employees must be a
137.23 fixed percentage of salary.

137.24 (d) An ambulance service making contributions for volunteer or largely
137.25 uncompensated personnel, or a municipality or county making contributions on behalf
137.26 of rescue squad members who are volunteers or largely uncompensated personnel, may
137.27 assign a unit value for each call or each period of alert duty for the purpose of calculating
137.28 ambulance service or rescue squad service contributions, as applicable.

137.29 **EFFECTIVE DATE.** This section is effective July 1, 2015.

137.30 Sec. 25. Minnesota Statutes 2014, section 353E.06, subdivision 5, is amended to read:

137.31 Subd. 5. **Disability benefit termination.** (a) The disability benefit paid to a disabled
137.32 local government correctional employee terminates at the end of the month in which the

138.1 employee reaches age ~~65~~ 55, or the first of the month after the expiration of the 60-month
138.2 period from the effective date of the disability benefit, whichever is later.

138.3 (b) If the disabled local government correctional employee is still disabled when the
138.4 employee reaches ~~has been collecting the disability benefit for 60 months or has reached~~
138.5 age ~~65~~ 55, whichever is later, the employee is deemed to be a retired employee and, if the
138.6 employee had elected an optional annuity under subdivision 3, must receive an annuity in
138.7 accordance with the terms of the optional annuity previously elected.

138.8 (c) If the employee had not elected an optional annuity under subdivision 3, the
138.9 employee may elect either to receive a ~~normal~~ single life retirement annuity computed
138.10 in the manner provided in section 353E.04, subdivision 3, or to receive an optional
138.11 annuity as provided in section 353.30, subdivision 3, based on the same length of service
138.12 as used in the calculation of the disability benefit. Election of an optional annuity must
138.13 be made within 90 days before ~~attaining the age of 65 years, or reaching the five-year~~
138.14 ~~anniversary of the effective date of the disability benefit, whichever is later~~ termination of
138.15 the disability benefit under paragraph (a).

138.16 (d) When an individual's disability benefit terminates under this subdivision and
138.17 is recalculated as a retirement annuity, the annuity must include all prior adjustments
138.18 provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and
138.19 thereafter as provided in section 356.415.

138.20 **EFFECTIVE DATE.** Paragraphs (a) to (c) are effective for disability benefits that
138.21 accrue after June 30, 2015. Paragraph (d) is effective July 1, 2015.

138.22 Sec. 26. Minnesota Statutes 2014, section 353E.06, subdivision 6, is amended to read:

138.23 Subd. 6. **Resumption of employment.** If a disabled employee resumes a gainful
138.24 occupation from which earnings are less than the monthly salary received at the date
138.25 of disability or the monthly salary currently paid for similar positions, or should the
138.26 employee be entitled to receive workers' compensation benefits, the disability benefit
138.27 must be continued in an amount that, when added to such earnings during the months of
138.28 employment, and workers' compensation benefits, if applicable, does not exceed the
138.29 monthly salary received at the date of disability or the monthly salary currently payable
138.30 for the same employment position or an employment position substantially similar to the
138.31 one the person held as of the date of the disability, whichever is greater.

138.32 **EFFECTIVE DATE.** This section is effective July 1, 2015.

139.1 Sec. 27. Minnesota Statutes 2014, section 353F.01, is amended to read:

139.2 **353F.01 PURPOSE AND INTENT.**

139.3 The purpose of this chapter is to ensure, to the extent possible, that persons
139.4 employed at public medical facilities ~~and other public employing units~~ who are privatized
139.5 and consequently are excluded from retirement coverage by the Public Employees
139.6 Retirement Association will be entitled to receive future retirement benefits under the
139.7 general employees retirement plan of the Public Employees Retirement Association
139.8 commensurate with the prior contributions made by them or made on their behalf upon the
139.9 privatization of the medical facility ~~or other public employing unit~~.

139.10 **EFFECTIVE DATE.** This section is effective July 1, 2015.

139.11 Sec. 28. Minnesota Statutes 2014, section 353F.02, subdivision 3, is amended to read:

139.12 Subd. 3. **Effective date of privatization.** "Effective date of privatization" means
139.13 the date that the operation of a medical facility ~~or other public employing unit~~ is assumed
139.14 by another employer or the date that a medical facility ~~or other public employing unit~~
139.15 is purchased by another employer and active membership in the Public Employees
139.16 Retirement Association consequently terminates.

139.17 **EFFECTIVE DATE.** This section is effective July 1, 2015.

139.18 Sec. 29. Minnesota Statutes 2014, section 353F.02, subdivision 5a, is amended to read:

139.19 Subd. 5a. **Privatized former public employer.** "Privatized former public
139.20 employer" means a medical facility ~~or other employing unit~~ that was formerly included in
139.21 the definition of governmental subdivision under section 353.01, subdivision 6, that is
139.22 privatized and whose employees are certified for participation under this chapter.

139.23 **EFFECTIVE DATE.** This section is effective July 1, 2015.

139.24 Sec. 30. Minnesota Statutes 2014, section 353F.04, subdivision 2, is amended to read:

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

139.27 (1) beginning the first of the month in which the privatized former public employee
139.28 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,
139.29 if the employee ~~continues to be covered and~~ accrues at least six months of credited service
139.30 in any single plan enumerated in section 356.30, subdivision 3, except clause (6);

140.1 (2) beginning the first of the month in which the privatized former public employee
140.2 becomes covered again by the general employees retirement plan of the Public Employees
140.3 Retirement Association;

140.4 ~~(2)~~ (3) beginning the first of the month after a privatized former public employee
140.5 terminates service with the successor entity; or

140.6 ~~(3)~~ (4) if the person begins receipt of a retirement annuity while employed by the
140.7 employer which assumed operations of or purchased the privatized former public employer.

140.8 **EFFECTIVE DATE.** This section is effective July 1, 2015.

140.9 Sec. 31. Minnesota Statutes 2014, section 353F.051, subdivision 1, is amended to read:

140.10 Subdivision 1. **Eligibility.** A privatized former public employee who is totally and
140.11 permanently disabled under ~~Minnesota Statutes 1998~~, section 353.01, subdivision 19,
140.12 and who had a medically documented preexisting condition of the disability before the
140.13 termination of coverage, may apply for a disability benefit.

140.14 **EFFECTIVE DATE.** This section is effective July 1, 2015.

140.15 Sec. 32. Minnesota Statutes 2014, section 353F.051, subdivision 2, is amended to read:

140.16 Subd. 2. **Calculation of benefits.** A person qualifying under subdivision 1 is
140.17 entitled to receive a disability benefit calculated under ~~Minnesota Statutes 1998~~, section
140.18 353.33, subdivision 3. The disability benefit must be augmented under ~~Minnesota Statutes~~
140.19 ~~1998~~, section 353.71, subdivision 2, from the date of termination to the date the disability
140.20 benefit begins to accrue.

140.21 **EFFECTIVE DATE.** This section is effective July 1, 2015.

140.22 Sec. 33. Minnesota Statutes 2014, section 353F.051, subdivision 3, is amended to read:

140.23 Subd. 3. **Applicability of general law.** Except as otherwise provided, ~~Minnesota~~
140.24 ~~Statutes 1998~~, section 353.33, applies to a person who qualifies for disability under
140.25 subdivision 1.

140.26 **EFFECTIVE DATE.** This section is effective July 1, 2015.

140.27 Sec. 34. Minnesota Statutes 2014, section 353G.08, subdivision 1, is amended to read:

140.28 Subdivision 1. **Annual funding requirements.** (a) Annually, the executive director
140.29 shall determine the funding requirements of each account in the voluntary statewide
140.30 lump-sum volunteer firefighter retirement plan on or before August 1. The funding

141.1 requirements as directed under this section, must be determined using a mathematical
141.2 procedure developed and certified as accurate by an approved actuary retained by the
141.3 Public Employees Retirement Association and based on present value factors using a six
141.4 percent interest rate, without any decrement assumptions. The funding requirements
141.5 must be certified to the entity or entities associated with the fire department whose active
141.6 firefighters are covered by the retirement plan.

141.7 (b) The overall funding balance of each account for the current calendar year must
141.8 be determined in the following manner:

141.9 (1) The total accrued liability for all active and deferred members of the account as
141.10 of December 31 of the current year must be calculated based on the good time service
141.11 credit of active and deferred members as of that date.

141.12 (2) The total present assets of the account projected to December 31 of the current
141.13 year, including receipts by and disbursements from the account anticipated to occur on or
141.14 before December 31, must be calculated. To the extent possible, the market value of assets
141.15 must be utilized in making this calculation.

141.16 (3) The amount of the total present assets calculated under clause (2) must be
141.17 subtracted from the amount of the total accrued liability calculated under clause (1). If the
141.18 amount of total present assets exceeds the amount of the total accrued liability, then the
141.19 account is considered to have a surplus over full funding. If the amount of the total present
141.20 assets is less than the amount of the total accrued liability, then the account is considered
141.21 to have a deficit from full funding. If the amount of total present assets is equal to the
141.22 amount of the total accrued liability, then the special fund is considered to be fully funded.

141.23 (c) The financial requirements of each account for the following calendar year must
141.24 be determined in the following manner:

141.25 (1) The total accrued liability for all active and deferred members of the account
141.26 as of December 31 of the calendar year next following the current calendar year must be
141.27 calculated based on the good time service used in the calculation under paragraph (b),
141.28 clause (1), increased by one year.

141.29 (2) The increase in the total accrued liability of the account for the following calendar
141.30 year over the total accrued liability of the account for the current year must be calculated.

141.31 (3) The amount of ~~anticipated future~~ administrative expenses of the account must be
141.32 calculated by multiplying the per person dollar amount of the administrative expenses for
141.33 the most recent prior calendar year by the ~~factor of 1.035~~ number of active and deferred
141.34 firefighters reported to PERA on the most recent good time service credit certification
141.35 form for each account.

142.1 (4) If the account is fully funded, the financial requirement of the account for the
142.2 following calendar year is the total of the amounts calculated under clauses (2) and (3).

142.3 (5) If the account has a deficit from full funding, the financial requirement of the
142.4 account for the following calendar year is the total of the amounts calculated under clauses
142.5 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full
142.6 funding of the account.

142.7 (6) If the account has a surplus over full funding, the financial requirement of
142.8 the account for the following calendar year is the financial requirement of the account
142.9 calculated as though the account was fully funded under clause (4) and, if the account has
142.10 also had a surplus over full funding during the prior two years, additionally reduced by an
142.11 amount equal to one-tenth of the amount of the surplus over full funding of the account.

142.12 (d) The required contribution of the entity or entities associated with the fire
142.13 department whose active firefighters are covered by the retirement plan is the annual
142.14 financial requirements of the account of the retirement plan under paragraph (c) reduced by
142.15 the amount of any fire state aid payable under sections 69.011 to 69.051 or supplemental
142.16 state aid payable under section 423A.022 reasonably anticipated to be received by the
142.17 retirement plan attributable to the entity or entities during the following calendar year, and
142.18 an amount of interest on the assets projected to be received during the following calendar
142.19 year calculated at the rate of six percent per annum. The required contribution must be
142.20 allocated between the entities if more than one entity is involved. A reasonable amount
142.21 of anticipated fire state aid is an amount that does not exceed the fire state aid actually
142.22 received in the prior year multiplied by the factor 1.035.

142.23 (e) The required contribution calculated in paragraph (d) must be paid to the
142.24 retirement plan on or before December 31 of the year for which it was calculated. If
142.25 the contribution is not received by the retirement plan by December 31, it is payable
142.26 with interest at an annual compound rate of six percent from the date due until the date
142.27 payment is received by the retirement plan. If the entity does not pay the full amount of
142.28 the required contribution, the executive director shall collect the unpaid amount under
142.29 section 353.28, subdivision 6.

142.30 **EFFECTIVE DATE.** This section is effective July 1, 2015.

142.31 Sec. 35. Minnesota Statutes 2014, section 354.445, is amended to read:

142.32 **354.445 NO ANNUITY REDUCTION.**

142.33 (a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply
142.34 to a person who:

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

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

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

143.7 (4) begins drawing an annuity from the Teachers Retirement Association; and

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

143.12 (b) Initial participation, the amount of time worked, and the duration of participation
143.13 under this section must be mutually agreed upon by the president of the institution where
143.14 the person returns to work and the employee. The president may require up to one-year
143.15 notice of intent to participate in the program as a condition of participation under this
143.16 section. The president shall determine the time of year the employee shall work. The
143.17 employer or the president may not require a person to waive any rights under a collective
143.18 bargaining agreement as a condition of participation under this section.

143.19 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a)
143.20 and (b) may not, based on employment to which the waiver in this section applies, earn
143.21 further service credit in a Minnesota public defined benefit plan and is not eligible to
143.22 participate in a Minnesota public defined contribution plan, other than a volunteer fire plan
143.23 governed by chapter 424A. No employer or employee contribution to any of these plans
143.24 may be made on behalf of such a person.

143.25 (d) For a person eligible under paragraphs (a) and (b) who earns more than \$62,000
143.26 in a ~~calendar~~ fiscal year through employment after retirement due to employment by the
143.27 Minnesota State Colleges and Universities system, the annuity reduction provisions of
143.28 section 354.44, subdivision 5, apply only to income over \$62,000.

143.29 (e) A person who returns to work under this section is a member of the appropriate
143.30 bargaining unit and is covered by the appropriate collective bargaining contract. Except
143.31 as provided in this section, the person's coverage is subject to any part of the contract
143.32 limiting rights of part-time employees.

143.33 **EFFECTIVE DATE.** (a) This section is effective retroactively from January 1, 2015.

143.34 (b) For purposes of the January 1, 2015, to June 30, 2015, period, the \$62,000
143.35 exempt income limit must be prorated.

144.1 Sec. 36. Minnesota Statutes 2014, section 354.72, subdivision 2, is amended to read:

144.2 Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and
144.3 formula service in the plan for a period specified in subdivision 1 if the teacher makes a
144.4 payment as specified in paragraph (b), (c), or (d), whichever applies. The employing unit,
144.5 at its option, may pay the employer portion of the amount on behalf of its employees.

144.6 (b) If payment is received by the executive director by June 30 of the fiscal year
144.7 of the strike period or by December 31 of the fiscal year following an authorized leave
144.8 included under section 354.093, 354.095, or 354.096, payment must equal the total
144.9 employee and employer contribution rates, including amortization contribution rates if
144.10 applicable, multiplied by the member's average monthly salary rate on the date the leave
144.11 or strike period commenced, ~~or for an extended leave under section 354.094, on the salary~~
144.12 received during the year immediately preceding the initial year of the leave, multiplied
144.13 by the months and portions of a month of the leave or strike period for which the teacher
144.14 seeks allowable service credit. This paragraph also applies to an extended leave under
144.15 section 354.094, except that payment must be received by June 30 of the year of the leave,
144.16 and the salary used in the computation is the salary received during the year immediately
144.17 preceding the initial year of the leave.

144.18 (c) If payment is made after June 30 and before the following June 30 for a strike
144.19 period, or for leaves after December 31 of the fiscal year following a leave of absence
144.20 under section 354.093, 354.095, or 354.096, ~~or for an extended leave of absence under~~
144.21 section 354.094, and before July 1, the payment must include the amount determined in
144.22 paragraph (b) plus compound interest at a monthly rate of 0.71 percent from June 30 ~~for~~
144.23 a strike period, or from December 31 for a leave under section 354.093, 354.095, or
144.24 354.096, until the last day of the month in which payment is received. If payment is made
144.25 on or after July 1 and before the following July 1 for an extended leave of absence under
144.26 section 354.094, the payment must include the amount determined in paragraph (b) plus
144.27 compound interest at a monthly rate of 0.71 percent from June 30 until the last day of
144.28 the month in which payment is received.

144.29 (d) If payment is received by the executive director after the applicable last permitted
144.30 date under paragraph (c), the payment amount is the amount determined under section
144.31 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under
144.32 this section may be made anytime before the effective date of retirement.

144.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

145.1 Sec. 37. Minnesota Statutes 2014, section 355.07, is amended to read:

145.2 **355.07 DECLARATION OF POLICY.**

145.3 (a) In order to extend to employees of the state, its political subdivisions, and its
145.4 other governmental employers, and to the dependents and survivors of the employees of
145.5 those employing units, the basic protection accorded to others by the old age, survivors,
145.6 and disability insurance system embodied in the Social Security Act, it is hereby declared
145.7 to be the policy of the legislature, subject to the limitations of this chapter, that these steps
145.8 are taken to provide protection to employees of the state and its political subdivisions on
145.9 as broad a basis as may be authorized by the legislature and is permitted under the Social
145.10 Security Act.

145.11 (b) It is also the policy of the legislature that the protection afforded employees in
145.12 positions covered by a retirement system on the date an agreement under this chapter is
145.13 made applicable to service performed in those positions, or receiving periodic benefits
145.14 under the retirement system at that time, will not be impaired as a result of making the
145.15 agreement so applicable or as a result of legislative enactment in anticipation thereof when
145.16 combined with the benefits accorded the employee by the Social Security Act.

145.17 (c) To this end, the agreement referred to in section 355.02 must not be made
145.18 applicable to any service performed in any position covered by a retirement system unless
145.19 a referendum is first held by secret ballot in which a majority of "eligible employees," as
145.20 defined in section 218(d) (3) of the Social Security Act, vote in favor thereof, or unless
145.21 a retirement system is divided in two divisions or parts, one of which is composed of
145.22 positions of members of the system who desire coverage and one of which is composed of
145.23 positions of members of the system who do not desire coverage under section 218(d) (3)
145.24 of the Social Security Act, in accordance with subsections (6) and (7) thereof. The cost of
145.25 the referendum must be borne by the affected governmental subdivision or subdivisions,
145.26 which are required to elect a voting method.

145.27 (d) If a retirement system is divided as described in paragraph (c), any member of
145.28 the division of members that did not desire coverage may be transferred to the division of
145.29 members who did desire coverage as provided in section 218(d)(6)(f) of the Social Security
145.30 Act so long as the individual files a written request for such a transfer with the director.

145.31 ~~(d)~~ (e) Nothing in any provision of this chapter authorizes the extension of the
145.32 insurance system established by this chapter, to service in any police officer's or firefighter's
145.33 position or in any position covered by a retirement system applicable exclusively to
145.34 positions in one or more law enforcement or firefighting units, agencies or departments as
145.35 covered by a retirement system in section 356.30, subdivision 3, clauses (4) and (7).

146.1 **EFFECTIVE DATE.** This section is effective July 1, 2015.

146.2 Sec. 38. Minnesota Statutes 2014, section 356.32, subdivision 1, is amended to read:

146.3 Subdivision 1. **Proportionate retirement annuity.** (a) Notwithstanding any
 146.4 provision to the contrary of the laws governing any of the retirement funds enumerated
 146.5 in subdivision 2, any person who is an active member of any applicable fund, who has
 146.6 credit for at least one year ~~but less than ten years~~ of allowable service in one or more of
 146.7 the covered plans, and who terminates active service under a mandatory retirement law or
 146.8 policy or at age 65 or older, ~~or at the normal retirement age if this age is~~ but not less than
 146.9 age 65, ~~for any reason~~ is entitled upon making written application on the form prescribed
 146.10 by the chief administrative officer of the plan to a proportionate retirement annuity from
 146.11 each covered plan in which the person has at least six months of allowable service credit.

146.12 (b) The proportionate annuity must be calculated under the applicable laws
 146.13 governing annuities based upon allowable service credit at the time of retirement and the
 146.14 person's average salary for the highest five successive years of allowable service or the
 146.15 average salary for the entire period of allowable service if less than five years.

146.16 (c) Nothing in this section prevents the imposition of the appropriate early retirement
 146.17 reduction of an annuity which commences before the normal retirement age.

146.18 **EFFECTIVE DATE.** This section is effective July 1, 2015.

146.19 Sec. 39. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

146.20 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
 146.21 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
 146.22 benefit, or survivor benefit recipients of the legislators retirement ~~plans~~ plan, including
 146.23 constitutional officers as specified in chapter 3A, the general state employees retirement
 146.24 plan, the correctional state employees retirement plan, and the unclassified state employees
 146.25 retirement program, ~~and the judges retirement plan~~ are entitled to a postretirement
 146.26 adjustment annually on January 1, as follows:

146.27 (1) a postretirement increase of two percent must be applied each year, effective
 146.28 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
 146.29 who has been receiving an annuity or a benefit for at least 18 full months before the
 146.30 January 1 increase; and

146.31 (2) for each annuitant or benefit recipient who has been receiving an annuity or
 146.32 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
 146.33 percent for each month that the person has been receiving an annuity or benefit must be

147.1 applied, effective January 1, following the calendar year in which the person has been
 147.2 retired for at least six months, but has been retired for less than 18 months.

147.3 (b) The increases provided by this subdivision commence on January 1, 2011.

147.4 Increases under this subdivision for the general state employees retirement plan, the
 147.5 correctional state employees retirement plan, or the judges retirement plan terminate on
 147.6 December 31 of the calendar year in which two prior consecutive actuarial valuations
 147.7 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
 147.8 for actuarial work promulgated by the Legislative Commission on Pensions and
 147.9 Retirement ~~indicates~~ indicate that the market value of assets of the retirement plan
 147.10 equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and
 147.11 increases under subdivision 1 recommence after that date. Increases under this subdivision
 147.12 for the legislators retirement plan ~~or the elected state~~ established under chapter 3A,
 147.13 including constitutional officers retirement plan specified in that chapter, terminate on
 147.14 December 31 of the calendar year in which the two prior consecutive actuarial ~~valuation~~
 147.15 valuations prepared by the approved actuary under sections 356.214 and 356.215 and the
 147.16 standards for actuarial work promulgated by the Legislative Commission on Pensions
 147.17 and Retirement ~~indicates~~ indicate that the market value of assets of the general state
 147.18 employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability
 147.19 of the retirement plan and increases under subdivision 1 recommence after that date.

147.20 (c) An increase in annuity or benefit payments under this subdivision must be made
 147.21 automatically unless written notice is filed by the annuitant or benefit recipient with the
 147.22 executive director of the applicable covered retirement plan requesting that the increase
 147.23 not be made.

147.24 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2014.

147.25 Sec. 40. Minnesota Statutes 2014, section 356.635, subdivision 9, is amended to read:

147.26 Subd. 9. **Military service.** Contributions, benefits, including death and disability
 147.27 benefits under section 401(a)(37) of the federal Internal Revenue Code, and service credit
 147.28 with respect to qualified military service must be provided according to section 414(u)
 147.29 of the federal Internal Revenue Code. For deaths occurring on or after January 1, 2007,
 147.30 while a member is performing qualified military service as defined in United States Code,
 147.31 title 38, chapter 43, to the extent required by section 401(a)(37) of the Internal Revenue
 147.32 Code, survivors of a member in the system are entitled to any additional benefits that the
 147.33 system would have provided if the member had resumed employment and then died,
 147.34 including but not limited to accelerated vesting or survivor benefits that are contingent

148.1 on the member's death while employed. In any event, a deceased member's period of
148.2 qualified military service must be counted for vesting purposes.

148.3 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2007.

148.4 Sec. 41. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision
148.5 to read:

148.6 Subd. 10. **Benefit limitations.** For purposes of applying the limits of section 415(b)
148.7 of the Internal Revenue Code, a retirement benefit that is payable in any form other than a
148.8 single life annuity and that is subject to section 417(e)(3) of the Internal Revenue Code
148.9 must be adjusted to an actuarially equivalent single life annuity that equals, if the annuity
148.10 starting date is in a plan year beginning after 2005, the annual amount of the single life
148.11 annuity commencing at the same annuity starting date that has the same actuarial present
148.12 value as the participant's form of benefit, using whichever of the following produces the
148.13 greatest annual amount:

148.14 (1) the interest rate and the mortality table or other tabular factor specified in the
148.15 plan for adjusting benefits in the same form;

148.16 (2) a 5.5 percent interest rate assumption and the applicable mortality table; or

148.17 (3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code
148.18 and the applicable mortality table, divided by 1.05.

148.19 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2005.

148.20 Sec. 42. **REPEALER.**

148.21 Minnesota Statutes 2014, sections 353.025; 353.83; 353.84; 353.85; and 353D.03,
148.22 subdivision 4, are repealed.

148.23 **EFFECTIVE DATE.** This section is effective July 1, 2015.

148.24 **ARTICLE 13**

148.25 **OBSOLETE DATE REVISIONS AND VARIOUS CLARIFICATIONS**

148.26 Section 1. Minnesota Statutes 2014, section 352.01, subdivision 11, is amended to read:

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

148.28 ~~(1) service by an employee for which on or before July 1, 1961, the employee chose~~
148.29 ~~to obtain credit for service by making payments to the fund under Minnesota Statutes~~
148.30 ~~1961, section 352.24;~~

149.1 ~~(2)~~ (1) service by an employee ~~after July 1, 1957~~, for any calendar month in which
149.2 the employee is paid salary from which deductions are made, deposited, and credited in the
149.3 fund, including deductions made, deposited, and credited as provided in section 352.041;

149.4 ~~(3)~~ (2) service by an employee for any calendar month for which payments in lieu of
149.5 salary deductions are made, deposited, and credited in the fund, as provided in section
149.6 352.27;

149.7 ~~(4)~~ (3) the period of absence from their duties by employees who are temporarily
149.8 disabled because of injuries incurred in the performance of duties and for which disability
149.9 the state is liable under the workers' compensation law until the date authorized by the
149.10 director for the commencement of payments of a total and permanent disability benefit
149.11 from the retirement fund;

149.12 ~~(5)~~ (4) service covered by a refund repaid as provided in section 352.23 or 352D.05,
149.13 subdivision 4, except service rendered as an employee of the adjutant general for which
149.14 the person has credit with the federal civil service retirement system;

149.15 ~~(6)~~ (5) service rendered before July 1, 1978, by an employee of the Transit Operating
149.16 Division of the Metropolitan Transit Commission or by an employee on an authorized
149.17 leave of absence from the Transit Operating Division of the Metropolitan Transit
149.18 Commission who is employed by the labor organization which is the exclusive bargaining
149.19 agent representing employees of the Transit Operating Division, which was credited by
149.20 the Metropolitan Transit Commission-Transit Operating Division employees retirement
149.21 fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or
149.22 allowable service as defined in the Metropolitan Transit Commission-Transit Operating
149.23 Division employees retirement fund plan document in effect on December 31, 1977;

149.24 ~~(7)~~ (6) service rendered after July 1, 1983, by an employee who is employed on
149.25 a part-time basis for less than 50 percent of full time, for which the employee is paid
149.26 salary from which deductions are made, deposited, and credited in the fund, including
149.27 deductions made, deposited, and credited as provided in section 352.041 or for which
149.28 payments in lieu of salary deductions are made, deposited, and credited in the fund
149.29 as provided in section 352.27 ~~shall~~ must be credited on a fractional basis either by pay
149.30 period, monthly, or annually based on the relationship that the percentage of salary earned
149.31 bears to a full-time salary, with any salary paid for the fractional service credited on the
149.32 basis of the rate of salary applicable for a full-time pay period, month, or a full-time
149.33 year. For periods of part-time service that is duplicated service credit, section 356.30,
149.34 subdivision 1, paragraphs (g) and (h), govern; and

150.1 ~~(8)~~ (7) any period of authorized leave of absence without pay that does not exceed
150.2 one year and for which the employee obtained credit by payment to the fund under section
150.3 352.017.

150.4 ~~(9)~~ [~~Renumbered clause (8)~~]

150.5 ~~(10)~~ MS 2002 [~~Expired~~]

150.6 ~~(11)~~ [~~Expired, 2002 e 392 art 2 s 4~~]

150.7 (b) For purposes of paragraph (a), clauses ~~(2)~~ (1) and ~~(3)~~ (2), any salary that is paid
150.8 for a fractional part of any calendar month, including the month of separation from state
150.9 service, is deemed to be the compensation for the entire calendar month.

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

150.13 Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 15, is amended to read:

150.14 Subd. 15. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is
150.15 ~~either a fellow of the society of actuaries or who has at least 15 years of service to major~~
150.16 ~~public employee funds, or any firm retaining an approved actuary on its staff~~ meets the
150.17 definition in section 356.215, subdivision 1, paragraph (c).

150.18 Sec. 3. Minnesota Statutes 2014, section 352.021, subdivision 1, is amended to read:

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

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

150.23 ~~(c) Any person who was a member of the State Employees Retirement Association~~
150.24 ~~on June 30, 1967, is covered by the general state employees retirement plan and is entitled~~
150.25 ~~to all benefits provided by the plan upon fulfilling the age, service, contribution, and~~
150.26 ~~other requirements of this chapter.~~

150.27 Sec. 4. Minnesota Statutes 2014, section 352.021, subdivision 3, is amended to read:

150.28 Subd. 3. **Optional exemptions.** (a) Any person who is appointed by the governor or
150.29 lieutenant governor ~~may request exemption from coverage by~~ who is not already covered
150.30 by the general state employees retirement plan under this chapter if the appointee is not
150.31 covered by the plan on the date of appointment and who is not an employee listed in
150.32 section 352D.02, subdivision 1, paragraph (c), may request, in writing, an exemption
150.33 from coverage by the plan.

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

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

151.6 Sec. 5. Minnesota Statutes 2014, section 352.021, subdivision 4, is amended to read:

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

151.13 Sec. 6. Minnesota Statutes 2014, section 352.029, subdivision 2, is amended to read:

151.14 Subd. 2. **Election.** A person described in subdivision 1 ~~shall be~~ is covered by
151.15 the system if written election to be covered is delivered to the executive director ~~before~~
151.16 ~~December 31, 1992,~~ within 90 days of being employed by the labor organization, or
151.17 within 90 days of starting the first leave of absence with an exclusive bargaining agent,
151.18 whichever is later.

151.19 Sec. 7. Minnesota Statutes 2014, section 352.22, subdivision 8, is amended to read:

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

151.25 **(b)** If the former employee returns to state service and becomes a state employee
151.26 covered by the system, the amount credited to the retirement fund, if more than \$25, must
151.27 be restored to the individual account. If the amount credited to the fund is over \$25 and
151.28 the former employee applies for refund or an annuity under section 352.72 or 356.30,
151.29 the amount must be restored to the former employee's individual account and a refund
151.30 made or an annuity paid, whichever applies.

151.31 Sec. 8. Minnesota Statutes 2014, section 352.22, subdivision 10, is amended to read:

152.1 Subd. 10. **Other refunds.** Former employees covered by the system are entitled
152.2 to apply for refunds if they are or become members of the State Patrol retirement fund,
152.3 the state Teachers Retirement Association, or employees of the University of Minnesota
152.4 excluded from coverage under the system by action of the Board of Regents; or employees
152.5 of the adjutant general who under federal law effectually elect membership in a federal
152.6 retirement system; or officers or employees of the senate or house of representatives,
152.7 excluded from coverage under section 352.01, subdivision 2b, clause ~~(7)~~ (6). The refunds
152.8 must include accumulated contributions plus interest as provided in subdivision 2.

152.9 Sec. 9. Minnesota Statutes 2014, section 352.23, is amended to read:

152.10 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

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

152.14 (b) Terminated service credits and rights must not again be restored until the former
152.15 employee acquires at least six months of allowable service credit after taking the last
152.16 refund. In that event, the employee may repay all refunds previously taken from the
152.17 retirement fund.

152.18 (c) Repayment of refunds entitles the employee only to credit for service covered
152.19 by (1) salary deductions; (2) payments previously made in lieu of salary deductions as
152.20 permitted under law in effect when the payment in lieu of deductions was made; (3)
152.21 payments made to obtain credit for service as permitted by laws in effect when payment
152.22 was made; and (4) allowable service ~~once~~ previously credited while receiving temporary
152.23 workers' compensation as provided in section 352.01, subdivision 11, clause ~~(5)~~ (4).

152.24 (d) Payments under this section for repayment of refunds are to be paid with interest
152.25 at an annual rate of 8.5 percent compounded annually from the date the refund was taken
152.26 until the date the refund is repaid. They may be paid in a lump sum or by payroll deduction
152.27 in the manner provided in section 352.04. Payment may be made in a lump sum up to
152.28 six months after termination from service.

152.29 Sec. 10. Minnesota Statutes 2014, section 352.75, subdivision 2, is amended to read:

152.30 Subd. 2. **New employees.** All persons ~~first~~ employed by the ~~former~~ Metropolitan
152.31 ~~Transit Commission~~ Council as employees of the Transit Operating Division ~~on or after~~
152.32 ~~July 1, 1978~~, are members of the general state employees retirement plan of the Minnesota
152.33 State Retirement System and are ~~considered~~ state employees for purposes of this chapter
152.34 unless specifically excluded under section 352.01, subdivision 2b.

153.1 Sec. 11. Minnesota Statutes 2014, section 352.87, subdivision 8, is amended to read:

153.2 Subd. 8. **Election of coverage.** To be covered by this section, an employee of the
 153.3 Department of Public Safety described in subdivision 1 who is employed in a position
 153.4 described in that subdivision ~~on or after July 1, 1999,~~ must file a notice with the executive
 153.5 director of the Minnesota State Retirement System on a form prescribed by the executive
 153.6 director stating whether or not the employee elects to be covered by this section. Notice
 153.7 must be filed ~~by September 1, 1999, or~~ within 90 days of employment, ~~whichever is later.~~
 153.8 Elections are irrevocable during any period of covered employment. A failure to file a
 153.9 timely notice ~~shall be~~ is deemed a waiver of coverage by this section.

153.10 Sec. 12. Minnesota Statutes 2014, section 352B.011, subdivision 3, is amended to read:

153.11 Subd. 3. **Allowable service.** (a) "Allowable service" means:

153.12 (1) service in a month during which a member is paid a salary from which a member
 153.13 contribution is deducted, deposited, and credited in the State Patrol retirement fund;

153.14 ~~(2) for members defined in subdivision 10, clause (1), service in any month for~~
 153.15 ~~which payments have been made to the State Patrol retirement fund under law;~~

153.16 ~~(3) for members defined in subdivision 10, clauses (2) and (3), service for which~~
 153.17 ~~payments have been made to the State Patrol retirement fund under law, service for which~~
 153.18 ~~payments were made to the State Police officers retirement fund under law after June~~
 153.19 ~~30, 1961, and all prior service which was credited to a member for service on or before~~
 153.20 ~~June 30, 1961;~~

153.21 ~~(4)~~ (2) any period of authorized leave of absence without pay that does not exceed
 153.22 one year and for which the employee obtains credit by payment to the fund under section
 153.23 352B.013; and

153.24 ~~(5)~~ (3) eligible periods of uniformed service for which the member obtained service
 153.25 credit by making the payment required under section 352B.086 to the fund.

153.26 (b) Allowable service also includes any period of absence from duty by a member
 153.27 who, by reason of injury incurred in the performance of duty, is temporarily disabled and
 153.28 for which disability the state is liable under the workers' compensation law, until the date
 153.29 authorized by the executive director for commencement of payment of a disability benefit
 153.30 or until the date of a return to employment if in conformity with section 352B.085.

153.31 Sec. 13. Minnesota Statutes 2014, section 352B.07, is amended to read:

153.32 **352B.07 ACTIONS BY OR AGAINST THE GOVERNING BOARD OF THE**
 153.33 **RETIREMENT PLAN.**

154.1 With respect to the State Patrol retirement plan, the board of the Minnesota State
 154.2 Retirement System may sue or be sued in the name of the board of directors of the state
 154.3 retirement system. In all actions brought by or against it, the board shall be represented by
 154.4 the attorney general. The attorney general shall also be the legal adviser for the board.
 154.5 Venue of all actions is in the Ramsey County District Court.

154.6 Sec. 14. Minnesota Statutes 2014, section 352B.25, is amended to read:

154.7 **352B.25 CONTINUING APPROPRIATION; PAYMENT OF PENSION**
 154.8 **FUNDS BY INDIVIDUALS.**

154.9 The State Patrol retirement fund ~~and the participation in the Minnesota~~
 154.10 ~~postretirement investment fund~~ must be disbursed only for the purposes provided in this
 154.11 chapter. The expenses of the system and any benefits or annuities provided in this chapter;
 154.12 ~~other than benefits payable from the Minnesota postretirement investment fund,~~ must be
 154.13 paid from the State Patrol retirement fund. The amounts necessary to make the payments
 154.14 from the State Patrol retirement fund ~~and the participation in the Minnesota postretirement~~
 154.15 ~~investment fund~~ are annually appropriated from those funds for those purposes.

154.16 Sec. 15. Minnesota Statutes 2014, section 353.01, subdivision 2b, is amended to read:

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

154.21 (1) persons whose annual salary from one governmental subdivision never exceeds
 154.22 an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district
 154.23 employee or \$3,800 if the person is a school year employee. If annual compensation from
 154.24 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
 154.25 year or a school year, whichever applies, after being stipulated in advance not to exceed
 154.26 the applicable amount, the stipulation is no longer valid and contributions must be made
 154.27 on behalf of the employee under section 353.27, subdivision 12, from the first month in
 154.28 which the employee received salary exceeding \$425 in a month;

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

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

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

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

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

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

155.21 (8) persons who are members of a religious order and are excluded from coverage
155.22 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
155.23 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
155.24 as amended, if no irrevocable election of coverage has been made under section 3121(r) of
155.25 the Internal Revenue Code of 1954, as amended;

155.26 (9) persons who are:

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

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

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

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

156.3 (11) except for employees of Hennepin County or employees of Hennepin
156.4 Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision
156.5 under a work permit or under an H-1b visa initially issued or extended for a combined
156.6 period of less than three years of employment but upon extension of the employment of
156.7 the visa beyond the three-year period, the foreign citizen must be reported for membership
156.8 beginning on the first of the month following the extension if the monthly earnings
156.9 threshold as provided under subdivision 2a, paragraph (a), is met;

156.10 (12) public hospital employees who elected not to participate as members of the
156.11 association before 1972 and who did not elect to participate from July 1, 1988, to October
156.12 1, 1988;

156.13 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
156.14 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
156.15 may still qualify as public employees under subdivision 2 and may be members of the
156.16 Public Employees Retirement Association and participants in the general employees
156.17 retirement plan or the public employees police and fire plan, whichever applies, on the
156.18 basis of compensation received from public employment service other than service as
156.19 volunteer ambulance service personnel;

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

156.27 (15) pipefitters and associated trades personnel employed by Independent School
156.28 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
156.29 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
156.30 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
156.31 241, article 2, section 12;

156.32 (16) electrical workers, plumbers, carpenters, and associated trades personnel who
156.33 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
156.34 who have retirement coverage under a collective bargaining agreement by the Electrical
156.35 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
156.36 or the pension plan applicable to Carpenters Local 322 who were either first employed

157.1 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
157.2 Laws 2000, chapter 461, article 7, section 5;

157.3 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
157.4 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
157.5 or Independent School District No. 625, St. Paul, with coverage under a collective
157.6 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
157.7 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
157.8 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
157.9 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
157.10 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
157.11 Session chapter 10, article 10, section 6;

157.12 (18) plumbers who are employed by the Metropolitan Airports Commission, with
157.13 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
157.14 who either were first employed after May 1, 2001, or if first employed before May 2,
157.15 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
157.16 10, section 6;

157.17 (19) employees who are hired after June 30, 2002, solely to fill seasonal positions
157.18 under subdivision 12b which are limited in duration by the employer to 185 consecutive
157.19 calendar days or less in each year of employment with the governmental subdivision;

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

157.27 (21) independent contractors and the employees of independent contractors;

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

157.29 (23) persons appointed to serve on a board or commission of a governmental
157.30 subdivision or an instrumentality thereof; and

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

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

158.4 Sec. 16. Minnesota Statutes 2014, section 353.01, subdivision 6, is amended to read:

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

158.11 (b) Governmental subdivision also means the Public Employees Retirement
158.12 Association, the League of Minnesota Cities, the Association of Metropolitan
158.13 Municipalities, charter schools formed under section 124D.10, service cooperatives
158.14 exercising retirement plan participation under section 123A.21, subdivision 5, joint
158.15 powers boards organized under section 471.59, subdivision 11, paragraph (a), family
158.16 service collaboratives and children's mental health collaboratives organized under
158.17 section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating
158.18 the collaboratives are governmental units that otherwise qualify for retirement plan
158.19 membership, public hospitals owned or operated by, or an integral part of, a governmental
158.20 subdivision or governmental subdivisions, the Association of Minnesota Counties, the
158.21 Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the
158.22 Metropolitan Airports Commission, the University of Minnesota with respect to police
158.23 officers covered by the public employees police and fire retirement plan, ~~the Minneapolis~~
158.24 ~~Employees Retirement Fund for employment initially commenced after June 30, 1979~~, the
158.25 Range Association of Municipalities and Schools, soil and water conservation districts,
158.26 economic development authorities created or operating under sections 469.090 to 469.108,
158.27 the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red
158.28 Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake
158.29 Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning
158.30 Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc.
158.31 (c) Governmental subdivision does not mean any municipal housing and
158.32 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
158.33 or any port authority organized under sections 469.048 to 469.089 other than the Port
158.34 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
158.35 the Red Wing Port Authority; or any hospital district organized or reorganized prior to

159.1 before July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the
159.2 board of a family service collaborative or children's mental health collaborative organized
159.3 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
159.4 by representatives of governmental units.

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

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

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

159.18 Sec. 17. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

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

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

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

159.29 (4) a period of authorized leave of absence with pay from which deductions for
159.30 employee contributions are made, deposited, and credited to the fund;

159.31 (5) a period of authorized personal, parental, or medical leave of absence without
159.32 pay, including a leave of absence covered under the federal Family Medical Leave Act,
159.33 that does not exceed one year, and for which a member obtained service credit for each
159.34 month in the leave period by payment under section 353.0161 to the fund made in place of
159.35 salary deductions. An employee must return to public service and render a minimum of

160.1 three months of allowable service in order to be eligible to make payment under section
160.2 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
160.3 employee must be granted allowable service credit for the purchased period;

160.4 (6) a periodic, repetitive leave that is offered to all employees of a governmental
160.5 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
160.6 as certified to the association by the employer. A participating member obtains service
160.7 credit by making employee contributions in an amount or amounts based on the member's
160.8 average salary, excluding overtime pay, that would have been paid if the leave had not been
160.9 taken. The employer shall pay the employer and additional employer contributions on
160.10 behalf of the participating member. The employee and the employer are responsible to pay
160.11 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
160.12 from the end of the normal cycle until full payment is made. An employer shall also make
160.13 the employer and additional employer contributions, plus 8.5 percent interest, compounded
160.14 annually, on behalf of an employee who makes employee contributions but terminates
160.15 public service. The employee contributions must be made within one year after the end of
160.16 the annual normal working cycle or within 30 days after termination of public service,
160.17 whichever is sooner. The executive director shall prescribe the manner and forms to be
160.18 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
160.19 payment, the member must be granted allowable service credit for the purchased period;

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

160.26 (8) a period during which a member is absent from employment by a governmental
160.27 subdivision by reason of service in the uniformed services, as defined in United States
160.28 Code, title 38, section 4303(13), if the member returns to public service with the same
160.29 governmental subdivision upon discharge from service in the uniformed service within the
160.30 time frames required under United States Code, title 38, section 4312(e), provided that
160.31 the member did not separate from uniformed service with a dishonorable or bad conduct
160.32 discharge or under other than honorable conditions. The service must be credited if the
160.33 member pays into the fund equivalent employee contributions based upon the contribution
160.34 rate or rates in effect at the time that the uniformed service was performed multiplied by
160.35 the full and fractional years being purchased and applied to the annual salary rate. The
160.36 annual salary rate is the average annual salary during the purchase period that the member

161.1 would have received if the member had continued to be employed in covered employment
161.2 rather than to provide uniformed service, or, if the determination of that rate is not
161.3 reasonably certain, the annual salary rate is the member's average salary rate during the
161.4 12-month period of covered employment rendered immediately preceding the period of the
161.5 uniformed service. Payment of the member equivalent contributions must be made during
161.6 a period that begins with the date on which the individual returns to public employment
161.7 and that is three times the length of the military leave period, or within five years of the
161.8 date of discharge from the military service, whichever is less. If the determined payment
161.9 period is less than one year, the contributions required under this clause to receive service
161.10 credit may be made within one year of the discharge date. Payment may not be accepted
161.11 following 30 days after termination of public service under subdivision 11a. If the member
161.12 equivalent contributions provided for in this clause are not paid in full, the member's
161.13 allowable service credit must be prorated by multiplying the full and fractional number
161.14 of years of uniformed service eligible for purchase by the ratio obtained by dividing the
161.15 total member contributions received by the total member contributions otherwise required
161.16 under this clause. The equivalent employer contribution, and, if applicable, the equivalent
161.17 additional employer contribution must be paid by the governmental subdivision employing
161.18 the member if the member makes the equivalent employee contributions. The employer
161.19 payments must be made from funds available to the employing unit, using the employer
161.20 and additional employer contribution rate or rates in effect at the time that the uniformed
161.21 service was performed, applied to the same annual salary rate or rates used to compute the
161.22 equivalent member contribution. The governmental subdivision involved may appropriate
161.23 money for those payments. The amount of service credit obtainable under this section may
161.24 not exceed five years unless a longer purchase period is required under United States Code,
161.25 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
161.26 employer contribution amounts payable under this clause. Interest must be computed at a
161.27 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
161.28 break in service to the end of the month in which the payment is received. Upon payment,
161.29 the employee must be granted allowable service credit for the purchased period; or

161.30 (9) a period specified under section 353.0162.

161.31 ~~(b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for~~
161.32 ~~state officers and employees displaced by the Community Corrections Act, chapter 401,~~
161.33 ~~and transferred into county service under section 401.04, "allowable service" means the~~
161.34 ~~combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and~~
161.35 ~~section 352.01, subdivision 11.~~

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

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

162.13 ~~(d) MS 2002 [Expired]~~

162.14 Sec. 18. Minnesota Statutes 2014, section 353.01, subdivision 17, is amended to read:

162.15 Subd. 17. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is a
162.16 ~~fellow of the society of actuaries or who has at least 15 years of service to major public~~
162.17 ~~employee funds or any firm retaining such an actuary on its staff~~ meets the definition in
162.18 section 356.215, subdivision 1, paragraph (c).

162.19 Sec. 19. Minnesota Statutes 2014, section 353.017, subdivision 2, is amended to read:

162.20 Subd. 2. **Election.** A person described in subdivision 1 is covered by the association
162.21 if written election to be covered is delivered to the association within six months of
162.22 employment by the labor organization ~~or within six months after July 1, 1993, whichever~~
162.23 ~~is applicable.~~

162.24 Sec. 20. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

162.25 Subd. 2. **Rights of deferred annuitant.** The entitlement of a deferred annuitant or
162.26 other former member of the general employees retirement plan of the Public Employees
162.27 Retirement Association, the Minneapolis Employees Retirement Fund division, the
162.28 public employees police and fire retirement plan, or the local government correctional
162.29 employees retirement plan to receive an annuity under the law in effect at the time the
162.30 person terminated public service is ~~herein~~ preserved. ~~The provisions of section 353.71,~~
162.31 ~~subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or~~
162.32 ~~other former member who first begins receiving an annuity after July 1, 1973.~~

163.1 Sec. 21. Minnesota Statutes 2014, section 353.64, subdivision 7a, is amended to read:

163.2 Subd. 7a. **Pension coverage for certain metropolitan transit police officers.** A
163.3 person who is employed as a police officer ~~on or after the first day of the first payroll~~
163.4 ~~period after July 1, 1993~~, by the Metropolitan Council and who is not eligible for coverage
163.5 under the agreement with the Secretary of the federal Department of Health and Human
163.6 Services making the provisions of the federal Old Age, Survivors, and Disability Insurance
163.7 Act because the person's position is excluded from application under United States Code,
163.8 sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the
163.9 public employees police and fire fund and is considered to be a police officer within the
163.10 meaning of this section. The Metropolitan Council shall deduct the employee contribution
163.11 from the salary of each police officer as required by section 353.65, subdivision 2, shall
163.12 make the employer contribution for each police officer as required by section 353.65,
163.13 subdivision 3, and shall meet the employer recording and reporting requirements in
163.14 section 353.65, subdivision 4.

163.15 Sec. 22. Minnesota Statutes 2014, section 353.64, subdivision 8, is amended to read:

163.16 Subd. 8. **Pension coverage for certain state military affairs department**
163.17 **firefighters.** A person who is employed as a full-time firefighter ~~on or after the first day~~
163.18 ~~of the first payroll period after June 10, 1987~~, by the Department of Military Affairs
163.19 of the state of Minnesota and who is not eligible for coverage under the agreement
163.20 signed between the state and the secretary of the federal Department of Health and
163.21 Human Services making the provisions of the federal Old Age, Survivors, and Disability
163.22 Insurance Act applicable to state employees because the person's position is excluded from
163.23 application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D) and
163.24 section 355.07, is a member of the public employees police and fire fund and is considered
163.25 to be a firefighter within the meaning of this section. The state Department of Military
163.26 Affairs shall make the employee contribution deduction from the salary of each full-time
163.27 Military Affairs Department firefighter as required by section 353.65, subdivision 2, shall
163.28 make the employer contribution with respect to each firefighter as required by section
163.29 353.65, subdivision 3, and shall meet the employer recording and reporting requirements
163.30 in section 353.65, subdivision 4.

163.31 Sec. 23. Minnesota Statutes 2014, section 353.64, subdivision 9, is amended to read:

163.32 Subd. 9. **Pension coverage for certain sheriffs' association employees.** (a)
163.33 A former member of the association who is an employee of the Minnesota Sheriffs'
163.34 Association may elect to be a police and fire fund member with respect to service with

164.1 the sheriffs' association, if written election to be covered is delivered to the board within
164.2 60 days after ~~July 1, 1989, or within 60 days after~~ the commencement of employment;
164.3 ~~whichever is later.~~

164.4 (b) Employee and employer contributions for past service are the obligation of
164.5 the employee, except that the Minnesota sheriffs' association may pay the employer
164.6 contributions. The employer shall, in any event, deduct necessary future contributions
164.7 from the employee's salary and remit all contributions to the association as required by
164.8 this chapter.

164.9 (c) Persons who become association members under this section ~~shall~~ are not be
164.10 eligible for election to the board of trustees.

164.11 Sec. 24. Minnesota Statutes 2014, section 353.64, subdivision 10, is amended to read:

164.12 Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics**
164.13 **and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc.
164.14 ~~who is a member of the public employees police and fire retirement plan under sections~~
164.15 353.63 to 353.68 if the person is:

164.16 (1) certified as a paramedic or emergency medical technician by the state under
164.17 section 144E.28, subdivision 4;

164.18 (2) employed full time as a paramedic or emergency medical technician by Hennepin
164.19 County ~~on or after the effective date specified in Laws 1994, chapter 499, section 2;~~ and

164.20 (3) not eligible ~~after the effective date under Laws 1994, chapter 499, section 2,~~ for
164.21 coverage under the agreement signed between the state and the secretary of the federal
164.22 Department of Health and Human Services making the provisions of the federal Old Age,
164.23 Survivors, and Disability Insurance Act applicable to paramedics and emergency medical
164.24 technicians because the person's position is excluded after that date from application under
164.25 United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07;
164.26 ~~is a member of the public employees police and fire fund under sections 353.63 to 353.68.~~

164.27 Hennepin Healthcare System, Inc. shall deduct the employee contribution from
164.28 the salary of each full-time paramedic and emergency medical technician it employs as
164.29 required by section 353.65, subdivision 2, shall make the employer contribution for each
164.30 full-time paramedic and emergency medical technician it employs as required by section
164.31 353.65, subdivision 3, and shall meet the employer recording and reporting requirements
164.32 in section 353.65, subdivision 4.

164.33 Sec. 25. Minnesota Statutes 2014, section 353D.071, subdivision 2, is amended to read:

165.1 Subd. 2. **Required minimum distributions.** (a) The provisions of this subdivision
165.2 ~~shall~~ apply for purposes of determining required minimum distributions for calendar years
165.3 ~~beginning with the 2003 calendar year and will~~ must take precedence over any inconsistent
165.4 provisions of the plan. All distributions required under this section ~~will~~ must be determined
165.5 and made in accordance with the treasury regulations under section 401(a)(9) of the
165.6 Internal Revenue Code, including regulations providing special rules for governmental
165.7 plans, as defined under section 414(d) of the Internal Revenue Code, that comply with a
165.8 reasonable good faith interpretation of the minimum distribution requirements.

165.9 (b) The member's entire interest ~~will~~ must be distributed to the member in a lump
165.10 sum no later than the member's required beginning date.

165.11 (c) If the member dies before the required minimum distribution is made, the
165.12 member's entire interest ~~will~~ must be distributed in a lump sum no later than as follows:

165.13 (1) if the member's surviving spouse is the member's sole designated beneficiary, the
165.14 distribution must be made by December 31 of the calendar year immediately following the
165.15 calendar year in which the member died, or by December 31 of the calendar year in which
165.16 the member would have attained age 70 years, six months, whichever is later;

165.17 (2) if the member's surviving spouse is not the member's sole beneficiary, or if there
165.18 is no designated beneficiary as of September 30 of the year following the year of the
165.19 member's death, the member's entire interest ~~shall~~ must be distributed by December 31
165.20 of the calendar year containing the fifth anniversary of the member's death as directed
165.21 under section 353D.07, subdivision 5; or

165.22 (3) if the member's surviving spouse is the member's sole designated beneficiary and
165.23 the surviving spouse dies after the member, but before the account balance is distributed
165.24 to the surviving spouse, paragraph (c), clause (2), ~~shall~~ must apply as if the surviving
165.25 spouse were the member.

165.26 (d) For purposes of paragraph (c), unless clause (3) applies, distributions are
165.27 considered to be made on the member's required beginning date. If paragraph (c), clause
165.28 (3), applies, distributions are considered to begin on the date distributions ~~are required to~~
165.29 must be made to the surviving spouse under paragraph (c), clause (1).

165.30 Sec. 26. Minnesota Statutes 2014, section 354.05, subdivision 10, is amended to read:

165.31 Subd. 10. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who
165.32 ~~is either a fellow of the society of actuaries or who has at least 15 years of service to~~
165.33 ~~major public employee funds or any firm retaining such an actuary on its staff~~ meets the
165.34 definition in section 356.215, subdivision 1, paragraph (c).

166.1 Sec. 27. Minnesota Statutes 2014, section 354.05, subdivision 13, is amended to read:

166.2 Subd. 13. **Allowable service.** "Allowable service" means:

166.3 ~~(1) any service rendered by a teacher for which on or before July 1, 1957, the~~
166.4 ~~teacher's account in the retirement fund was credited by reason of employee contributions~~
166.5 ~~in the form of salary deductions, payments in lieu of salary deductions, or in any other~~
166.6 ~~manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by~~
166.7 ~~Laws 1955, chapters 361, 549, 550, and 611;~~

166.8 ~~(2) any service rendered by a teacher for which on or before July 1, 1961, the teacher~~
166.9 ~~elected to obtain credit for service by making payments to the fund under Minnesota~~
166.10 ~~Statutes 1980, section 354.09 and section 354.51;~~

166.11 ~~(3) (1) any service rendered by a teacher after July 1, 1957, for any calendar month~~
166.12 ~~when the member receives salary from which deductions are made, deposited and credited~~
166.13 ~~in the fund;~~

166.14 ~~(4) (2) any service rendered by a person after July 1, 1957, for any calendar month~~
166.15 ~~where payments in lieu of salary deductions are made, deposited and credited into the fund~~
166.16 ~~as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53;~~

166.17 ~~(5) (3) any service rendered by a teacher for which the teacher elected to obtain~~
166.18 ~~credit for service by making payments to the fund under Minnesota Statutes 1980,~~
166.19 ~~section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957,~~
166.20 ~~section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or~~
166.21 ~~Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3;~~

166.22 ~~(6) (4) both service during years of actual membership in the course of which~~
166.23 ~~contributions were currently made and service in years during which the teacher was not a~~
166.24 ~~member but for which the teacher later elected to obtain credit by making payments to the~~
166.25 ~~fund as permitted by any law then in effect;~~

166.26 ~~(7) (5) any service rendered where contributions were made and no credit was~~
166.27 ~~established because of the limitations contained in Minnesota Statutes 1957, section~~
166.28 ~~135.09, subdivision 2, as determined by the ratio between the amounts of money credited~~
166.29 ~~to the teacher's account in a fiscal year and the maximum retirement contribution allowable~~
166.30 ~~for that year;~~

166.31 ~~(8) MS 2002 [Expired]~~

166.32 ~~(9) (6) a period of time during which a teacher was on strike without pay, not to exceed~~
166.33 ~~a period of one year, if payment in lieu of salary deductions is made under section 354.72;~~

166.34 ~~(10) (7) a period of service before July 1, 2006, that was properly credited as~~
166.35 ~~allowable service by the Minneapolis Teachers Retirement Fund Association, and that~~
166.36 ~~was rendered by a teacher as an employee of Special School District No. 1, Minneapolis,~~

167.1 or by an employee of the Minneapolis Teachers Retirement Fund Association who was
 167.2 a member of the Minneapolis Teachers Retirement Fund Association by virtue of that
 167.3 employment, who has not begun receiving an annuity or other retirement benefit from
 167.4 the former Minneapolis Teachers Retirement Fund Association calculated in whole or
 167.5 in part on that service before July 1, 2006, and who has not taken a refund of member
 167.6 contributions related to that service unless the refund is repaid under section 354.50,
 167.7 subdivision 4. Service as an employee of Special School District No. 1, Minneapolis, on
 167.8 or after July 1, 2006, is "allowable service" only as provided by this chapter; or
 167.9 ~~(11)~~ (8) a period of service before July 1, 2015, that was properly credited as
 167.10 allowable service by the Duluth Teachers Retirement Fund Association, and that was
 167.11 rendered by a teacher as an employee of Independent School District No. 709, Duluth, or
 167.12 by an employee of the Duluth Teachers Retirement Fund Association who was a member
 167.13 of the Duluth Teachers Retirement Fund Association by virtue of that employment, who
 167.14 has not begun receiving an annuity or other retirement benefit from the former Duluth
 167.15 Teachers Retirement Fund Association calculated in whole or in part on that service
 167.16 before July 1, 2015, and who has not taken a refund of member contributions related to
 167.17 that service unless the refund is repaid under section 354.50, subdivision 4. Service as an
 167.18 employee of Independent School District No. 709, Duluth, on or after July 1, 2015, is
 167.19 "allowable service" only as provided by this chapter.

167.20 Sec. 28. Minnesota Statutes 2014, section 354.05, subdivision 25, is amended to read:

167.21 Subd. 25. **Formula service credit.** "Formula service credit" means any allowable
 167.22 service credit as defined in subdivision 13 except:

167.23 ~~(1) Any service rendered prior to July 1, 1951, for which payments were made~~
 167.24 ~~pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as~~
 167.25 ~~determined by multiplying the number of years of service established in the records of the~~
 167.26 ~~Teachers Retirement Association as of July 1, 1961 by the ratio obtained between the total~~
 167.27 ~~amount paid and the maximum amount payable for those years;~~

167.28 ~~(2) Any service rendered prior to July 1, 1957 for which payments were made~~
 167.29 ~~pursuant to section 354.09, subdivision 4, as determined by multiplying the number of~~
 167.30 ~~years of service established in the records of the teachers retirement association by the~~
 167.31 ~~ratio obtained between the total amount paid and the maximum amount payable for those~~
 167.32 ~~years; or~~

167.33 ~~(3)~~ (1) any service rendered for which contributions were not made in full as
 167.34 determined by the ratio between the amounts of money credited to the teacher's account in

168.1 a fiscal year and the retirement contribution payable for the fiscal year ~~pursuant to~~ under
168.2 sections 354.092, 354.42, and 354.51; and

168.3 ~~(4)~~ (2) no period of service shall may be counted more than once for purposes
168.4 of this subdivision.

168.5 Sec. 29. Minnesota Statutes 2014, section 354.07, subdivision 5, is amended to read:

168.6 Subd. 5. **Records; accounts; interest.** (a) The board shall keep a record of the
168.7 receipts and disbursements of the fund and a separate account ~~with~~ for each member of
168.8 the association. The board shall also keep separate accounts for annuity payments, for
168.9 employer contributions and all other necessary accounts and reserves.

168.10 (b) It shall determine annually the annual interest earnings of the fund which shall
168.11 include realized capital gains and losses. ~~Any amount in the capital reserve account on~~
168.12 ~~July 1, 1973, shall be transferred to the employer contribution's account.~~

168.13 (c) The annual interest earnings shall must be apportioned and credited to the
168.14 separate members' accounts except those covered under the provisions of section 354.44,
168.15 subdivision 6. The rate to be used in this distribution, computed to the last full quarter
168.16 percent shall, must be determined by dividing the interest earnings by the total invested
168.17 assets of the fund. The excess of the annual interest earnings in the excess earnings reserve
168.18 which was not credited to the various accounts shall must be credited to the gross interest
168.19 earnings for the next succeeding year.

168.20 Sec. 30. Minnesota Statutes 2014, section 354.092, subdivision 4, is amended to read:

168.21 Subd. 4. **Service credit.** A member may not receive more than three years of
168.22 allowable service credit in any ten consecutive years under this section ~~unless the~~
168.23 ~~allowable service credit was paid for by the member before July 1, 1962.~~ Notwithstanding
168.24 the provisions of any agreements to the contrary, employee and employer contributions
168.25 may not be made to receive allowable service credit under this section if the member does
168.26 not retain the right to full reinstatement both during and at the end of the sabbatical leave.

168.27 Sec. 31. Minnesota Statutes 2014, section 354.42, subdivision 1a, is amended to read:

168.28 Subd. 1a. **Teachers retirement fund.** (a) Within the Teachers Retirement
168.29 Association and the state treasury is created a special retirement fund, which must include
168.30 all the assets of the Teachers Retirement Association and all revenue of the association.
168.31 ~~The fund is the continuation of the fund established under Laws 1931, chapter 406, section~~
168.32 ~~2, notwithstanding the repeal of Minnesota Statutes 1973, section 354.42, subdivision 1,~~
168.33 ~~by Laws 1974, chapter 289, section 59.~~

169.1 (b) The teachers retirement fund must be credited with all employee and employer
169.2 contributions, all investment revenue and gains, and all other income authorized by law.

169.3 (c) From the teachers retirement fund is appropriated the payments of annuities
169.4 and benefits authorized by this chapter and the reasonable and necessary expenses of
169.5 administering the fund and the association.

169.6 Sec. 32. Minnesota Statutes 2014, section 354.44, subdivision 8, is amended to read:

169.7 Subd. 8. **Annuity payment; provision of evidence of receipt.** (a) An annuity or
169.8 benefit for a given month must be paid during the first week of that month.

169.9 (b) Evidence of receipt of the check issued or acknowledgment of the amount
169.10 electronically transferred in payment of an annuity or benefit may be required from the
169.11 payee on a form prescribed by the executive director. The evidence of receipt form may
169.12 be required periodically at times specified by the board. ~~In the event~~ If the filing of an
169.13 evidence of receipt form is required and the form is not filed, future annuities or benefits
169.14 must be withheld until the form is submitted.

169.15 Sec. 33. Minnesota Statutes 2014, section 354.44, subdivision 9, is amended to read:

169.16 Subd. 9. **Determining applicable law.** ~~An employee~~ A former teacher who returns
169.17 to covered service following a termination and who is not receiving a retirement annuity
169.18 under this section must have earned at least 85 days of credited service following the
169.19 return to covered service to be eligible for improved benefits resulting from any law
169.20 change enacted subsequent to that termination.

169.21 Sec. 34. Minnesota Statutes 2014, section 354.45, subdivision 1a, is amended to read:

169.22 Subd. 1a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a
169.23 joint and survivor annuity option under subdivision 1, the former member or disabilitant
169.24 must receive a normal single life annuity if the designated optional annuity beneficiary
169.25 dies before the former member or disabilitant. Under this option, no reduction may be
169.26 made in the person's annuity to provide for restoration of the normal single life annuity in
169.27 the event of the death of the designated optional annuity beneficiary.

169.28 (b) The restoration of the normal single life annuity under this subdivision will take
169.29 effect on ~~July 1, 1989~~, or the first of the month following the date of death of the designated
169.30 optional annuity beneficiary, or on the first of the month following one year before the date
169.31 on which a certified copy of the death record of the designated optional annuity beneficiary
169.32 is received in the office of the Teachers Retirement Association, whichever date is later.

170.1 (c) Except as stated in paragraph (b), this subdivision may not be interpreted as
170.2 authorizing retroactive benefit payments.

170.3 Sec. 35. Minnesota Statutes 2014, section 354.48, subdivision 3, is amended to read:

170.4 Subd. 3. **Computation of benefits.** ~~(a) The amount of the disability benefit granted~~
170.5 ~~to members covered under section 354.44, subdivision 2, paragraphs (b) and (c), is an~~
170.6 ~~amount equal to double the annuity which could be purchased by the member's accumulated~~
170.7 ~~deductions plus interest on the amount computed as though the teacher were at normal~~
170.8 ~~retirement age at the time the benefit begins to accrue and in accordance with the law in~~
170.9 ~~effect on the last day for which salary is received. Any member who applies for a disability~~
170.10 ~~benefit after June 30, 1974, and who failed to make an election under Minnesota Statutes~~
170.11 ~~1971, section 354.145, shall have the disability benefit computed under this paragraph, as~~
170.12 ~~further specified in paragraphs (b) and (c), or paragraph (d), whichever is larger.~~

170.13 (b) ~~The benefit granted shall be determined by the following:~~

170.14 (1) ~~the amount of the accumulated deductions;~~

170.15 (2) ~~interest actually earned on these accumulated deductions to the date the benefit~~
170.16 ~~begins to accrue;~~

170.17 (3) ~~interest for the years from the date the benefit begins to accrue to the date the~~
170.18 ~~member attains normal retirement age at the rate of three percent;~~

170.19 (4) ~~annuity purchase rates based on an appropriate annuity table of mortality~~
170.20 ~~established by the board as provided in section 354.07, subdivision 1, and using~~
170.21 ~~the applicable postretirement interest rate assumption specified in section 356.215,~~
170.22 ~~subdivision 8.~~

170.23 (c) ~~In addition, a supplementary monthly benefit of \$25 to age 65 or the five-year~~
170.24 ~~anniversary of the effective date of the disability benefit, whichever is later, must be~~
170.25 ~~paid to basic members.~~

170.26 (d) (a) The disability benefit granted to members covered under section 354.44,
170.27 subdivision 6, shall must be computed in the same manner as the annuity provided in
170.28 section 354.44, subdivision 6. The disability benefit ~~shall be~~ is the formula annuity without
170.29 the reduction for each month the member is under normal retirement age when the benefit
170.30 begins to accrue as defined by the law in effect on the last day for which salary is paid.

170.31 (e) (b) For the purposes of computing a retirement annuity when the member
170.32 becomes eligible, the amounts paid for disability benefits ~~shall~~ must not be deducted from
170.33 the individual member's accumulated deductions. If the disability benefits provided in
170.34 this subdivision exceed the monthly average salary of the disabled member, the disability
170.35 benefits ~~shall~~ must be reduced to an amount equal to the disabled member's average salary.

171.1 Sec. 36. Minnesota Statutes 2014, section 354.51, subdivision 1, is amended to read:

171.2 Subdivision 1. **Eligibility to make payments.** No member ~~shall be~~ is entitled to
171.3 make payments in lieu of salary deductions to the retirement board to receive allowable
171.4 service credit for any period of service ~~prior to~~ rendered before that date for which
171.5 employee contributions were not deducted from the member's salary, except as provided
171.6 in subdivision ~~4~~ 5, or section 354.50 or 354.53.

171.7 Sec. 37. Minnesota Statutes 2014, section 354.51, subdivision 5, is amended to read:

171.8 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the
171.9 event that full required member contributions are not deducted from the salary of a
171.10 teacher, payment ~~must be made as follows~~:

171.11 ~~(1) Payment of shortages in member deductions on salary earned after June 30,~~
171.12 ~~1957, and before July 1, 1981, may be made any time before retirement. Payment must~~
171.13 ~~include interest at an annual rate of 8.5 percent compounded annually from the end of the~~
171.14 ~~fiscal year in which the shortage occurred to the end of the month in which payment is~~
171.15 ~~made and the interest must be credited to the fund. If payment of a shortage in deductions~~
171.16 ~~is not made, the formula service credit of the member must be prorated under section~~
171.17 ~~354.05, subdivision 25, clause (3).~~

171.18 ~~(2) Payment of shortages in member deductions on salary earned after June 30, 1981,~~
171.19 ~~are the sole obligation of the employing unit and are payable by the employing unit upon~~
171.20 ~~notification by the executive director of the shortage with interest at an annual rate of 8.5~~
171.21 ~~percent compounded annually from the end of the fiscal year in which the shortage occurred~~
171.22 ~~to the end of the month in which payment is made and the interest must be credited to the~~
171.23 ~~fund. Effective July 1, 1986, The employing unit shall also pay the employer contributions~~
171.24 ~~as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the shortage~~
171.25 ~~payment is not paid by the employing unit within 60 days of notification, and if the~~
171.26 ~~executive director does not use the recovery procedure in section 354.512, the executive~~
171.27 ~~director shall certify the amount of the shortage to the applicable county auditor, who shall~~
171.28 ~~spread a levy in the amount of the shortage payment over the taxable property of the~~
171.29 ~~taxing district of the employing unit if the employing unit is supported by property taxes.~~

171.30 ~~(3) Payment may not be made for shortages in member deductions on salary earned~~
171.31 ~~before July 1, 1957, for shortages in member deductions on salary paid or payable under~~
171.32 ~~paragraph (b); or for shortages in member deductions for persons employed by the~~
171.33 ~~Minnesota State Colleges and Universities system in a faculty position or in an eligible~~
171.34 ~~unclassified administrative position and whose employment was less than 25 percent~~

172.1 of a full academic year, exclusive of the summer session, for the applicable institution
172.2 that exceeds the most recent 36 months.

172.3 (b) For a person who is employed by the Minnesota State Colleges and Universities
172.4 system in a faculty position or in an eligible unclassified administrative position and
172.5 whose employment was less than 25 percent of a full academic year, exclusive of the
172.6 summer session, for the applicable institution, upon the person's election under section
172.7 354B.21 of retirement coverage under this chapter, the shortage in member deductions
172.8 on the salary for employment by the Minnesota State Colleges and Universities system
172.9 institution of less than 25 percent of a full academic year, exclusive of the summer session,
172.10 for the applicable institution for the most recent 36 months and the associated employer
172.11 contributions must be paid by the Minnesota State Colleges and Universities system
172.12 institution, plus annual compound interest at the rate of 8.5 percent from the end of the
172.13 fiscal year in which the shortage occurred to the end of the month in which the Teachers
172.14 Retirement Association coverage election is made. An individual electing coverage
172.15 under this paragraph shall repay the amount of the shortage in member deductions, plus
172.16 interest, through deduction from salary or compensation payments within the first year of
172.17 employment after the election under section 354B.21, subject to the limitations in section
172.18 16D.16. The Minnesota State Colleges and Universities system may use any means
172.19 available to recover amounts which were not recovered through deductions from salary or
172.20 compensation payments. No payment of the shortage in member deductions under this
172.21 paragraph may be made for a period longer than the most recent 36 months.

172.22 Sec. 38. Minnesota Statutes 2014, section 354.52, subdivision 4c, is amended to read:

172.23 Subd. 4c. **MnSCU service credit reporting.** For all part-time service rendered ~~on or~~
172.24 ~~after July 1, 2004,~~ the service credit reporting requirement in subdivision 4b for all part-time
172.25 employees of the Minnesota State Colleges and Universities system must be met by the
172.26 Minnesota State Colleges and Universities system reporting to the association on or before
172.27 July 31 of each year the final calculation of each part-time member's service credit for the
172.28 immediately preceding fiscal year based on the employee's assignments for the fiscal year.

172.29 Sec. 39. Minnesota Statutes 2014, section 354.55, subdivision 10, is amended to read:

172.30 Subd. 10. **Reduced benefits.** Any benefit to which any person may be entitled
172.31 under this chapter may be reduced in amount upon application of the person entitled
172.32 thereto to the ~~board of trustees, provided that such~~ executive director if the person shall
172.33 ~~first relinquish~~ relinquishes in writing all claim to that part of the full benefit which is the
172.34 difference between the benefit which the person would be otherwise entitled to receive

173.1 and the benefit which the person will receive after the benefit reduction. The reduced
 173.2 benefit ~~shall be~~ is payment in full of all amounts due under this chapter for the month for
 173.3 which the payment is made and acceptance of the reduced benefit releases the retirement
 173.4 association from all obligation to pay to ~~such~~ the person the difference between the amount
 173.5 of the reduced benefit and the full amount of the benefit which ~~such~~ the person would
 173.6 otherwise have received. ~~After July 1, 1971,~~ Any benefit reduced under the provisions of
 173.7 this subdivision may not again be restored.

173.8 Sec. 40. Minnesota Statutes 2014, section 354A.011, subdivision 6, is amended to read:

173.9 Subd. 6. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is
 173.10 ~~either a fellow of the society of actuaries or who has at least 15 years of service to major~~
 173.11 ~~public employee retirement funds or any firm which retains such an actuary on its staff~~
 173.12 meets the definition in section 356.215, subdivision 1, paragraph (c).

173.13 Sec. 41. Minnesota Statutes 2014, section 354A.092, is amended to read:

173.14 **354A.092 SABBATICAL LEAVE.**

173.15 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
 173.16 Association who is granted a sabbatical leave is entitled to receive allowable service credit
 173.17 in the association for periods of sabbatical leave. To obtain the service credit, the teacher
 173.18 on sabbatical leave shall make an employee contribution to the association. No teacher is
 173.19 entitled to receive more than three years of allowable service credit under this section for
 173.20 a period or periods of sabbatical leave during any ten consecutive years. If the teacher
 173.21 granted a sabbatical leave makes the employee contribution for a period of sabbatical
 173.22 leave under this section, the employing unit shall make an employer contribution on
 173.23 behalf of the teacher to the association for that period of sabbatical leave in the manner
 173.24 described in section 354A.12, subdivision 2a. The employee and employer contributions
 173.25 must be in an amount equal to the employee and employer contribution rates in effect for
 173.26 other active members of the association covered by the same program applied to a salary
 173.27 figure equal to the teacher's actual covered salary for the plan year immediately preceding
 173.28 the sabbatical leave period. Payment of the employee contribution authorized under this
 173.29 section must be made by the teacher on or before June 30 of the year next following
 173.30 the year in which the sabbatical leave terminated and must be made without interest.
 173.31 ~~For sabbatical leaves taken after June 30, 1986,~~ The required employer contributions
 173.32 must be paid by the employing unit within 30 days after notification by the association
 173.33 of the amount due. If the employee contributions for the sabbatical leave period are
 173.34 less than an amount equal to the applicable contribution rate applied to a salary figure

174.1 equal to the teacher's actual covered salary for the plan year immediately preceding the
174.2 sabbatical leave period, service credit must be prorated. The prorated service credit must
174.3 be determined by the ratio between the amount of the actual payment which was made and
174.4 the full contribution amount payable under this section.

174.5 Sec. 42. Minnesota Statutes 2014, section 354A.12, subdivision 3c, is amended to read:

174.6 Subd. 3c. **Termination of supplemental contributions and direct matching**
174.7 **and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers
174.8 Retirement Fund Association by Independent School District No. 625 under section
174.9 423A.02, subdivision 3, and all forms of aid under subdivision 3a to the St. Paul Teachers
174.10 Retirement Fund Association must continue until the ~~current~~ actuarial value of assets of
174.11 the fund equal or exceed the actuarial accrued liability of the fund as determined in the
174.12 most recent actuarial report for the fund by the actuary retained under section 356.214
174.13 or until the established date for full funding under section 356.215, subdivision 11,
174.14 whichever occurs earlier.

174.15 (b) The aid to the Duluth Teachers Retirement Fund Association under section
174.16 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth
174.17 Teachers Retirement Fund Association must continue until the current assets of the fund
174.18 equal or exceed the actuarial accrued liability of the fund as determined in the most
174.19 recent actuarial report for the fund by the actuary retained under section 356.214 or until
174.20 the established date for full funding under section 356.215, subdivision 11, whichever
174.21 occurs earlier.

174.22 Sec. 43. Minnesota Statutes 2014, section 354A.31, subdivision 7, is amended to read:

174.23 Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person
174.24 who has become at least 55 years old and first becomes a coordinated member after
174.25 June 30, 1989, and to any other coordinated member who has become at least 55 years
174.26 old and whose annuity is higher when calculated using the retirement annuity formula
174.27 percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable,
174.28 in conjunction with this subdivision than when calculated under subdivision 4, paragraph
174.29 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

174.30 (b) A coordinated member who retires before the normal retirement age ~~shall be~~
174.31 ~~paid the~~ is entitled to receive a retirement annuity calculated using the retirement annuity
174.32 formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d),
174.33 ~~whichever is applicable~~ applies, multiplied by the applicable early retirement factor
174.34 specified below:

		Under age 62 or less than 30 years of service		Age 62 or older with 30 years of service	
175.1					
175.2					
175.3	Normal retirement age:	65	66	65	66
175.4	Age at retirement				
175.5	55	0.5376	0.4592		
175.6	56	0.5745	0.4992		
175.7	57	0.6092	0.5370		
175.8	58	0.6419	0.5726		
175.9	59	0.6726	0.6062		
175.10	60	0.7354	0.6726		
175.11	61	0.7947	0.7354		
175.12	62	0.8507	0.7947	0.8831	0.8389
175.13	63	0.9035	0.8507	0.9246	0.8831
175.14	64	0.9533	0.9035	0.9635	0.9246
175.15	65	1.0000	0.9533	1.0000	0.9635
175.16	66		1.0000		1.0000

175.17 For normal retirement ages between ages 65 and 66, the early retirement factors will
 175.18 must be determined by linear interpolation between the early retirement factors applicable
 175.19 for normal retirement ages 65 and 66.

175.20 Sec. 44. Minnesota Statutes 2014, section 356.215, subdivision 1, is amended to read:

175.21 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
 175.22 356.23, each of the terms in the following paragraphs has the meaning given.

175.23 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
 175.24 under section 356.214 if so required under section 3.85, or otherwise, by an approved
 175.25 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
 175.26 plan, according to the entry age actuarial cost method and based upon stated assumptions
 175.27 including, but not limited to rates of interest, mortality, salary increase, disability,
 175.28 withdrawal, and retirement and to determine the payment necessary to amortize over a
 175.29 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
 175.30 valuation of the benefit plan.

175.31 (c) "Approved actuary" means:

175.32 (1) a person who is regularly engaged in the business of providing actuarial services
 175.33 and who is a fellow in the Society of Actuaries; or

175.34 (2) a firm that retains a person described in clause (1) on its staff.

175.35 (d) "Entry age actuarial cost method" means an actuarial cost method under which
 175.36 the actuarial present value of the projected benefits of each individual currently covered
 175.37 by the benefit plan and included in the actuarial valuation is allocated on a level basis over

176.1 the service of the individual, if the benefit plan is governed by section 424A.093, or over
176.2 the earnings of the individual, if the benefit plan is governed by any other law, between the
176.3 entry age and the assumed exit age, with the portion of the actuarial present value which is
176.4 allocated to the valuation year to be the normal cost and the portion of the actuarial present
176.5 value not provided for at the valuation date by the actuarial present value of future normal
176.6 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
176.7 the sum of the calculated result for each covered individual and with recognition given to
176.8 any different benefit formulas which may apply to various periods of service.

176.9 (e) "Experience study" means a report providing experience data and an actuarial
176.10 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are
176.11 based.

176.12 (f) "Actuarial value of assets" means the market value of all assets as of the
176.13 preceding June 30, reduced by:

176.14 (1) 20 percent of the difference between the actual net change in the market value
176.15 of total assets between the June 30 that occurred three years earlier and the June 30 that
176.16 occurred four years earlier and the computed increase in the market value of total assets
176.17 over that fiscal year period if the assets had earned a rate of return on assets equal to the
176.18 annual percentage preretirement interest rate assumption used in the actuarial valuation
176.19 for the July 1 that occurred four years earlier;

176.20 (2) 40 percent of the difference between the actual net change in the market value
176.21 of total assets between the June 30 that occurred two years earlier and the June 30 that
176.22 occurred three years earlier and the computed increase in the market value of total assets
176.23 over that fiscal year period if the assets had earned a rate of return on assets equal to the
176.24 annual percentage preretirement interest rate assumption used in the actuarial valuation
176.25 for the July 1 that occurred three years earlier;

176.26 (3) 60 percent of the difference between the actual net change in the market value
176.27 of total assets between the June 30 that occurred one year earlier and the June 30 that
176.28 occurred two years earlier and the computed increase in the market value of total assets
176.29 over that fiscal year period if the assets had earned a rate of return on assets equal to the
176.30 annual percentage preretirement interest rate assumption used in the actuarial valuation
176.31 for the July 1 that occurred two years earlier; and

176.32 (4) 80 percent of the difference between the actual net change in the market value
176.33 of total assets between the most recent June 30 and the June 30 that occurred one year
176.34 earlier and the computed increase in the market value of total assets over that fiscal year
176.35 period if the assets had earned a rate of return on assets equal to the annual percentage

177.1 preretirement interest rate assumption used in the actuarial valuation for the July 1 that
 177.2 occurred one year earlier.

177.3 (g) "Unfunded actuarial accrued liability" means the total current and expected
 177.4 future benefit obligations, reduced by the sum of the actuarial value of assets and the
 177.5 present value of future normal costs.

177.6 (h) "Pension benefit obligation" means the actuarial present value of credited
 177.7 projected benefits, determined as the actuarial present value of benefits estimated to be
 177.8 payable in the future as a result of employee service attributing an equal benefit amount,
 177.9 including the effect of projected salary increases and any step rate benefit accrual rate
 177.10 differences, to each year of credited and expected future employee service.

177.11 Sec. 45. Minnesota Statutes 2014, section 356.215, subdivision 18, is amended to read:

177.12 Subd. 18. **Establishment of actuarial assumptions.** ~~(a) Before July 2, 2010, the~~
 177.13 ~~actuarial assumptions used for the preparation of actuarial valuations under this section~~
 177.14 ~~that are other than preretirement interest, postretirement interest, salary increase, and~~
 177.15 ~~payroll increase may be changed only with the approval of the Legislative Commission on~~
 177.16 ~~Pensions and Retirement or after a period of one year has elapsed since the date on which~~
 177.17 ~~the proposed assumption change or changes were received by the Legislative Commission~~
 177.18 ~~on Pensions and Retirement without commission action.~~

177.19 ~~(b) After July 1, 2010, (a)~~ The actuarial assumptions used for the preparation
 177.20 of actuarial valuations under this section that are other than ~~postretirement interest and~~
 177.21 ~~preretirement~~ the interest rate may be changed only with the approval of the Legislative
 177.22 Commission on Pensions and Retirement or after a period of one year has elapsed since
 177.23 the date on which the proposed assumption change or changes were received by the
 177.24 Legislative Commission on Pensions and Retirement without commission action.

177.25 ~~(e) (b)~~ A change in the applicable actuarial assumptions may be proposed by the
 177.26 governing board of the applicable pension fund or relief association, by ~~the~~ an actuary
 177.27 ~~retained by the joint retirement systems~~ under section 356.214 or by the actuary retained
 177.28 by a local ~~police or firefighters~~ relief association governed by sections 424A.091 to
 177.29 424A.096 or by Laws 2013, chapter 111, article 5, sections 31 to 42, if one is retained.

177.30 Sec. 46. Minnesota Statutes 2014, section 356.245, is amended to read:

177.31 **356.245 LOCAL ELECTED OFFICIALS.**

177.32 An elected official who is covered by section 353.01, subdivision 2a, or 353D.01,
 177.33 subdivision 2, whichever applies, is eligible to participate in ~~the state of Minnesota a~~
 177.34 deferred compensation plan under section 356.24. The applicable local governmental unit

178.1 may make the matching employer contributions authorized by that section on the part
178.2 of a participating elected official.

178.3 Sec. 47. Minnesota Statutes 2014, section 356.40, is amended to read:

178.4 **356.40 DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.**

178.5 (a) Notwithstanding any law to the contrary, all annuities and benefits payable ~~on~~
178.6 ~~and after December 1, 1977~~ by a covered retirement fund, as defined in section 356.30,
178.7 subdivision 3, must be paid in advance for each month during the first week of that month.
178.8 ~~The bylaws of local retirement funds must be amended accordingly.~~

178.9 (b) In no event, however, may this section authorize the payment of both a retirement
178.10 annuity and a surviving spouse's benefit in one month where the law governing the
178.11 applicable retirement fund provides for the payment of the retired member's retirement
178.12 annuity to the surviving spouse for the month in which the retired member dies.

178.13 Sec. 48. Minnesota Statutes 2014, section 356.407, subdivision 1, is amended to read:

178.14 Subdivision 1. **Restoration upon termination of remarriage.** Notwithstanding any
178.15 provision to the contrary of the laws governing any of the retirement plans enumerated
178.16 in subdivision 2, any person who was receiving a surviving spouse's benefit from any of
178.17 those plans and whose benefit terminated solely because of remarriage is, if the remarriage
178.18 terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit;
178.19 provided, however, that the person is not entitled to retroactive payments for the period of
178.20 remarriage. The benefit resumes at the level which the person would have been receiving
178.21 if there had been no remarriage. ~~This section applies prospectively to any person who first~~
178.22 ~~becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and~~
178.23 ~~also applies retroactively to any person who first became entitled to receive a surviving~~
178.24 ~~spouse's benefit before May 18, 1975; provided, however, that no person is entitled to~~
178.25 ~~retroactive payments for any period of time before May 18, 1975.~~

178.26 Sec. 49. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

178.27 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
178.28 otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability
178.29 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a
178.30 postretirement adjustment annually on January 1, as follows:

178.31 (1) a postretirement increase of 2.5 percent must be applied each year, effective
178.32 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has

179.1 been receiving an annuity or a benefit for at least 12 full months prior to the January 1
179.2 increase; and

179.3 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
179.4 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5
179.5 percent for each month that the person has been receiving an annuity or benefit must be
179.6 applied, effective on January 1 following the calendar year in which the person has been
179.7 retired for less than 12 months.

179.8 ~~(b) The increases provided by this subdivision commence on January 1, 2010.~~

179.9 ~~(e) (b)~~ An increase in annuity or benefit payments under this section must be made
179.10 automatically unless written notice is filed by the annuitant or benefit recipient with the
179.11 executive director of the covered retirement plan requesting that the increase not be made.

179.12 Sec. 50. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

179.13 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
179.14 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
179.15 benefit, or survivor benefit recipients of the legislators retirement plans, including
179.16 constitutional officers as specified in chapter 3A, the general state employees retirement
179.17 plan, the correctional state employees retirement plan, the unclassified state employees
179.18 retirement program, and the judges retirement plan are entitled to a postretirement
179.19 adjustment annually on January 1, as follows:

179.20 (1) a postretirement increase of two percent must be applied each year, effective
179.21 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
179.22 who has been receiving an annuity or a benefit for at least 18 full months before the
179.23 January 1 increase; and

179.24 (2) for each annuitant or benefit recipient who has been receiving an annuity or
179.25 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
179.26 percent for each month that the person has been receiving an annuity or benefit must be
179.27 applied, effective January 1, following the calendar year in which the person has been
179.28 retired for at least six months, but has been retired for less than 18 months.

179.29 ~~(b) The increases provided by this subdivision commence on January 1, 2011.~~

179.30 Increases under this subdivision for the general state employees retirement plan, the
179.31 correctional state employees retirement plan, or the judges retirement plan terminate on
179.32 December 31 of the calendar year in which two prior consecutive actuarial valuations
179.33 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
179.34 for actuarial work promulgated by the Legislative Commission on Pensions and
179.35 Retirement indicates that the market value of assets of the retirement plan equals or

180.1 exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases
180.2 under subdivision 1 recommence after that date. Increases under this subdivision for
180.3 the legislators retirement plan or the elected state officers retirement plan terminate
180.4 on December 31 of the calendar year in which the actuarial valuation prepared by the
180.5 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
180.6 promulgated by the Legislative Commission on Pensions and Retirement indicates that the
180.7 market value of assets of the general state employees retirement plan equals or exceeds
180.8 90 percent of the actuarial accrued liability of the retirement plan and increases under
180.9 subdivision 1 recommence after that date.

180.10 (c) An increase in annuity or benefit payments under this subdivision must be made
180.11 automatically unless written notice is filed by the annuitant or benefit recipient with the
180.12 executive director of the applicable covered retirement plan requesting that the increase
180.13 not be made.

180.14 Sec. 51. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

180.15 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

180.16 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
180.17 Retirement Association are entitled to a postretirement adjustment annually on January
180.18 1, as follows:

180.19 ~~(1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;~~

180.20 ~~(2) (1) for January 1, 2013, and each successive January 1 until funding stability is~~
180.21 ~~restored, a postretirement increase of two percent must be applied each year, effective~~
180.22 ~~on January 1, to the monthly annuity or benefit amount of each annuitant or benefit~~
180.23 ~~recipient who has been receiving an annuity or a benefit for at least 18 full months prior~~
180.24 ~~to the January 1 increase;~~

180.25 ~~(3) (2) for January 1, 2013, and each successive January 1 until funding stability is~~
180.26 ~~restored, for each annuitant or benefit recipient who has been receiving an annuity or a~~
180.27 ~~benefit for at least six full months before the January 1 increase, an annual postretirement~~
180.28 ~~increase of 1/12 of two percent for each month the person has been receiving an annuity or~~
180.29 ~~benefit must be applied, effective January 1, for which the person has been retired for at~~
180.30 ~~least six months but less than 18 months;~~

180.31 ~~(4) (3) for each January 1 following the restoration of funding stability, a~~
180.32 ~~postretirement increase of 2.5 percent must be applied each year, effective January 1, to~~
180.33 ~~the monthly annuity or benefit amount of each annuitant or benefit recipient who has~~
180.34 ~~been receiving an annuity or a benefit for at least 18 full months prior to the January 1~~
180.35 ~~increase; and~~

181.1 ~~(5)~~ (4) for each January 1 following the restoration of funding stability, for each
181.2 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least
181.3 six full months before the January 1 increase, an annual postretirement increase of 1/12
181.4 of 2.5 percent for each month the person has been receiving an annuity or benefit must
181.5 be applied, effective January 1, for which the person has been retired for at least six
181.6 months but less than 18 months.

181.7 (b) Funding stability is restored when the market value of assets of the Teachers
181.8 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities
181.9 of the Teachers Retirement Association in the two most recent prior actuarial valuations
181.10 prepared under section 356.215 and the standards for actuarial work by the approved
181.11 actuary retained by the Teachers Retirement Association under section 356.214.

181.12 (c) An increase in annuity or benefit payments under this section must be made
181.13 automatically unless written notice is filed by the annuitant or benefit recipient with the
181.14 executive director of the Teachers Retirement Association requesting that the increase
181.15 not be made.

181.16 (d) The retirement annuity payable to a person who retires before becoming eligible
181.17 for Social Security benefits and who has elected the optional payment as provided in
181.18 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
181.19 retirement annuity for the purposes of any postretirement adjustment. The period-certain
181.20 retirement annuity plus the life retirement annuity must be the annuity amount payable
181.21 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
181.22 annuity amount payable under section 354.35. A postretirement adjustment granted on
181.23 the period-certain retirement annuity must terminate when the period-certain retirement
181.24 annuity terminates.

181.25 Sec. 52. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

181.26 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.**

181.27 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
181.28 retirement plan are entitled to a postretirement adjustment annually on January 1, as
181.29 follows:

181.30 (1) a postretirement increase of one percent must be applied each year, effective on
181.31 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
181.32 has been receiving an annuity or a benefit for at least 18 full months before the January 1
181.33 increase; and

181.34 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
181.35 benefit for at least six full months, an annual postretirement increase of 1/12 of one percent

182.1 for each month that the person has been receiving an annuity or benefit must be applied,
182.2 effective January 1, following the calendar year in which the person has been retired for at
182.3 least six months, but has been retired for less than 18 months.

182.4 ~~(b) The increases provided by this subdivision commence on January 1, 2014.~~

182.5 Increases under paragraph (a) for the State Patrol retirement plan terminate on December
182.6 31 of the calendar year in which two prior consecutive actuarial valuations prepared by
182.7 the approved actuary under sections 356.214 and 356.215 and the standards for actuarial
182.8 work promulgated by the Legislative Commission on Pensions and Retirement indicates
182.9 that the market value of assets of the retirement plan equals or exceeds 85 percent of
182.10 the actuarial accrued liability of the retirement plan and increases under paragraph (c)
182.11 recommence after that date.

182.12 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
182.13 Patrol retirement plan are entitled to a postretirement adjustment annually on January
182.14 1, as follows:

182.15 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
182.16 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
182.17 has been receiving an annuity or a benefit for at least 18 full months before the January 1
182.18 increase; and

182.19 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
182.20 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent
182.21 for each month that the person has been receiving an annuity or benefit must be applied,
182.22 effective January 1, following the calendar year in which the person has been retired for at
182.23 least six months, but has been retired for less than 18 months.

182.24 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
182.25 December 31 of the calendar year in which two prior consecutive actuarial valuations
182.26 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
182.27 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
182.28 indicates that the market value of assets of the retirement plan equals or exceeds 90
182.29 percent of the actuarial accrued liability of the retirement plan and increases under
182.30 subdivision 1 recommence after that date.

182.31 (e) An increase in annuity or benefit payments under this subdivision must be made
182.32 automatically unless written notice is filed by the annuitant or benefit recipient with the
182.33 executive director of the applicable covered retirement plan requesting that the increase
182.34 not be made.

182.35 Sec. 53. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

183.1 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
183.2 **System judges retirement plan.** (a) The increases provided under this subdivision begin
183.3 ~~on January 1, 2014,~~ and are in lieu of increases under subdivision 1 or 1a for retirement
183.4 annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

183.5 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the
183.6 judges retirement plan are entitled to a postretirement adjustment annually on January
183.7 1, as follows:

183.8 (1) a postretirement increase of 1.75 percent must be applied each year, effective
183.9 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
183.10 who has been receiving an annuity or a benefit for at least 18 full months before the
183.11 January 1 increase; and

183.12 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
183.13 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.75
183.14 percent for each month that the person has been receiving an annuity or benefit must be
183.15 applied, effective January 1, following the calendar year in which the person has been
183.16 retired for at least six months, but has been retired for less than 18 months.

183.17 (c) Increases under this subdivision terminate on December 31 of the calendar year
183.18 in which two prior consecutive actuarial valuations prepared by the approved actuary
183.19 under sections 356.214 and 356.215 and the standards for actuarial work promulgated
183.20 by the Legislative Commission on Pensions and Retirement indicates that the market
183.21 value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial
183.22 accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is
183.23 applicable, begin on the January 1 next following that date.

183.24 (d) An increase in annuity or benefit payments under this subdivision must be made
183.25 automatically unless written notice is filed by the annuitant or benefit recipient with the
183.26 executive director of the applicable covered retirement plan requesting that the increase
183.27 not be made.

183.28 Sec. 54. Minnesota Statutes 2014, section 356.431, is amended to read:

183.29 **356.431 CONVERSION OF LUMP-SUM POSTRETIREMENT AND**
183.30 **SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.**

183.31 Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid
183.32 ~~after December 31, 2001,~~ to eligible persons under Minnesota Statutes 2014, section
183.33 356.42, the amount of the most recent lump-sum benefit payable to an eligible recipient
183.34 under Minnesota Statutes 2014, section 356.42 must be divided by 12. The result must be
183.35 added to the monthly annuity or benefit otherwise payable to an eligible recipient, must

184.1 become a permanent part of the benefit recipient's pension, and must be included in any
184.2 pension benefit subject to future ~~increases~~ postretirement adjustments.

184.3 Sec. 55. Minnesota Statutes 2014, section 356.62, is amended to read:

184.4 **356.62 PAYMENT OF EMPLOYEE CONTRIBUTION.**

184.5 (a) For purposes of any public pension plan, as defined in section 356.63, paragraph
184.6 (b), each employer shall pick up the employee contributions required ~~pursuant to~~ under
184.7 law or under the pension plan document for all ~~salary payable after December 31, 1982~~
184.8 salaries. If the United States Treasury Department rules that under section 414(h) of the
184.9 Internal Revenue Code of 1986, as amended through December 31, 1992, that These
184.10 picked up contributions are not includable in the employee's adjusted gross income until
184.11 they are distributed or made available, then these picked up contributions must be treated
184.12 as employer contributions in determining tax treatment under the Internal Revenue Code
184.13 of 1986, ~~as amended through December 31, 1992~~, and the employer shall discontinue
184.14 withholding federal income taxes on the amount of these contributions. The employer
184.15 shall pay these picked up contributions from the same source of funds as is used to pay the
184.16 salary of the employee. The employer shall pick up these employee contributions by a
184.17 reduction in the cash salary of the employee.

184.18 (b) Employee contributions that are picked up must be treated for all purposes of the
184.19 public pension plan in the same manner and to the same extent as employee contributions
184.20 that were made ~~prior to~~ before the date on which the employee contributions pick up
184.21 began. The amount of the employee contributions that are picked up must be included
184.22 in the salary upon which retirement coverage is credited and upon which retirement and
184.23 survivor's benefits are determined. For purposes of this section, "employee" means
184.24 any person covered by a public pension plan. For purposes of this section, "employee
184.25 contributions" include any sums deducted from the employee's salary or wages or
184.26 otherwise paid in lieu thereof, regardless of whether they are denominated contributions
184.27 by the public pension plan.

184.28 (c) ~~For any calendar year in which withholding has been reduced under this section,~~
184.29 The employing unit shall supply each employee and the commissioner of revenue with an
184.30 information return indicating the amount of the employer's picked-up contributions for the
184.31 calendar year that were not subject to withholding. This return must be provided to the
184.32 employee not later than January 31 of the succeeding calendar year. The commissioner of
184.33 revenue shall prescribe the form of the return and the provisions of section 289A.12 must
184.34 apply to the extent not inconsistent with the provisions of this section.

185.1 Sec. 56. Minnesota Statutes 2014, section 356B.10, subdivision 2, is amended to read:

185.2 Subd. 2. **Building; related facilities.** (a) The commissioner of administration
185.3 ~~may~~ shall provide a building and related facilities to be jointly occupied by the board of
185.4 directors of the Minnesota State Retirement System, the board of trustees of the Public
185.5 Employees Retirement Association, and the board of trustees of the Teachers Retirement
185.6 Association for the administration of their public pension systems.

185.7 ~~(b) Design of the facilities is not subject to section 16B.33. The competitive~~
185.8 ~~acquisition process set forth in chapter 16C does not apply if the process set forth in~~
185.9 ~~subdivision 3 is followed.~~

185.10 ~~(c) The boards and the commissioner must submit the plans for a public pension~~
185.11 ~~facility under this section to the chair of the house of representatives Ways and Means~~
185.12 ~~Committee and to the chair of the senate State Government Finance Committee for their~~
185.13 ~~approval before the plans are implemented.~~

185.14 Sec. 57. Minnesota Statutes 2014, section 356B.10, subdivision 3, is amended to read:

185.15 Subd. 3. **Contracting procedures.** (a) ~~The commissioner may enter into a contract~~
185.16 ~~for facilities with a contractor to furnish the architectural, engineering, and related services~~
185.17 ~~as well as the labor, materials, supplies, equipment, and related construction services on~~
185.18 ~~the basis of a request for qualifications and competitive responses received through a~~
185.19 ~~request for proposals process that must include the items listed in paragraphs (b) to (i).~~

185.20 ~~(b) Before issuing a request for qualifications and a request for proposals, the~~
185.21 ~~commissioner, with the assistance of the boards, shall prepare performance criteria and~~
185.22 ~~specifications that include:~~

185.23 ~~(1) a general floor plan or layout indicating the general dimensions of the public~~
185.24 ~~building and space requirements;~~

185.25 ~~(2) design criteria for the exterior and site area;~~

185.26 ~~(3) performance specifications for all building systems and components to ensure~~
185.27 ~~quality and cost efficiencies;~~

185.28 ~~(4) conceptual floor plans for systems space;~~

185.29 ~~(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors,~~
185.30 ~~and features such as built-in counters and telephone wiring;~~

185.31 ~~(6) mechanical and electrical requirements;~~

185.32 ~~(7) special interior features required; and~~

185.33 ~~(8) a completion schedule.~~

185.34 ~~(c) The commissioner shall first solicit statements of qualifications from eligible~~
185.35 ~~contractors and select more than one qualified contractor based upon experience, technical~~

186.1 ~~competence, past performance, capability to perform, and other appropriate facts.~~
186.2 ~~Contractors selected under this process must be, employ, or have as a partner, member,~~
186.3 ~~coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide~~
186.4 ~~the services required to design and complete the project. The commissioner does not~~
186.5 ~~have to select any of the respondents if none reasonably fulfill the criteria set forth in~~
186.6 ~~this paragraph.~~

186.7 ~~(d) The contractors selected shall be asked to respond to a request for proposals.~~
186.8 ~~Responses must include site plans, design concept, elevation, statement of material to~~
186.9 ~~be used, floor layouts, a detailed development budget, and a total cost to complete the~~
186.10 ~~project. The proposal must indicate that the contractor obtained at least two proposals~~
186.11 ~~from subcontractors for each item of work and must set forth how the subcontractors~~
186.12 ~~were selected. The commissioner, with the assistance of the boards, shall evaluate the~~
186.13 ~~proposals based upon design, cost, quality, aesthetics, and the best overall value to the~~
186.14 ~~state pension funds. The commissioner need not select any of the proposals submitted~~
186.15 ~~and reserves the right to reject any and all proposals, and may terminate the process or~~
186.16 ~~revise the request for proposals and solicit new proposals if the commissioner determines~~
186.17 ~~that the best interests of the pension funds would be better served by doing so. Proposals~~
186.18 ~~submitted are nonpublic data until the contract is awarded.~~

186.19 ~~(e) The contractor selected must comply with sections 574.26 to 574.261. Before~~
186.20 ~~executing a final contract, the contractor selected shall certify a firm construction price~~
186.21 ~~and completion date.~~

186.22 ~~(f) The commissioner may consider building sites in the city of St. Paul and~~
186.23 ~~surrounding suburbs.~~

186.24 ~~(g) (a) Any land, building, or facility leased, constructed, or acquired and any~~
186.25 ~~leasehold interest acquired under this section must be held by the state in trust for the three~~
186.26 ~~retirement systems as tenants in common. Each retirement system fund must consider its~~
186.27 ~~interest as a fixed asset of its pension fund in accordance with governmental accounting~~
186.28 ~~standards.~~

186.29 ~~(h) (b) The commissioner may lease to another governmental subdivision; or to a~~
186.30 ~~private company under contract with the State Board of Investment; or with the Board~~
186.31 ~~of Directors of the Minnesota State Retirement System, whichever applies, to provide~~
186.32 ~~deferred compensation services under section 352.965, any portion of the funds' building~~
186.33 ~~and lands that is not required for their the direct use of the retirement systems upon terms~~
186.34 ~~and conditions that they deem to be in the best interest of the pension funds. Any income~~
186.35 ~~accruing from the rentals must be separately accounted for and utilized to offset ongoing~~
186.36 ~~administrative expenses and any excess must be carried forward as a reserve for future~~

187.1 administrative expenses. The commissioner may also enter into lease agreements for
187.2 the establishment of satellite offices ~~should~~ if the retirement plan boards find them to
187.3 be necessary in order to assure their members reasonable access to their services. The
187.4 commissioner may lease under section 16B.24 any portion of the facilities not required for
187.5 the direct use of the retirement plan boards.

187.6 ~~(b)~~ (c) The boards shall formulate ~~and~~, adopt, and periodically revise a written
187.7 working agreement that sets forth the nature of each retirement system's ownership
187.8 interest, the duties and obligations of each system toward the construction, operation, and
187.9 maintenance costs of its facilities, and identifies one retirement fund to serve as manager
187.10 for operating and maintenance purposes. The boards may contract with independent third
187.11 parties for maintenance-related activities, services, and supplies, and may use the services
187.12 of the Department of Administration where the boards determine that it is economically
187.13 feasible to do so. If the boards cannot agree or cannot resolve a dispute about the operations
187.14 or maintenance of the facilities, they may request the commissioner of administration to
187.15 appoint a representative from the department's real estate management division to serve as
187.16 arbitrator of the dispute with authority to issue a written resolution of the dispute.

187.17 Sec. 58. Minnesota Statutes 2014, section 356B.10, subdivision 4, is amended to read:

187.18 Subd. 4. **Revenue bonds.** (a) The commissioner of management and budget, ~~on~~
187.19 ~~request of the governor, may sell and issue revenue bonds in an aggregate principal amount~~
187.20 ~~up to \$38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the~~
187.21 ~~amount needed to pay issuance costs and interest costs and to establish necessary reserves~~
187.22 ~~to secure the bonds. The commissioner of management and budget may issue bonds for the~~
187.23 ~~purpose of refunding bonds issued under this subdivision~~ Minnesota Statutes 2001, section
187.24 356.89, subdivision 4. The bonds may be sold and issued on terms and in a manner the
187.25 commissioner of management and budget determines to be in the best interests of the state.

187.26 (b) The proceeds of the bonds must be credited to a bond proceeds account in the
187.27 pension building fund which the commissioner of management and budget must create
187.28 in the state treasury.

187.29 Sec. 59. Minnesota Statutes 2014, section 356B.10, subdivision 5, is amended to read:

187.30 Subd. 5. **Security.** (a) The boards may pledge any or all assets of the retirement
187.31 fund or funds administered by the boards as security for the bonds.

187.32 (b) The bonds and the interest on them must be paid solely from and secured by ~~all~~
187.33 the assets of the boards pledged and appropriated for these purposes to the debt service

188.1 fund created in subdivision 6 and any investment income on the fund and any reserve
188.2 established for this purpose.

188.3 (c) The bonds are not public debt, and the full faith, credit, and taxing powers of
188.4 the state are not pledged for their payment. The bonds and the interest on them must not
188.5 be paid, directly or indirectly, in whole or in part, from a tax of statewide application on
188.6 any class of property, income, transaction, or privilege.

188.7 Sec. 60. Minnesota Statutes 2014, section 356B.10, subdivision 6, is amended to read:

188.8 Subd. 6. **Debt service fund.** There is established in the state treasury a separate and
188.9 special pension building debt service fund. Money in the funds managed by the boards is
188.10 appropriated to the boards for transfer to the pension building debt service fund. Money
188.11 appropriated and transferred to the fund and investment income on it on hand or required
188.12 to be transferred to the fund must be used and is irrevocably appropriated to pay when due
188.13 the principal of and interest on the bonds ~~authorized~~ referenced in subdivision 4.

188.14 Sec. 61. Minnesota Statutes 2014, section 356B.10, subdivision 7, is amended to read:

188.15 Subd. 7. **Covenants; agreements.** ~~The commissioner of management and budget~~
188.16 ~~may, for and on behalf of the state, enter into~~ covenants and agreements entered into by
188.17 the commissioner of management and budget for the construction of the pension building
188.18 that were not inconsistent with Minnesota Statutes 2001, section 356.89, subdivisions 1
188.19 to 6, and determined by the commissioner as may be necessary or desirable to facilitate
188.20 the sale and issuance of the bonds on terms favorable to the state, including, but not
188.21 limited to, covenants and agreements relating to the payment of and security for the bonds,
188.22 tax exemption, and disclosure of information required by federal and state securities
188.23 laws. ~~The covenants and agreements of the commissioner of management and budget,~~
188.24 constitute an enforceable contract of the state and by that contract the state pledges and
188.25 agrees with the holders of any bonds that the state will not limit or alter the rights vested
188.26 in the commissioner of management and budget to fulfill the terms of the covenants or
188.27 agreements made with the holders of the bonds, or in any way impair the rights and
188.28 remedies of the holders until the bonds, together with the interest on them, with interest
188.29 on any unpaid installments of interest, and all costs and expenses in connection with any
188.30 action or proceeding by or on behalf of the holders, are fully met and discharged. ~~The~~
188.31 ~~commissioner of management and budget may include this pledge and agreement of the~~
188.32 ~~state in any covenant or agreement with the holders of the bonds.~~ Sections 16A.672
188.33 and 16A.675 apply to the bonds.

189.1 Sec. 62. Minnesota Statutes 2014, section 423A.02, subdivision 1b, is amended to read:

189.2 Subd. 1b. **Additional amortization state aid.** (a) ~~Beginning October 1, 2013,~~
189.3 ~~and~~ Annually thereafter, the commissioner shall allocate the additional amortization
189.4 state aid, if any, including any state aid in excess of the limitation in subdivision 4, on
189.5 the following basis:

189.6 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated
189.7 with police and firefighter retirement coverage;

189.8 (2) 25.8 percent as additional funding to support the minimum fire state aid for
189.9 volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);

189.10 (3) 12.9 percent to the city of Duluth to defray employer costs associated with
189.11 police and firefighter retirement coverage;

189.12 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the
189.13 investment performance requirement of paragraph (c) is met; and

189.14 (5) 1.3 percent to the city of Virginia to defray the employer contribution under
189.15 section 353.665, subdivision 8, paragraph (d).

189.16 If there is no additional employer contribution under section 353.665, subdivision
189.17 8, paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect
189.18 to the former Minneapolis Police Relief Association and the former Minneapolis Fire
189.19 Department Relief Association, the commissioner shall allocate that 47.1 percent of the
189.20 aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St.
189.21 Paul Teachers Retirement Fund Association, and 30 percent as additional funding to
189.22 support minimum fire state aid for volunteer firefighters relief associations under section
189.23 69.021, subdivision 7, paragraph (d). If there is no employer contribution by the city of
189.24 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire
189.25 Department Relief Association certified on or before June 30 by the executive director of
189.26 the Public Employees Retirement Association, the commissioner shall allocate that 1.3
189.27 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21
189.28 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional
189.29 funding to support minimum fire state aid for volunteer firefighters relief associations
189.30 under section 69.021, subdivision 7, paragraph (d).

189.31 (b) The allocation must be made by the commissioner of revenue on October 1
189.32 annually.

189.33 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if
189.34 the teacher's association five-year average time-weighted rate of investment return does
189.35 not equal or exceed the performance of a composite portfolio assumed passively managed
189.36 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt

190.1 securities, and 30 percent in domestic stock calculated using the formula under section
 190.2 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases
 190.3 until the five-year annual rate of investment return equals or exceeds the performance of
 190.4 that composite portfolio.

190.5 (d) The amounts required under this subdivision are the amounts annually
 190.6 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
 190.7 paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

190.8 Sec. 63. Minnesota Statutes 2014, section 424A.001, subdivision 10, is amended to
 190.9 read:

190.10 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:

190.11 ~~(1) was a member of the applicable fire department or the independent nonprofit~~
 190.12 ~~firefighting corporation and a member of the relief association on July 1, 2006; or~~

190.13 ~~(2) became~~ is a member of the applicable fire department or the independent
 190.14 nonprofit firefighting corporation and is eligible for membership in the applicable relief
 190.15 association ~~after June 30, 2006~~; and:

190.16 (i) is engaged in providing emergency response services or delivering fire education
 190.17 or prevention services as a member of a municipal fire department, a joint powers entity
 190.18 fire department, or an independent nonprofit firefighting corporation;

190.19 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
 190.20 prevention duties under subdivision 8; and

190.21 (iii) meets any other minimum firefighter and service standards established by the
 190.22 fire department or the independent nonprofit firefighting corporation or specified in the
 190.23 articles of incorporation or bylaws of the relief association.

190.24 Sec. 64. **REVISOR'S INSTRUCTION.**

190.25 The revisor of statutes shall make any technical cross-reference changes resulting
 190.26 from amendments in this act, including any grammatical changes necessary to preserve
 190.27 sentence structure.

190.28 Sec. 65. **REPEALER.**

190.29 Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, and 6;
 190.30 352.76; 352.91, subdivisions 3a and 3b; 352B.29; 353.83; 353.84; 353.85; 354.146,
 190.31 subdivisions 1 and 3; 354.33, subdivisions 5 and 6; 354.39; 354.55, subdivisions 13, 16,
 190.32 and 19; 354.58; 354A.35, subdivision 2a; 356.405; 356.49, subdivision 2; and 424A.03,
 190.33 subdivision 3, are repealed.

191.1 Sec. 66. **EFFECTIVE DATE.**191.2 Unless otherwise specified, this article is effective July 1, 2015.191.3 **ARTICLE 14**191.4 **PERA-MERF MERGER PROVISIONS**

191.5 Section 1. Minnesota Statutes 2014, section 256D.21, is amended to read:

191.6 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**
191.7 **EMPLOYEES.**191.8 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis
191.9 who is was transferred to and employed by the county under the provisions of section
191.10 256D.20 and who is was a contributing member of a retirement system organized under
191.11 the provisions of Minnesota Statutes 2008, chapter 422A, is a member of the ~~MERF~~
191.12 ~~division of the~~ Public Employees Retirement Association and is entitled to all of the
191.13 applicable benefits conferred by and is subject to all the restrictions of section 353.50.191.14 Subd. 2. **City obligation.** The cost to the public of that portion of the retirement
191.15 allowances or other benefits accrued while any such employee was in the service of the city
191.16 of Minneapolis must remain an obligation of the city and a tax must be levied and collected
191.17 by it to discharge its obligation as provided in section ~~353.50~~ 353.27, subdivision ~~7~~ 3c.191.18 Subd. 3. **County obligation.** The cost to the public of the retirement allowances or
191.19 other benefits accruing to employees so transferred to and employed by the county is the
191.20 obligation of and paid by the county in section ~~353.50~~ 353.27, subdivision ~~7~~ 3c. The county
191.21 shall pay to the general employees retirement fund of the Public Employees Retirement
191.22 Association those amounts. The cost to the public of the retirement coverage under this
191.23 section must be paid from the county revenue fund by the county auditor, and the county
191.24 board is authorized to levy and collect such taxes as may be necessary to pay such costs.

191.25 Sec. 2. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

191.26 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
191.27 whose annual salary from one governmental subdivision is stipulated in advance to exceed
191.28 \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year
191.29 employee and who are not specifically excluded under subdivision 2b or who have not
191.30 been provided an option to participate under subdivision 2d, whether individually or by
191.31 action of the governmental subdivision, must participate as members of the association
191.32 with retirement coverage by the general employees retirement plan under this chapter,
191.33 the public employees police and fire retirement plan under this chapter, or the local

192.1 government correctional employees retirement plan under chapter 353E, whichever
192.2 applies. Membership commences as a condition of their employment on the first day of
192.3 their employment or on the first day that the eligibility criteria are met, whichever is later.

192.4 Public employees include but are not limited to:

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

192.7 (2) elected county sheriffs;

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

192.11 (i) town and city clerk or treasurer;

192.12 (ii) county auditor, treasurer, or recorder;

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

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

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

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

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

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

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

192.27 (9) employees of the Public Employees Retirement Association.

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

193.1 (c) If in any subsequent year the annual salary of an included public employee is
193.2 less than the minimum salary threshold specified in this subdivision, the member retains
193.3 membership eligibility.

193.4 (d) For the purpose of participation in the ~~MERF division of the~~ general employees
193.5 retirement plan, public employees include employees who were members of the former
193.6 Minneapolis Employees Retirement Fund on June 29, 2010, ~~and who participate as~~
193.7 ~~members of the MERF division of the association.~~

193.8 Sec. 3. Minnesota Statutes 2014, section 353.01, subdivision 6, is amended to read:

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

193.15 (b) Governmental subdivision also means the Public Employees Retirement
193.16 Association, the League of Minnesota Cities, the Association of Metropolitan
193.17 Municipalities, charter schools formed under section 124D.10, service cooperatives
193.18 exercising retirement plan participation under section 123A.21, subdivision 5, joint
193.19 powers boards organized under section 471.59, subdivision 11, paragraph (a), family
193.20 service collaboratives and children's mental health collaboratives organized under
193.21 section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating
193.22 the collaboratives are governmental units that otherwise qualify for retirement plan
193.23 membership, public hospitals owned or operated by, or an integral part of, a governmental
193.24 subdivision or governmental subdivisions, the Association of Minnesota Counties, the
193.25 Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the
193.26 Metropolitan Airports Commission, the University of Minnesota with respect to police
193.27 officers covered by the public employees police and fire retirement plan, ~~the Minneapolis~~
193.28 ~~Employees Retirement Fund for employment initially commenced after June 30, 1979,~~ the
193.29 Range Association of Municipalities and Schools, soil and water conservation districts,
193.30 economic development authorities created or operating under sections 469.090 to 469.108,
193.31 the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red
193.32 Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake
193.33 Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning
193.34 Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc.

194.1 (c) Governmental subdivision does not mean any municipal housing and
 194.2 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
 194.3 or any port authority organized under sections 469.048 to 469.089 other than the Port
 194.4 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
 194.5 the Red Wing Port Authority; or any hospital district organized or reorganized prior to
 194.6 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board
 194.7 of a family service collaborative or children's mental health collaborative organized
 194.8 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
 194.9 by representatives of governmental units.

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

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

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

194.23 Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 48, is amended to read:

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

194.29 Sec. 5. Minnesota Statutes 2014, section 353.05, is amended to read:

194.30 **353.05 CUSTODIAN OF FUNDS.**

194.31 The commissioner of management and budget shall be ex officio treasurer of the
 194.32 retirement funds of the association, ~~including the MERF division,~~ and the general bond
 194.33 of the commissioner of management and budget to the state must be so conditioned as
 194.34 to cover all liability for acts as treasurer of these funds. All money of the association

195.1 received by the commissioner of management and budget must be set aside in the state
195.2 treasury to the credit of the proper fund or account. The commissioner of management
195.3 and budget shall transmit monthly to the executive director a detailed statement of all
195.4 amounts so received and credited to the funds, ~~including the MERF division~~. Payments
195.5 out of the funds, ~~including the MERF division~~, may only be made on warrants issued by
195.6 the commissioner of management and budget, upon abstracts signed by the executive
195.7 director; provided that abstracts for investment may be signed by the executive director of
195.8 the State Board of Investment.

195.9 Sec. 6. Minnesota Statutes 2014, section 353.06, is amended to read:

195.10 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

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

195.22 Sec. 7. Minnesota Statutes 2014, section 353.27, subdivision 1, is amended to read:

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

195.32 Sec. 8. Minnesota Statutes 2014, section 353.27, subdivision 3b, is amended to read:

196.1 Subd. 3b. **Change in employee and employer contributions in certain instances.**

196.2 (a) For purposes of this section:

196.3 (1) a contribution sufficiency exists if the total of the employee contribution under
196.4 subdivision 2, the employer contribution under subdivision 3, the additional employer
196.5 contribution under subdivision 3a, and any additional contribution previously imposed
196.6 under this subdivision exceeds the total of the normal cost, the administrative expenses,
196.7 and the amortization contribution of the general employees retirement plan as reported in
196.8 the most recent actuarial valuation of the retirement plan prepared by the actuary retained
196.9 under section 356.214 and prepared under section 356.215 and the standards for actuarial
196.10 work of the Legislative Commission on Pensions and Retirement; and

196.11 (2) a contribution deficiency exists if the total of the employee contributions under
196.12 subdivision 2, the employer contributions under subdivision 3, the additional employer
196.13 contribution under subdivision 3a, and any additional contribution previously imposed
196.14 under this subdivision is less than the total of the normal cost, the administrative expenses,
196.15 and the amortization contribution of the general employees retirement plan as reported in
196.16 the most recent actuarial valuation of the retirement plan prepared by the actuary retained
196.17 under section 356.214 and prepared under section 356.215 and the standards for actuarial
196.18 work of the Legislative Commission on Pensions and Retirement.

196.19 (b) Employee and employer contributions to the general employees retirement plan
196.20 under subdivisions 2 and 3 must be adjusted:

196.21 (1) if the regular actuarial valuation of the general employees retirement plan of the
196.22 Public Employees Retirement Association under section 356.215 indicates that there is a
196.23 contribution sufficiency under paragraph (a) greater than one percent of covered payroll
196.24 and that the sufficiency has existed for at least two consecutive years, the coordinated
196.25 program employee and employer contribution rates must be decreased as determined
196.26 under paragraph (c) to a level such that the sufficiency is no greater than one percent of
196.27 covered payroll based on the most recent actuarial valuation; or

196.28 (2) if the regular actuarial valuation of the general employees retirement plan of the
196.29 Public Employees Retirement Association under section 356.215 indicates that there is a
196.30 contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the
196.31 deficiency has existed for at least two consecutive years, the coordinated program employee
196.32 and employer contribution rates must be increased as determined under paragraph (d) to a
196.33 level such that no deficiency exists based on the most recent actuarial valuation.

196.34 (c) If the actuarially required contribution of the general employees retirement plan is
196.35 less than the total support provided by the combined employee and employer contribution
196.36 rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll,

197.1 the general employees retirement plan coordinated program employee and employer
197.2 contribution rates under subdivisions 2 and 3 must be decreased incrementally over one or
197.3 more years by no more than 0.25 percent of pay each for employee and employer matching
197.4 contribution rates to a level such that there remains a contribution sufficiency of at least one
197.5 percent of covered payroll. No contribution rate decrease may be made until at least two
197.6 years have elapsed since any adjustment under this subdivision has been fully implemented.

197.7 (d) If the actuarially required contribution exceeds the total support provided by the
197.8 combined employee and employer contribution rates under subdivisions 2, 3, and 3a,
197.9 the employee and matching employer contribution rates must be increased equally to
197.10 eliminate that contribution deficiency. If the contribution deficiency is:

197.11 (1) less than two percent, the incremental increase may be up to 0.25 percent for the
197.12 general employees retirement plan employee and matching employer contribution rates;

197.13 (2) greater than 1.99 percent and less than 4.01 percent, the incremental increase
197.14 may be up to 0.5 percent for the employee and matching employer contribution rates; or

197.15 (3) greater than four percent, the incremental increase may be up to 0.75 percent for
197.16 the employee and matching employer contribution.

197.17 (e) The general employees retirement plan contribution sufficiency or deficiency
197.18 determination under paragraphs (a) to (d) must be made ~~without the inclusion of~~ including
197.19 ~~the contributions to, the funded condition of, or the actuarial funding requirements of the~~
197.20 ~~MERF division~~ credited under section 353.27, subdivision 3c, and state aid under section
197.21 353.505.

197.22 (f) Any recommended adjustment to the contribution rates must be reported to
197.23 the chair and the executive director of the Legislative Commission on Pensions and
197.24 Retirement by January 15 following the receipt of the most recent annual actuarial
197.25 valuation prepared under section 356.215. If the Legislative Commission on Pensions
197.26 and Retirement does not recommend against the rate change or does not recommend
197.27 a modification in the rate change, the recommended adjustment becomes effective for
197.28 any salary paid on or after the January 1 next following the legislative session in which
197.29 the Legislative Commission on Pensions and Retirement did not take any action to
197.30 disapprove or modify the Public Employees Retirement Association Board of Trustees'
197.31 recommendation to adjust the employee and employer rates.

197.32 (g) A contribution sufficiency of up to one percent of covered payroll must be held in
197.33 reserve to be used to offset any future actuarially required contributions that are more than
197.34 the total combined employee and employer contributions under subdivisions 2, 3, and 3a.

197.35 (h) Before any reduction in contributions to eliminate a sufficiency in excess of one
197.36 percent of covered pay may be recommended, the executive director must review any

198.1 need for a change in actuarial assumptions, as recommended by the actuary retained under
198.2 section 356.214 in the most recent experience study of the general employees retirement
198.3 plan prepared under section 356.215 and the standards for actuarial work promulgated by
198.4 the Legislative Commission on Pensions and Retirement that may result in an increase
198.5 in the actuarially required contribution and must report to the Legislative Commission
198.6 on Pensions and Retirement any recommendation by the board to use the sufficiency
198.7 exceeding one percent of covered payroll to offset the impact of an actuarial assumption
198.8 change recommended by the actuary retained under section 356.214, subdivision 1, and
198.9 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

198.10 (i) No contribution sufficiency in excess of one percent of covered pay may be
198.11 proposed to be used to increase benefits, and no benefit increase may be proposed that
198.12 would initiate an automatic adjustment to increase contributions under this subdivision.
198.13 Any proposed benefit improvement must include a recommendation, prepared by the
198.14 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary
198.15 retained by the Legislative Commission on Pensions and Retirement as provided under
198.16 section 356.214, subdivision 4, on how the benefit modification will be funded.

198.17 Sec. 9. Minnesota Statutes 2014, section 353.27, is amended by adding a subdivision
198.18 to read:

198.19 Subd. 3c. **Former MERF members; member and employer contributions.**

198.20 (a) For the period July 1, 2015, through December 31, 2031, the member contributions
198.21 for former members of the Minneapolis Employees Retirement Fund and by the former
198.22 Minneapolis Employees Retirement Fund-covered employing units are governed by this
198.23 subdivision.

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

198.27 (c) The employer regular contribution with respect to a public employee who was
198.28 a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is
198.29 9.75 percent of the salary of the employee.

198.30 (d) The employer additional contribution for any public employees who were
198.31 members of the former Minneapolis Employees Retirement Fund on June 29, 2010, is
198.32 2.68 percent of the salary of each applicable employee plus an annual amount equal to
198.33 the employing unit's share of \$3,900,000 that was paid or was payable during calendar
198.34 year 2014.

199.1 (e) For the period July 1, 2015, through December 31, 2031, the employer
199.2 supplemental contribution is the employing unit's share of \$21,000,000.

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

199.7 (g) The employer supplemental contribution amount under paragraph (e) for
199.8 calendar year 2015 must be invoiced by the executive director of the Public Employees
199.9 Retirement Association by July 1, 2015. The calendar year 2015 payment is payable in a
199.10 single amount on or before September 30, 2015. For subsequent calendar years, the
199.11 employer supplemental contribution under paragraph (e) must be invoiced on January 31
199.12 of each year and is payable in two parts, with the first half payable on or before July 31
199.13 and with the second half payable on or before December 15. Late payments are payable
199.14 with compound interest at the rate of 0.71 percent per month for each month or portion of
199.15 a month that has elapsed after the due date.

199.16 (h) The employer additional contribution under paragraph (d) and the employer
199.17 supplemental contribution under paragraph (e) terminate on December 31, 2031.

199.18 Sec. 10. Minnesota Statutes 2014, section 353.34, subdivision 1, is amended to read:

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

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

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

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

200.4 Sec. 11. Minnesota Statutes 2014, section 353.37, subdivision 1, is amended to read:

200.5 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible
200.6 for an annuity from the general employees retirement plan of the Public Employees
200.7 Retirement Association, the public employees police and fire retirement plan, or the local
200.8 government correctional employees retirement plan must be suspended under subdivision
200.9 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if
200.10 the person reenters public service as a nonelective employee of a governmental subdivision
200.11 in a position covered by this chapter or returns to work as an employee of a labor
200.12 organization that represents public employees who are association members under this
200.13 chapter and salary for the reemployment service exceeds the annual maximum earnings
200.14 allowable for that age for the continued receipt of full benefit amounts monthly under the
200.15 federal Old Age, Survivors and Disability Insurance Program as set by the secretary of
200.16 health and human services under United States Code, title 42, section 403, in any calendar
200.17 year. If the person has not yet reached the minimum age for the receipt of Social Security
200.18 benefits, the maximum salary for the person is equal to the annual maximum earnings
200.19 allowable for the minimum age for the receipt of Social Security benefits.

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

200.23 Sec. 12. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

200.24 Subd. 2. **Rights of deferred annuitant.** (a) The entitlement of a deferred annuitant
200.25 or other former member of the general employees retirement plan of the Public Employees
200.26 Retirement Association, ~~the Minneapolis Employees Retirement Fund division,~~ the
200.27 public employees police and fire retirement plan, or the local government correctional
200.28 employees retirement plan to receive an annuity under the law in effect at the time the
200.29 person terminated public service is herein preserved. The provisions of section 353.71,
200.30 subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or
200.31 other former member who first begins receiving an annuity after July 1, 1973.

200.32 (b) The entitlement of a deferred annuitant or former member of the Minneapolis
200.33 Employees Retirement Fund, upon merger with the general employees retirement plan

201.1 of the Public Employees Retirement Association, continues under the provisions of
 201.2 Minnesota Statutes 2008, section 422A.16.

201.3 Sec. 13. Minnesota Statutes 2014, section 353.46, subdivision 6, is amended to read:

201.4 Subd. 6. **Computation of benefits for certain coordinated members.** Any
 201.5 coordinated member of the general employees retirement plan of the Public Employees
 201.6 Retirement Association who, before July 1, 1979, was a member of the former coordinated
 201.7 program of the former Minneapolis Municipal Employees Retirement Fund and who,
 201.8 before July 1, 1978, was a member of the basic program of the Minneapolis Municipal
 201.9 Employees Retirement Fund is entitled to receive a retirement annuity when otherwise
 201.10 qualified, the calculation of which must utilize the formula accrual rates specified in
 201.11 Minnesota Statutes 2008, section 422A.15, subdivision 1, for that portion of credited
 201.12 service which was rendered before July 1, 1978, and the formula accrual rates specified
 201.13 in section 353.29, subdivision 3, for the remainder of credited service, both applied to
 201.14 the average salary as specified in section 353.01, subdivision 17a. The formula accrual
 201.15 rates to be used in calculating the retirement annuity must recognize the service after July
 201.16 1, 1978, as a member of the former coordinated program of the former Minneapolis
 201.17 Municipal Employees Retirement Fund and after July 1, 1979, as a member of the
 201.18 general employees retirement plan of the Public Employees Retirement Association as a
 201.19 continuation of service rendered before July 1, 1978. The annuity amount attributable
 201.20 to service as a member of the basic program of the former Minneapolis Municipal
 201.21 Employees Retirement Fund ~~is payable from the MERF division~~ and the annuity amount
 201.22 attributable to all other service is payable from the general employees retirement fund of
 201.23 the Public Employees Retirement Association.

201.24 Sec. 14. Minnesota Statutes 2014, section 353.50, subdivision 6, is amended to read:

201.25 Subd. 6. **Benefits for former MERF division members.** (a) **Retired, disabled,**
 201.26 **deferred, and inactive member benefits.** The annuities and benefits of, or attributable to,
 201.27 retired, disabled, deferred, or inactive ~~Minneapolis Employees Retirement Fund~~ members
 201.28 ~~with that status as of June 30, 2010~~ of the former MERF division, as calculated under
 201.29 Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15;
 201.30 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and
 201.31 422A.23, continue in force and are payable from the general employees retirement plan.

201.32 (b) **Benefits; benefit eligibility for June 30, 2010, active members.** Persons who
 201.33 were active members of covered by the former ~~Minneapolis Employees Retirement~~
 201.34 ~~Fund~~ MERF division on ~~June 30, 2010~~ December 31, 2014, upon satisfying eligibility

202.1 requirements stated in the applicable sections of Minnesota Statutes 2008 specified in
202.2 paragraph (a), are entitled to annuities or benefits specified in those sections. Eligibility
202.3 for a formula retirement annuity includes the requirement in Minnesota Statutes 2008,
202.4 sections 422A.13 and 422A.16, that the terminating member has attained the normal
202.5 retirement age, which is age 60 if the person has at least ten years of service credit, or any
202.6 age if the person has 30 or more years of service credit.

202.7 (c) **Postretirement adjustments.** After December 31, ~~2010~~ 2014, annuities and
202.8 benefits ~~from~~ for former members of the former MERF division are eligible for annual
202.9 automatic postretirement adjustments solely under the applicable portions of section
202.10 356.415.

202.11 Sec. 15. Minnesota Statutes 2014, section 353.505, is amended to read:

202.12 **353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.**

202.13 (a) ~~Subject to the limitation in paragraph (c), The state shall pay to the MERF~~
202.14 ~~division account of the Public Employees Retirement Association with respect to the~~
202.15 ~~former Minneapolis Employees Retirement Fund annually an amount equal to the amount~~
202.16 ~~calculated under paragraph (b).~~

202.17 (b) ~~The payment amount is an amount equal to the financial requirements of the~~
202.18 ~~MERF division of the Public Employees Retirement Association reported in the actuarial~~
202.19 ~~valuation of the general employees retirement plan of the Public Employees Retirement~~
202.20 ~~Association prepared by the actuary retained under section 356.214 consistent with section~~
202.21 ~~356.215 for the most recent year but based on a target date for full amortization of the~~
202.22 ~~unfunded actuarial accrued liabilities by June 30, 2031, less the amount of employee~~
202.23 ~~contributions required under section 353.50, subdivision 7, paragraph (b), and the amount~~
202.24 ~~of employer contributions required under section 353.50, subdivision 7, paragraphs (c)~~
202.25 ~~and (d). Payments must be made September 15 annually.~~

202.26 (c) ~~The annual state contribution under this subdivision may not exceed \$9,000,000,~~
202.27 ~~plus the cost of the annual supplemental benefit determined under Minnesota Statutes~~
202.28 ~~2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the~~
202.29 ~~cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section~~
202.30 ~~356.43, plus \$13,750,000 on September 15, 2011, \$13,750,000 on September 15, 2012,~~
202.31 ~~and \$15,000,000 on September 15, 2013, and annually thereafter.~~

202.32 (d) ~~Annually and after June 30, 2012, if the amount determined under paragraph (b)~~
202.33 ~~exceeds the applicable maximum amount specified in paragraph (c), the excess must be~~
202.34 ~~allocated to and paid to the fund by the employers identified in Minnesota Statutes 2008,~~
202.35 ~~section 422A.101, subdivisions 1a, 2, and 2a. Each employer's share of the excess is~~

203.1 ~~proportionate to the employer's share of the fund's unfunded actuarial accrued liability~~
203.2 ~~as disclosed in the annual actuarial valuation prepared by the actuary retained under~~
203.3 ~~section 356.214 compared to the total unfunded actuarial accrued liability as of July 1,~~
203.4 ~~2009, attributed to all employers identified in Minnesota Statutes 2008, section 422A.101,~~
203.5 ~~subdivisions 1a and 2, other than units of metropolitan government. Payments must be~~
203.6 ~~made as set forth in paragraph (b).~~

203.7 (a) Annually and after June 30, 2015, the state shall pay to the general employees
203.8 retirement plan of the Public Employees Retirement Association, with respect to the
203.9 former MERF division, \$16,000,000. Payments must be made September 15 annually.

203.10 ~~(e) (b) State contributions under this section end on September 15, 2031, or~~
203.11 ~~on September 1 following the first date on which the current assets of the MERF~~
203.12 ~~division of the Public Employees Retirement Association equal or exceed the actuarial~~
203.13 ~~accrued liability of the MERF division of the Public Employees Retirement Association,~~
203.14 ~~whichever occurs earlier.~~

203.15 Sec. 16. Minnesota Statutes 2014, section 355.01, subdivision 3j, is amended to read:

203.16 Subd. 3j. **Public employee.** "Public employee" means an officer or an employee of
203.17 a local governmental subdivision of the state who performs services in a position covered
203.18 by the Public Employees Retirement Association established under chapter 353. The term
203.19 does not include any person who was a member of the former Minneapolis Employees
203.20 Retirement Fund on June 29, 2010, while the person is employed in a position that was
203.21 transferred to the Public Employees Retirement Association.

203.22 Sec. 17. Minnesota Statutes 2014, section 356.214, subdivision 1, is amended to read:

203.23 Subdivision 1. **Actuary retention.** (a) The governing board or managing or
203.24 administrative official of each public pension plan and retirement fund or plan enumerated
203.25 in paragraph (b) shall contract with an established actuarial consulting firm to conduct
203.26 annual actuarial valuations and related services. The principal from the actuarial
203.27 consulting firm on the contract must be an approved actuary under section 356.215,
203.28 subdivision 1, paragraph (c).

203.29 (b) Actuarial services must include the preparation of actuarial valuations and
203.30 related actuarial work for the following retirement plans:

- 203.31 (1) the teachers retirement plan, Teachers Retirement Association;
203.32 (2) the general state employees retirement plan, Minnesota State Retirement System;
203.33 (3) the correctional employees retirement plan, Minnesota State Retirement System;
203.34 (4) the State Patrol retirement plan, Minnesota State Retirement System;

- 204.1 (5) the judges retirement plan, Minnesota State Retirement System;
- 204.2 (6) the general employees retirement plan, Public Employees Retirement
- 204.3 Association, ~~including the MERF division~~;
- 204.4 (7) the public employees police and fire plan, Public Employees Retirement
- 204.5 Association;
- 204.6 (8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
- 204.7 Association;
- 204.8 (9) the legislators retirement plan, Minnesota State Retirement System; and
- 204.9 (10) the local government correctional service retirement plan, Public Employees
- 204.10 Retirement Association.

204.11 (c) The actuarial valuation for the legislators retirement plan must include a separate

204.12 calculation of total plan actuarial accrued liabilities due to constitutional officer coverage

204.13 under section 3A.17.

204.14 (d) The contracts must require completion of the annual actuarial valuation

204.15 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations

204.16 as specified in section 356.215, and in conformity with the standards for actuarial work

204.17 adopted by the Legislative Commission on Pensions and Retirement.

204.18 The contracts must require completion of annual experience data collection and

204.19 processing and a quadrennial published experience study for the plans listed in paragraph

204.20 (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by

204.21 the commission. The experience data collection, processing, and analysis must evaluate

204.22 the following:

- 204.23 (1) individual salary progression;
- 204.24 (2) the rate of return on investments based on the current asset value;
- 204.25 (3) payroll growth;
- 204.26 (4) mortality;
- 204.27 (5) retirement age;
- 204.28 (6) withdrawal; and
- 204.29 (7) disablement.

204.30 (e) The actuary shall annually prepare a report to the governing or managing board

204.31 or administrative official and the legislature, summarizing the results of the actuarial

204.32 valuation calculations. The actuary shall include with the report any recommendations

204.33 concerning the appropriateness of the support rates to achieve proper funding of

204.34 the retirement plans by the required funding dates. The actuary shall, as part of the

204.35 quadrennial experience study, include recommendations on the appropriateness of the

204.36 actuarial valuation assumptions required for evaluation in the study.

205.1 (f) If the actuarial gain and loss analysis in the actuarial valuation calculations
205.2 indicates a persistent pattern of sizable gains or losses, the governing or managing board
205.3 or administrative official shall direct the actuary to prepare a special experience study for
205.4 a plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), or (10), in the manner
205.5 provided for in the standards for actuarial work adopted by the commission.

205.6 Sec. 18. Minnesota Statutes 2014, section 356.215, subdivision 11, is amended to read:

205.7 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
205.8 the level normal cost, the actuarial valuation of the retirement plan must contain an
205.9 exhibit for financial reporting purposes indicating the additional annual contribution
205.10 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
205.11 for contribution determination purposes indicating the additional contribution sufficient
205.12 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
205.13 subdivision 8, paragraph (c), but excluding ~~the MERF division of the Public Employees~~
205.14 ~~Retirement Association and the legislators retirement plan~~, the additional contribution
205.15 must be calculated on a level percentage of covered payroll basis by the established
205.16 date for full funding in effect when the valuation is prepared, assuming annual payroll
205.17 growth at the applicable percentage rate set forth in subdivision 8, paragraph (d). For all
205.18 other retirement plans and for the ~~MERF division of the Public Employees Retirement~~
205.19 ~~Association and the legislators retirement plan~~, the additional annual contribution must be
205.20 calculated on a level annual dollar amount basis.

205.21 (b) For any retirement plan other than a retirement plan governed by paragraph (d),
205.22 (e), (f), (g), (h), (i), or (j), ~~or (k)~~, if there has not been a change in the actuarial assumptions
205.23 used for calculating the actuarial accrued liability of the fund, a change in the benefit
205.24 plan governing annuities and benefits payable from the fund, a change in the actuarial
205.25 cost method used in calculating the actuarial accrued liability of all or a portion of the
205.26 fund, or a combination of the three, which change or changes by itself or by themselves
205.27 without inclusion of any other items of increase or decrease produce a net increase in the
205.28 unfunded actuarial accrued liability of the fund, the established date for full funding is the
205.29 first actuarial valuation date occurring after June 1, 2020.

205.30 (c) For any retirement plan, if there has been a change in any or all of the actuarial
205.31 assumptions used for calculating the actuarial accrued liability of the fund, a change in
205.32 the benefit plan governing annuities and benefits payable from the fund, a change in the
205.33 actuarial cost method used in calculating the actuarial accrued liability of all or a portion
205.34 of the fund, or a combination of the three, and the change or changes, by itself or by
205.35 themselves and without inclusion of any other items of increase or decrease, produce a net

206.1 increase in the unfunded actuarial accrued liability in the fund, the established date for full
206.2 funding must be determined using the following procedure:

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

206.6 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
206.7 needed to amortize the unfunded actuarial accrued liability amount determined under item
206.8 (i) by the established date for full funding in effect before the change must be calculated
206.9 using the interest assumption specified in subdivision 8 in effect before the change;

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

206.15 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
206.16 needed to amortize the difference between the unfunded actuarial accrued liability amount
206.17 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
206.18 under item (iii) over a period of 30 years from the end of the plan year in which the
206.19 applicable change is effective must be calculated using the applicable interest assumption
206.20 specified in subdivision 8 in effect after any applicable change;

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

206.24 (vi) the period in which the unfunded actuarial accrued liability amount determined
206.25 in item (iii) is amortized by the total level annual dollar or level percentage amortization
206.26 contribution computed under item (v) must be calculated using the interest assumption
206.27 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
206.28 integral number of years, but not to exceed 30 years from the end of the plan year in which
206.29 the determination of the established date for full funding using the procedure set forth in this
206.30 clause is made and not to be less than the period of years beginning in the plan year in which
206.31 the determination of the established date for full funding using the procedure set forth in
206.32 this clause is made and ending by the date for full funding in effect before the change; and

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

207.1 ~~(d) For the MERF division of the Public Employees Retirement Association, the~~
 207.2 ~~established date for full funding is June 30, 2031.~~

207.3 ~~(e)~~ (d) For the general employees retirement plan of the Public Employees
 207.4 Retirement Association, the established date for full funding is June 30, 2031.

207.5 ~~(f)~~ (e) For the Teachers Retirement Association, the established date for full funding
 207.6 is June 30, 2037.

207.7 ~~(g)~~ (f) For the correctional state employees retirement plan of the Minnesota State
 207.8 Retirement System, the established date for full funding is June 30, 2038.

207.9 ~~(h)~~ (g) For the judges retirement plan, the established date for full funding is June
 207.10 30, 2038.

207.11 ~~(i)~~ (h) For the public employees police and fire retirement plan, the established date
 207.12 for full funding is June 30, 2038.

207.13 ~~(j)~~ (i) For the St. Paul Teachers Retirement Fund Association, the established date
 207.14 for full funding is June 30, 2042. In addition to other requirements of this chapter, the
 207.15 annual actuarial valuation must contain an exhibit indicating the funded ratio and the
 207.16 deficiency or sufficiency in annual contributions when comparing liabilities to the market
 207.17 value of the assets of the fund as of the close of the most recent fiscal year.

207.18 ~~(k)~~ (j) For the general state employees retirement plan of the Minnesota State
 207.19 Retirement System, the established date for full funding is June 30, 2040.

207.20 ~~(l)~~ (k) For the retirement plans for which the annual actuarial valuation indicates
 207.21 an excess of valuation assets over the actuarial accrued liability, the valuation assets in
 207.22 excess of the actuarial accrued liability must be recognized as a reduction in the current
 207.23 contribution requirements by an amount equal to the amortization of the excess expressed
 207.24 as a level percentage of pay over a 30-year period beginning anew with each annual
 207.25 actuarial valuation of the plan.

207.26 Sec. 19. Minnesota Statutes 2014, section 356.30, subdivision 3, is amended to read:

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

207.28 (1) the general state employees retirement plan of the Minnesota State Retirement
 207.29 System, established under chapter 352;

207.30 (2) the correctional state employees retirement plan of the Minnesota State
 207.31 Retirement System, established under chapter 352;

207.32 (3) the unclassified employees retirement program, established under chapter 352D;

207.33 (4) the State Patrol retirement plan, established under chapter 352B;

207.34 (5) the legislators retirement plan, established under chapter 3A, including
 207.35 constitutional officers as specified in that chapter;

- 208.1 (6) the general employees retirement plan of the Public Employees Retirement
208.2 Association, established under chapter 353, ~~including the MERF division of the Public~~
208.3 ~~Employees Retirement Association;~~
- 208.4 (7) the public employees police and fire retirement plan of the Public Employees
208.5 Retirement Association, established under chapter 353;
- 208.6 (8) the local government correctional service retirement plan of the Public
208.7 Employees Retirement Association, established under chapter 353E;
- 208.8 (9) the Teachers Retirement Association, established under chapter 354;
- 208.9 (10) the St. Paul Teachers Retirement Fund Association, established under chapter
208.10 354A; and
- 208.11 (11) the judges retirement fund, established by chapter 490.

208.12 Sec. 20. Minnesota Statutes 2014, section 356.302, subdivision 7, is amended to read:

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

- 208.15 (1) the general state employees retirement plan of the Minnesota State Retirement
208.16 System, established by chapter 352;
- 208.17 (2) the unclassified state employees retirement program of the Minnesota State
208.18 Retirement System, established by chapter 352D;
- 208.19 (3) the general employees retirement plan of the Public Employees Retirement
208.20 Association, established by chapter 353, ~~including the MERF division of the Public~~
208.21 ~~Employees Retirement Association;~~
- 208.22 (4) the Teachers Retirement Association, established by chapter 354;
- 208.23 (5) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;
- 208.24 (6) the state correctional employees retirement plan of the Minnesota State
208.25 Retirement System, established by chapter 352;
- 208.26 (7) the State Patrol retirement plan, established by chapter 352B;
- 208.27 (8) the public employees police and fire plan of the Public Employees Retirement
208.28 Association, established by chapter 353;
- 208.29 (9) the local government correctional service retirement plan of the Public
208.30 Employees Retirement Association, established by chapter 353E; and
- 208.31 (10) the judges retirement plan, established by chapter 490.

208.32 Sec. 21. Minnesota Statutes 2014, section 356.303, subdivision 4, is amended to read:

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

- 209.1 (1) the legislators retirement plan, established by chapter 3A;
- 209.2 (2) the general state employees retirement plan of the Minnesota State Retirement
209.3 System, established by chapter 352;
- 209.4 (3) the correctional state employees retirement plan of the Minnesota State
209.5 Retirement System, established by chapter 352;
- 209.6 (4) the State Patrol retirement plan, established by chapter 352B;
- 209.7 (5) the elective state officers retirement plan, established by chapter 352C;
- 209.8 (6) the unclassified state employees retirement program, established by chapter 352D;
- 209.9 (7) the general employees retirement plan of the Public Employees Retirement
209.10 Association, established by chapter 353, ~~including the MERF division of the Public~~
209.11 ~~Employees Retirement Association;~~
- 209.12 (8) the public employees police and fire plan of the Public Employees Retirement
209.13 Association, established by chapter 353;
- 209.14 (9) the local government correctional service retirement plan of the Public
209.15 Employees Retirement Association, established by chapter 353E;
- 209.16 (10) the Teachers Retirement Association, established by chapter 354;
- 209.17 (11) the St. Paul Teachers Retirement Fund Association, established by chapter
209.18 354A; and
- 209.19 (12) the judges retirement fund, established by chapter 490.

209.20 Sec. 22. Minnesota Statutes 2014, section 356.32, subdivision 2, is amended to read:

209.21 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
209.22 following retirement plans:

- 209.23 (1) the general state employees retirement plan of the Minnesota State Retirement
209.24 System, established under chapter 352;
- 209.25 (2) the correctional state employees retirement plan of the Minnesota State
209.26 Retirement System, established under chapter 352;
- 209.27 (3) the State Patrol retirement plan, established under chapter 352B;
- 209.28 (4) the general employees retirement plan of the Public Employees Retirement
209.29 Association, established under chapter 353, ~~including the MERF division of the Public~~
209.30 ~~Employees Retirement Association;~~
- 209.31 (5) the public employees police and fire plan of the Public Employees Retirement
209.32 Association, established under chapter 353;
- 209.33 (6) the Teachers Retirement Association, established under chapter 354; and
- 209.34 (7) the St. Paul Teachers Retirement Fund Association, established under chapter
209.35 354A.

210.1 Sec. 23. Minnesota Statutes 2014, section 356.401, subdivision 3, is amended to read:

210.2 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
210.3 following retirement plans:

210.4 (1) the legislators retirement plan, established by chapter 3A, including constitutional
210.5 officers as specified in that chapter;

210.6 (2) the general state employees retirement plan of the Minnesota State Retirement
210.7 System, established by chapter 352;

210.8 (3) the correctional state employees retirement plan of the Minnesota State
210.9 Retirement System, established by chapter 352;

210.10 (4) the State Patrol retirement plan, established by chapter 352B;

210.11 (5) the unclassified state employees retirement program, established by chapter 352D;

210.12 (6) the general employees retirement plan of the Public Employees Retirement
210.13 Association, established by chapter 353, ~~including the MERF division of the Public~~
210.14 ~~Employees Retirement Association;~~

210.15 (7) the public employees police and fire plan of the Public Employees Retirement
210.16 Association, established by chapter 353;

210.17 (8) the public employees defined contribution plan, established by chapter 353D;

210.18 (9) the local government correctional service retirement plan of the Public
210.19 Employees Retirement Association, established by chapter 353E;

210.20 (10) the voluntary statewide lump-sum volunteer firefighter retirement plan,
210.21 established by chapter 353G;

210.22 (11) the Teachers Retirement Association, established by chapter 354;

210.23 (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

210.24 (13) the individual retirement account plan, established by chapter 354B;

210.25 (14) the higher education supplemental retirement plan, established by chapter
210.26 354C; and

210.27 (15) the judges retirement fund, established by chapter 490.

210.28 Sec. 24. Minnesota Statutes 2014, section 356.407, subdivision 2, is amended to read:

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

210.31 (1) the general employees retirement plan of the Public Employees Retirement
210.32 Association established under chapter 353, ~~including the MERF division of the Public~~
210.33 ~~Employees Retirement Association;~~

210.34 (2) the public employees police and fire plan of the Public Employees Retirement
210.35 Association established under chapter 353;

- 211.1 (3) the State Patrol retirement plan established under chapter 352B;
 211.2 (4) the legislators retirement plan established under chapter 3A;
 211.3 (5) the elective state officers retirement plan established under chapter 352C; and
 211.4 (6) the Teachers Retirement Association established under chapter 354.

211.5 Sec. 25. Minnesota Statutes 2014, section 356.415, subdivision 2, is amended to read:

211.6 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
 211.7 following retirement plans:

211.8 (1) the legislators retirement plan established under chapter 3A, including
 211.9 constitutional officers as specified in that chapter;

211.10 (2) the correctional state employees retirement plan of the Minnesota State
 211.11 Retirement System established under chapter 352;

211.12 (3) the general state employees retirement plan of the Minnesota State Retirement
 211.13 System established under chapter 352;

211.14 (4) the State Patrol retirement plan established under chapter 352B;

211.15 (5) the general employees retirement plan of the Public Employees Retirement
 211.16 Association established under chapter 353, ~~including the MERF division of the Public~~
 211.17 ~~Employees Retirement Association;~~

211.18 (6) the public employees police and fire retirement plan of the Public Employees
 211.19 Retirement Association established under chapter 353;

211.20 (7) the local government correctional employees retirement plan of the Public
 211.21 Employees Retirement Association established under chapter 353E;

211.22 (8) the teachers retirement plan established under chapter 354; and

211.23 (9) the judges retirement plan established under chapter 490.

211.24 Sec. 26. Minnesota Statutes 2014, section 356.461, subdivision 2, is amended to read:

211.25 Subd. 2. **Covered plans.** This section applies to the following retirement plans:

211.26 (1) the legislators retirement plan, established under chapter 3A, including
 211.27 constitutional officers as specified in that chapter;

211.28 (2) the correctional state employees retirement plan of the Minnesota State
 211.29 Retirement System, established under chapter 352;

211.30 (3) the general state employees retirement plan of the Minnesota State Retirement
 211.31 System, established under chapter 352;

211.32 (4) the State Patrol retirement plan, established under chapter 352B;

211.33 (5) the unclassified state employees retirement program of the Minnesota State
 211.34 Retirement System, established under chapter 352D;

- 212.1 (6) the judges retirement plan, established under chapter 490;
- 212.2 (7) the general employees retirement plan of the Public Employees Retirement
- 212.3 Association, established under chapter 353, ~~including the MERF division of the Public~~
- 212.4 ~~Employees Retirement Association;~~
- 212.5 (8) the public employees police and fire retirement plan of the Public Employees
- 212.6 Retirement Association, established under chapter 353;
- 212.7 (9) the local government correctional service retirement plan of the Public
- 212.8 Employees Retirement Association, established under chapter 353E; and
- 212.9 (10) the Teachers Retirement Association, established under chapter 354.
- 212.10 Sec. 27. Minnesota Statutes 2014, section 356.465, subdivision 3, is amended to read:
- 212.11 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
- 212.12 following retirement plans:
- 212.13 (1) the general state employees retirement plan of the Minnesota State Retirement
- 212.14 System established under chapter 352;
- 212.15 (2) the correctional state employees retirement plan of the Minnesota State
- 212.16 Retirement System established under chapter 352;
- 212.17 (3) the State Patrol retirement plan established under chapter 352B;
- 212.18 (4) the legislators retirement plan established under chapter 3A;
- 212.19 (5) the judges retirement plan established under chapter 490;
- 212.20 (6) the general employees retirement plan of the Public Employees Retirement
- 212.21 Association established under chapter 353, ~~including the MERF division of the Public~~
- 212.22 ~~Employees Retirement Association;~~
- 212.23 (7) the public employees police and fire plan of the Public Employees Retirement
- 212.24 Association established under chapter 353;
- 212.25 (8) the teachers retirement plan established under chapter 354;
- 212.26 (9) the St. Paul Teachers Retirement Fund Association established under chapter
- 212.27 354A; and
- 212.28 (10) the local government correctional service retirement plan of the Public
- 212.29 Employees Retirement Association established under chapter 353E.

212.30 Sec. 28. Minnesota Statutes 2014, section 480.181, subdivision 2, is amended to read:

- 212.31 Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a
- 212.32 person is transferred to state employment under this section, the person may elect to do
- 212.33 either or both of the following:

213.1 (1) keep life insurance; hospital, medical, and dental insurance; and vacation and
 213.2 sick leave benefits and accumulated time provided by the county instead of receiving
 213.3 benefits from the state under the judicial branch personnel rules; or

213.4 (2) remain a member of the general employees retirement plan of the Public
 213.5 Employees Retirement Association ~~or the MERF division of the Public Employees~~
 213.6 ~~Retirement Association~~ instead of joining the Minnesota State Retirement System.

213.7 Employees who make an election under clause (1) remain on the county payroll,
 213.8 but the state shall reimburse the county on a quarterly basis for the salary and cost of the
 213.9 benefits provided by the county. The state shall make the employer contribution on behalf
 213.10 of employees who make an election under clause (2) to the general employees retirement
 213.11 plan of the Public Employees Retirement Association or the employer contribution under
 213.12 section ~~353.50~~ 353.27, subdivision 7 3c, paragraphs (c) and (d), to the MERF division
 213.13 general employees retirement fund of the Public Employees Retirement Association on
 213.14 behalf of employees who make an election under clause (2) for any employees who were
 213.15 members of the former Minneapolis Employees Retirement Fund on June 24, 2010.

213.16 (b) An employee who makes an election under paragraph (a), clause (1), may revoke
 213.17 the election, once, at any time, but if the employee revokes the election, the employee
 213.18 cannot make another election. An employee who makes an election under paragraph (a),
 213.19 clause (2), may revoke the election at any time within six months after the person becomes
 213.20 a state employee. Once an employee revokes this election, the employee cannot make
 213.21 another election.

213.22 (c) The Supreme Court, after consultation with the Judicial Council, the
 213.23 commissioner of management and budget, and the executive directors of the Public
 213.24 Employees Retirement Association and the Minnesota State Retirement Association shall
 213.25 adopt procedures for making elections under this section.

213.26 (d) The Supreme Court shall notify all affected employees of the options available
 213.27 under this section. The executive directors of the Public Employees Retirement
 213.28 Association and the Minnesota State Retirement System shall provide counseling to
 213.29 affected employees on the effect of making an election to remain a member of the Public
 213.30 Employees Retirement Association.

213.31 Sec. 29. **MERF DIVISION MERGER INTO PERA-GENERAL.**

213.32 The MERF division and division account are merged into the general employees
 213.33 retirement plan and fund of the Public Employees Retirement Association as provided
 213.34 under Minnesota Statutes 2014, section 353.50, subdivision 9, and no longer exist as
 213.35 a component part of the association or of the general employees retirement plan. The

214.1 general employees retirement plan of the Public Employees Retirement Association is
214.2 the successor in interest of the former Minneapolis Employees Retirement Fund under
214.3 Minnesota Statutes 2014, section 353.50, subdivision 5. The beneficial title for the assets
214.4 of the former MERF division account is combined with the beneficial title for the assets of
214.5 the general employees retirement plan and is vested undivided in the benefit recipients of
214.6 the general employees retirement plan. The liabilities of the general employees retirement
214.7 fund include the liabilities under Minnesota Statutes 2014, section 353.50, subdivision 6.

214.8 Sec. 30. **REPEALER.**

214.9 Minnesota Statutes 2014, sections 353.01, subdivision 49; 353.27, subdivision 1a;
214.10 353.50, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10; and 354.71, are repealed.

214.11 Sec. 31. **EFFECTIVE DATE.**

214.12 Unless otherwise specified, this article is effective the day following final enactment.

APPENDIX
Article locations in H1508-1

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ARTICLE 3	CONFORMING CHANGES IN LEAVE AND PRIOR SERVICE CREDIT PURCHASE PROVISIONS RELATED TO INTEREST ASSUMPTION CHANGE	Page.Ln 16.27
ARTICLE 4	POSTRETIREMENT ADJUSTMENT FINANCIAL SUSTAINABILITY TRIGGER MODIFICATIONS	Page.Ln 33.25
ARTICLE 5	CONTRIBUTION STABILIZER PROVISION MODIFICATIONS ...	Page.Ln 44.7
ARTICLE 6	POLICE AND FIREFIGHTER RETIREMENT SUPPLEMENTAL STATE AID	Page.Ln 51.24
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352.271 METROPOLITAN TRANSIT COMMISSION-TRANSIT OPERATING DIVISION EMPLOYEES; CREDIT FOR MILITARY SERVICE.

Any employee of the Metropolitan Transit Commission Operating Division who was on a leave of absence to enter military service on July 1, 1978, who has not taken a refund of employee contributions as authorized by article 12 of the Metropolitan Transit Commission-Transit Operating Division employees retirement fund document or section 352.22, subdivision 2a, and who returns to service as an employee of the Metropolitan Transit Commission-Transit Operating Division upon discharge from military service as provided in section 192.262 is entitled to allowable service credit for the period of military service. If an employee has taken a refund of employee contributions, and would otherwise be entitled to allowable service credit under this section, the employee is entitled to allowable service credit for the period of military service upon repayment to the executive director of the system of the amount refunded plus interest at an annual rate of 8.5 percent compounded annually from the date on which the refund was taken to the date of repayment. No employee is entitled to allowable service credit for any voluntary extensions of military service at the instance of the employee beyond any initial period of enlistment, induction, or call to active duty.

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

Subdivision 1. **Existing employees.** Notwithstanding any law to the contrary, as of July 1, 1978, all active employees of the Transit Operating Division of the former Metropolitan Transit Commission and all employees on authorized leaves of absence from the Transit Operating Division who are employed on July 1, 1978, by a labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division shall cease to be members of the former Metropolitan Transit Commission-Transit Operating employees retirement fund and shall cease to have any accrual of service credit, rights, or benefits under that retirement fund. After July 1, 1978, those employees become members of the Minnesota State Retirement System, are considered state employees for purposes of this chapter, unless specifically excluded by section 352.01, subdivision 2b, and shall have past service with the Transit Operating Division of the former Metropolitan Transit Commission credited by the Minnesota State Retirement System in accordance with section 352.01, subdivision 11, clause (10). Any employees on authorized leaves of absence from the Transit Operating Division of the former Metropolitan Transit Commission who become employed by the labor organization which is the exclusive bargaining agent representing employees of the Transit Operating Division after July 1, 1978, shall be entitled to be members of the Minnesota State Retirement System under section 352.029.

Subd. 3. **Existing retired members and benefit recipients.** As of July 1, 1978, the liability for all retirement annuities, disability benefits, survivorship annuities, and survivor of deceased active employee benefits paid or payable by the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund is transferred to the Minnesota State Retirement System, and is no longer the liability of the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund. For persons receiving benefits as survivors of deceased former retirement annuitants, the benefits must be considered as having commenced on the date on which the retirement annuitant began receiving the retirement annuity.

Subd. 4. **Existing deferred retirees.** Any former member of the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund is entitled to a retirement annuity from the Minnesota State Retirement System if the employee:

(1) is not an active employee of the Transit Operating Division of the former Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active continuous service with the Transit Operating Division of the former Metropolitan Transit Commission as defined by the former Metropolitan Transit Commission-Transit Operating Division employees retirement plan document in effect on December 31, 1977; (3) has not received a refund of contributions; (4) has not retired or begun receiving an annuity or benefit from the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid application for a retirement annuity to the executive director of the Minnesota State Retirement System.

The person is entitled to a retirement annuity in an amount equal to the normal old age retirement allowance calculated under the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on December 31, 1977, subject to an early retirement reduction or adjustment in amount on account of retirement before

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the normal retirement age specified in that former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document.

The deferred retirement annuity of any person to whom this subdivision applies must be augmented. The required reserves applicable to the deferred retirement annuity, determined as of the date the allowance begins to accrue using an appropriate mortality table and an interest assumption of five percent, must be augmented by interest at the rate of five percent per year compounded annually from January 1, 1978, to January 1, 1981, three percent per year compounded annually from January 1, 1981, until the date that the annuity begins to accrue or January 1, 2012, whichever is earlier, and two percent after December 31, 2011, to the first day of the month in which the annuity begins to accrue. After the commencement of the retirement annuity, the annuity is eligible for postretirement adjustments under section 356.415. On applying for a retirement annuity under this subdivision, the person is entitled to elect a joint and survivor optional annuity under section 352.116, subdivision 3.

Subd. 5. Savings clause for certain existing employees. Any person who is a member of the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund on July 1, 1978, is entitled to retain past and prospective rights under the retirement benefit formula, normal retirement age, and early reduced retirement age provisions of the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund plan document in effect on July 1, 1978, in lieu of the provisions in sections 352.115; 352.116; 352.22, subdivisions 3 to 11; and 356.30.

Subd. 6. Increase in existing annuities and benefits. All persons receiving retirement allowances or annuities, disability benefits, survivorship annuities and survivor of deceased active employee benefits from the former Metropolitan Transit Commission-Transit Operating Division employees retirement fund on December 31, 1977, and on July 1, 1978, are entitled to have the allowances, annuities, or benefits increased by an amount equal to \$20 per month. Increases in payments under this subdivision must be made automatically unless the intended recipient files written notice with the executive director of the Minnesota State Retirement System requesting that the increase not be made. If any actuarial reduction or adjustment was applied to the retirement allowance or annuity, disability benefit, survivorship annuity, or survivor of deceased active employee benefit, the increase specified in this subdivision must be similarly reduced or adjusted. Upon the death of any person receiving an annuity or benefit if the person elected a joint and survivor optional annuity the survivor is entitled to the continued receipt of the increase provided for under this subdivision, but the increase must be reduced or adjusted in accordance with the optional annuity election.

352.76 GENERAL ADMINISTRATION.

This chapter governs where not inconsistent with Laws 1978, chapter 538.

352.91 COVERED CORRECTIONAL SERVICE.

Subd. 3a. Security guards. "Covered correctional service" also means service rendered before January 1, 1981, in the classification of security guard by any employee employed in a covered correctional position on January 1, 1981.

Subd. 3b. Older employees formerly excluded. "Covered correctional service" also means service performed by certain state employees in positions usually covered by this section who: (1) were excluded by law from coverage between July 1973 and July 1980; (2) were age 45 or over when hired; (3) were state employees on March 26, 1986; and (4) who elected coverage before July 1, 1986. An employee who did not elect coverage before July 1, 1986, is not covered by the correctional retirement plan, even if the employee's employment classification may be considered to be covered correctional service under another subdivision of this section.

352B.29 HIGHWAY PATROLMEN'S RETIREMENT ASSOCIATION; TRANSFER OF FUNCTIONS.

Notwithstanding other provisions of this chapter and chapter 352, effective July 1, 1973, all powers, duties, responsibilities, books, papers, and records of the Highway Patrolmen's Retirement Association and of the officers of the Highway Patrolmen's Retirement Association are transferred to the Minnesota State Retirement System. The officers of the Highway Patrolmen's Retirement Association as constituted under this chapter as amended are abolished.

353.01 DEFINITIONS.

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Subd. 49. **MERF division account.** "MERF division account" means the separate account within the retirement fund of the general employees retirement fund of the Public Employees Retirement Association in which the actuarial liabilities of the former Minneapolis Employees Retirement Fund are held, and in which the assets of the former Minneapolis Employees Retirement Fund are credited.

353.025 RANGE ASSOCIATION OF MUNICIPALITIES AND SCHOOLS.

Employees of the Range Association of Municipalities and Schools are coordinated members of the general employees retirement plan of the Public Employees Retirement Association unless specifically exempt under section 353.01, subdivision 2b. The Range Association of Municipalities and Schools is a governmental subdivision for the purposes of this chapter.

353.27 GENERAL EMPLOYEES RETIREMENT FUND.

Subd. 1a. **MERF division account established; revenue and disbursements.** The MERF division account is established as a special account. The MERF division account includes all of the assets of the former Minneapolis Employees Retirement Fund that were transferred to the administration of the Public Employees Retirement Association under section 353.50. The special account is credited with the contributions under section 353.50, subdivision 7, state aid under section 353.505, investment performance on the special account assets, and all other income of the MERF division authorized by law. The payments of annuities and benefits authorized by Minnesota Statutes 2008, chapter 422A, in the amounts and at the times provided in that chapter, and the administrative expenses of the MERF division are appropriated from the special account.

353.50 MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT AND OPERATION.

Subdivision 1. **Administrative consolidation.** (a) Notwithstanding any provision of this chapter or chapter 422A to the contrary, the administration of the Minneapolis Employees Retirement Fund as the MERF division is transferred to the Public Employees Retirement Association board of trustees. The assets, service credit, and benefit liabilities of the Minneapolis Employees Retirement Fund transfer to the MERF division account within the general employees retirement plan of the Public Employees Retirement Association established by section 353.27, subdivision 1a, on July 1, 2010.

(b) The creation of the MERF division must not be construed to alter the Social Security or Medicare coverage of any member of the former Minneapolis Employees Retirement Fund on June 29, 2010, while the person is employed in a position covered under the MERF division of the Public Employees Retirement Association.

Subd. 2. **Membership transfer.** Effective June 30, 2010, the active, inactive, and retired members of the Minneapolis Employees Retirement Fund are transferred to the MERF division administered by the Public Employees Retirement Association and are no longer members of the Minneapolis Employees Retirement Fund.

Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service credit and salary credit of the members of the Minneapolis Employees Retirement Fund as specified in the records of the Minneapolis Employees Retirement Fund through June 30, 2010, are transferred to the MERF division of the Public Employees Retirement Association and are credited by the MERF division.

(b) The liability for the payment of annuities and benefits of the Minneapolis Employees Retirement Fund retirees and benefit recipients as specified in the records of the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the MERF division of the Public Employees Retirement Association on June 30, 2010.

Subd. 4. **Records transfer.** On June 30, 2010, the executive director of the Minneapolis Employees Retirement Fund shall transfer all records and documents relating to the Minneapolis Employees Retirement Fund and its benefit plan to the executive director of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 5. **Transfer of title to assets.** On June 30, 2010, legal title to the assets of the Minneapolis Employees Retirement Fund transfers to the State Board of Investment and the assets must be invested under section 11A.14, as assets of the MERF division of the Public Employees Retirement Association. The MERF division is the successor in interest to all claims that the former Minneapolis Employees Retirement Fund may have or may assert against any

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person and is the successor in interest to all claims which could have been asserted against the former Minneapolis Employees Retirement Fund, but the MERF division is not liable for any claim against the former Minneapolis Employees Retirement Fund, its former governing board, or its former administrative staff acting in a fiduciary capacity under chapter 356A or under common law, which is founded upon a claim of breach of fiduciary duty, but where the act or acts constituting the claimed breach were not undertaken in good faith, the Public Employees Retirement Association may assert any applicable defense to any claim in any judicial or administrative proceeding that the former Minneapolis Employees Retirement Fund, its former board, or its former administrative staff would otherwise have been entitled to assert, and the Public Employees Retirement Association may assert any applicable defense that it has in its capacity as a statewide agency.

Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the member and employer contributions to the MERF division account are governed by this subdivision.

(b) An active member covered by the MERF division must make an employee contribution of 9.75 percent of the total salary of the member as defined in section 353.01, subdivision 10. The employee contribution must be made by payroll deduction by the member's employing unit under section 353.27, subdivision 4, and is subject to the provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

(c) The employer regular contribution to the MERF division account with respect to an active MERF division member is 9.75 percent of the total salary of the member as defined in section 353.01, subdivision 10.

(d) The employer additional contribution to the MERF division account with respect to an active member of the MERF division is 2.68 percent of the total salary of the member as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000 that the employing unit paid or is payable to the former Minneapolis Employees Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2, or 2a, during calendar year 2009, as was certified by the former executive director of the former Minneapolis Employees Retirement Fund.

(e) Annually after June 30, 2012, the employer supplemental contribution to the MERF division account by the city of Minneapolis, Special School District No. 1, Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity, Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and the Minnesota State Colleges and Universities system is the larger of the following:

(1) the amount by which the total actuarial required contribution determined under section 356.215 by the approved actuary retained by the Public Employees Retirement Association in the most recent actuarial valuation of the MERF division and based on a June 30, 2031, amortization date, after subtracting the contributions under paragraphs (b), (c), and (d), exceeds \$22,750,000 or \$24,000,000, whichever applies; or

(2) the amount of \$27,000,000, but the total supplemental contribution amount plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each employing unit's share of the total employer supplemental contribution amount is equal to the applicable portion specified in paragraph (h). The initial total actuarial required contribution after June 30, 2012, must be calculated using the mortality assumption change recommended on September 30, 2009, for the Minneapolis Employees Retirement Fund by the approved consulting actuary retained by the Minneapolis Employees Retirement Fund board.

(f) Before January 31, each employing unit must be invoiced for its share of the total employer supplemental contribution amount under paragraph (e). The amount is payable by the employing unit in two parts. The first half of the amount due is payable on or before the July 31 following the date of the invoice, and the second half of the amount due is payable on or before December 15. Each invoice must be based on the actuarial valuation report prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement as of the valuation date occurring 18 months earlier.

(g) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of August 1 annually, if the amount of the retirement annuities and benefits paid from the MERF division account during the preceding fiscal year, multiplied by the factor of 1.035, exceeds the market value of the assets of the MERF division account on the preceding June 30, plus state aid of \$9,000,000, \$22,750,000, or \$24,000,000, whichever applies, plus the amounts payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied by the factor of 1.035, the balance calculated is a special additional employer contribution. The special additional employer contribution under this paragraph is payable in addition to any employer contribution required under paragraphs (c), (d), and (e), and is payable on or before the following June 30. The special additional employer contribution under this paragraph must be allocated as specified in paragraph (h).

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(h) The employer supplemental contribution under paragraph (e) or the special additional employer contribution under paragraph (g) must be allocated between the city of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned public utility, improvement, or municipal activity, the Minnesota State Colleges and Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan Airports Commission in proportion to their share of the actuarial accrued liability of the former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the approved actuary retained under section 356.214 as part of the actuarial valuation prepared as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement.

(i) The employer contributions under paragraphs (c), (d), (e), and (g) must be paid as provided in section 353.28.

(j) Contributions under this subdivision are subject to the provisions of section 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

Subd. 8. Minneapolis Municipal Retirement Association dues. If authorized by an annuitant or retirement benefit recipient in writing on a form prescribed by the executive director of the Public Employees Retirement Association, the executive director shall deduct the dues for the Minneapolis Municipal Retirement Association from the person's annuity or retirement benefit. This dues deduction authority expires upon the eventual full consolidation of the MERF account under subdivision 9.

Subd. 9. Eventual full consolidation. (a) Once the fiscal year end market value of assets of the MERF division account equals or exceeds 80 percent of the actuarial accrued liability of the MERF division as calculated by the approved actuary retained by the Public Employees Retirement Association under section 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement, the MERF division must be merged with the general employees retirement plan of the Public Employees Retirement Association and the MERF division account ceases as a separate account within the general employees retirement fund of the Public Employees Retirement Association.

(b) If the market value of the MERF division account is less than 100 percent of the actuarial accrued liability of the MERF division under paragraph (a), the total employer contribution of employing units referenced in subdivision 7, paragraph (e), for the period after the full consolidation and June 30, 2031, to amortize on a level annual dollar payment the remaining unfunded actuarial accrued liability of the former MERF division account on the full consolidation date by June 30, 2031, shall be calculated by the consulting actuary retained under section 356.214 using the applicable postretirement interest rate actuarial assumption for the general employees retirement plan under section 356.215. The actuarial accrued liability of the MERF division must be calculated using the healthy retired life mortality assumption applicable to the general employees retirement plan.

(c) The merger shall occur as of the first day of the first month after the date on which the triggering actuarial valuation report is filed with the executive director of the Legislative Commission on Pensions and Retirement.

(d) The executive director of the Public Employees Retirement Association shall prepare proposed legislation fully implementing the merger and updating the applicable provisions of chapters 353 and 356 and transmit the proposed legislation to the executive director of the Legislative Commission on Pensions and Retirement by the following February 15.

Subd. 10. Merger of former MERF membership groups into PERA-general. If provided for in an agreement between the board of trustees of the Public Employees Retirement Association and the governing board of an employing unit formerly with retirement coverage provided for its employees by the former Minneapolis Employees Retirement Fund, an employing unit may transfer sufficient assets to the general employees retirement fund to cover the anticipated actuarial accrued liability for its current or former employees that is in excess of MERF division account assets attributable to those employees, have those employees be considered full members of the general employees retirement plan, and be relieved of any further contribution obligation to the general employees retirement plan for those employees under this section. Any agreement under this subdivision and any actuarial valuation report related to a merger under this subdivision must be submitted to the executive director of the Legislative Commission on Pensions and Retirement for comment prior to the final execution.

353.83 ADDITIONAL PAYMENTS TO CERTAIN ANNUITANTS.

353.83 ADDITIONAL PAYMENTS TO CERTAIN ANNUITANTS.

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Payments of retirement annuities pursuant to this chapter, to annuitants who (a) retired prior to July 1, 1962, (b) had at least 20 years of allowable service credit in the Public Employees Retirement Association upon their termination of public employment, and (c) receive annuities of less than \$200 per month must, retroactive to July 1, 1967, be supplemented by additional payments of \$15 per month from the Public Employees Retirement Association, if the annuitants have not previously qualified for the additional payments under this section, and the annuities plus the additional payments do not exceed \$200 per month. These additional payments must be made in the same manner and at the same time retirement annuities are paid and must be included in the warrants on which the annuities are so paid. The additional payments are to be added to and considered a portion of the annuity otherwise payable to the recipient and must be included in the computation of any monthly survivor benefit or optional annuity which may become due and payable to any person following the death of an annuitant who, during life, received a benefit under this section. If an annuitant entitled to receive additional payment under this section dies before retroactive payment is received, payment must be made upon demand to the designated beneficiary in an amount equal to the accumulated benefit from July 1, 1967, to the date of death, without interest.

353.83 ADDITIONAL PAYMENTS TO CERTAIN ANNUITANTS.

Payments of retirement annuities pursuant to this chapter, to annuitants who (a) retired prior to July 1, 1962, (b) had at least 20 years of allowable service credit in the Public Employees Retirement Association upon their termination of public employment, and (c) receive annuities of less than \$200 per month must, retroactive to July 1, 1967, be supplemented by additional payments of \$15 per month from the Public Employees Retirement Association, if the annuitants have not previously qualified for the additional payments under this section, and the annuities plus the additional payments do not exceed \$200 per month. These additional payments must be made in the same manner and at the same time retirement annuities are paid and must be included in the warrants on which the annuities are so paid. The additional payments are to be added to and considered a portion of the annuity otherwise payable to the recipient and must be included in the computation of any monthly survivor benefit or optional annuity which may become due and payable to any person following the death of an annuitant who, during life, received a benefit under this section. If an annuitant entitled to receive additional payment under this section dies before retroactive payment is received, payment must be made upon demand to the designated beneficiary in an amount equal to the accumulated benefit from July 1, 1967, to the date of death, without interest.

353.84 INCREASE IN BENEFITS.

353.84 INCREASE IN BENEFITS.

All survivors and disabilitants who were receiving benefits on June 30, 1973, shall receive from the appropriate special fund, a 25 percent increase in such benefits accruing from January 1, 1974; provided, that survivors of members who died prior to July 1, 1973 and will not become eligible to receive benefits until after June 30, 1973, shall receive the 25 percent increase in such benefits when the benefits begin to accrue. Such increases shall not be affected by any maximum limitations otherwise provided in this chapter.

Increases in payments pursuant to this section will be made automatically unless the intended recipient files written notice with the Public Employees Retirement Association requesting that the increase shall not be made.

353.84 INCREASE IN BENEFITS.

All survivors and disabilitants who were receiving benefits on June 30, 1973, shall receive from the appropriate special fund, a 25 percent increase in such benefits accruing from January 1, 1974; provided, that survivors of members who died prior to July 1, 1973 and will not become eligible to receive benefits until after June 30, 1973, shall receive the 25 percent increase in such benefits when the benefits begin to accrue. Such increases shall not be affected by any maximum limitations otherwise provided in this chapter.

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Increases in payments pursuant to this section will be made automatically unless the intended recipient files written notice with the Public Employees Retirement Association requesting that the increase shall not be made.

353.85 OPTIONAL BENEFITS TO SURVIVORS OF MEMBERS WHO DIED AFTER JUNE 15, 1973.

353.85 OPTIONAL BENEFITS TO SURVIVORS OF MEMBERS WHO DIED AFTER JUNE 15, 1973.

A qualified survivor of a "basic" member or a member of the police and fire fund where such member died after June 15, 1973 and was entitled to salary or vacation pay after June 30, 1973 shall in lieu of all other association survivor benefits be entitled to the survivor benefits payable under the law in effect on July 1, 1973.

353.85 OPTIONAL BENEFITS TO SURVIVORS OF MEMBERS WHO DIED AFTER JUNE 15, 1973.

A qualified survivor of a "basic" member or a member of the police and fire fund where such member died after June 15, 1973 and was entitled to salary or vacation pay after June 30, 1973 shall in lieu of all other association survivor benefits be entitled to the survivor benefits payable under the law in effect on July 1, 1973.

353D.03 FUNDING OF PLAN.

Subd. 4. **Payments by former eligible elected officials.** Former eligible elected local government officials in the defined contribution plan under this chapter shall not contribute to the plan.

354.146 RETIREMENT PROGRAMS.

Subdivision 1. **Post June 30, 1972.** Every member who has rendered teaching service or was on an authorized leave of absence after June 30, 1972, is covered by the formula program. The benefit of a former member who does not return to teaching service before retirement shall be determined under the program in effect at the time of termination.

Subd. 3. **Post June 30, 1974.** After June 30, 1974, every new teacher entering teaching service or resuming teaching service after previously accepting a refund shall be covered by the full formula program.

354.33 COMPUTATION OF RETIREMENT ANNUITIES.

Subd. 5. **Retirees not eligible for federal benefits.** When any person retires after July 1, 1973, who (1) has ten or more years of allowable service, and (2) does not have any retroactive Social Security coverage by reason of the person's position in the retirement system, and (3) does not qualify for federal old age and survivor primary benefits at the time of retirement, the annuity must be computed under section 354.44, subdivision 2, of the law in effect on June 30, 1969, except that accumulations after June 30, 1957, must be calculated using the most recent mortality table approved under section 356.215, subdivision 18, and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

Subd. 6. **Combinations of basic and coordinated service.** A person's annuity must be computed as a basic member for any service previously accrued as a basic member if the person retires with the status of a coordinated member as a result of one or both of the following events: (1) transferring from public school teaching to state university teaching, and/or (2) not performing teaching service within a fiscal year. A person's annuity must be computed as a coordinated member for any service previously accrued as a coordinated member if the person retires with the status of a basic member as a result of transferring from public school teaching to community college teaching.

354.39 EFFECTIVE DATE; APPLICATION.

A member of the Teachers Retirement Association who is employed in a new state university or any other new institution of higher learning not included in any agreement or modification made between the state and the federal Secretary of Health and Human Services,

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making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to such members, must be covered under the provisions of this chapter applicable to coordinated members.

354.55 OPTIONS TO CERTAIN MEMBERS.

Subd. 13. **Pre-1969 law retirements.** Any person who ceased teaching service prior to July 1, 1968, who has ten years or more of allowable service and left accumulated deductions in the fund for the purpose of receiving when eligible a retirement annuity, and retires must have the annuity computed in accordance with the law in effect on June 30, 1969, except that the portion of the annuity based on accumulations after June 30, 1957, under Minnesota Statutes 1967, section 354.44, subdivision 2, and accumulations under Minnesota Statutes 1967, section 354.33, subdivision 1, must be calculated using the mortality table established by the board under section 354.07, subdivision 1, and approved under section 356.215, subdivision 18, and the postretirement interest rate assumption specified in section 356.215, subdivision 8.

Subd. 16. **1972-1973 retirements.** Any member who ceased to render teaching service during the 1972-1973 fiscal year whose application for retirement becomes effective after June 30, 1973, shall be eligible to receive the new retirement benefits provided by the law in effect on July 1, 1973.

Subd. 19. **Refunds.** Any member or retired former member who is covered by the formula in effect after June 30, 1973, and who made payments to the fund pursuant to Minnesota Statutes 1965, section 354.511, shall upon request receive a refund of such payments.

354.58 SUPPLEMENTAL RETIREMENT ANNUITY.

A supplemental retirement annuity shall be paid only to a member who retires pursuant to section 354.44, subdivision 2, and the applicable optional retirement annuities as established in sections 354.35 and 354.45. In establishing this supplemental retirement annuity, the board shall ascertain the member's accumulated deduction including interest for the period of allowable service prior to July 1, 1957, and the member shall receive a retirement credit of 100 percent of this amount. The retirement credit so established shall be the basis for purchasing a supplemental retirement annuity using an annuity purchase rate based on the applicable annuity table of mortality with an interest assumption as provided in section 354.07, subdivision 1. This supplemental retirement annuity shall be doubled.

354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID REDEDICATED.

Subdivision 1. **Appropriation.** The positive difference, if any, between the actual state aid payable to the MERF division account of the Public Employees Retirement Association with respect to the former Minneapolis Employees Retirement Fund under section 353.505, and \$8,065,000 annually is appropriated from the general fund to the commissioner of management and budget for deposit in the Teachers Retirement Association to offset all or a portion of the unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement Fund Association.

Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available to the extent that financial requirements with respect to the MERF division of the Public Employees Retirement Association as the successor of the former Minneapolis Employees Retirement Fund under section 353.50 have been satisfied.

354A.35 SURVIVOR BENEFITS.

Subd. 2a. **Modification in survivor coverage in certain instances.** Any person who elected joint and survivor annuity coverage pursuant to subdivision 2 prior to July 1, 1981 and the spouse of the person shall be entitled to modify that election by making a joint specification in writing on a form prescribed by the executive secretary that the benefits provided in this section, whichever is applicable, shall be paid only to a designated beneficiary. Authority for any person and the spouse of the person to modify the prior election shall expire on the date of the retirement of the person who elected the coverage or the date of death of the person who elected the coverage, whichever occurs first.

354A.42 ST. PAUL TEACHER INCREASE LIMIT.

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Notwithstanding any law to the contrary, the St. Paul Teachers Retirement Fund Association may not pay a postretirement adjustment of more than five percent in any year, effective July 1, 2010.

356.405 COMBINED PAYMENT OF RETIREMENT ANNUITIES.

(a) The Public Employees Retirement Association and the Minnesota State Retirement System are permitted to combine payments to retirees if one of the payments is less than \$250 per month and if the individual elects the same joint and survivor annuity form from both systems, or if the individual elects straight life annuities from both systems. The total payment must be equal to the amount that is payable if payments were kept separate.

(b) Each plan must calculate the benefit amounts under the laws governing the plan and the required reserves must be paid to the plan making the combined payment from the plan where the service was earned.

(c) The plan making the payment would be responsible for issuing one payment and making address changes, tax withholding changes, and other administrative functions needed to process the payment.

356.49 PROVISION OF INFORMATION IN EVENT OF MARRIAGE DISSOLUTION.

Subd. 2. **Information for existing dissolution decree.** If a marriage dissolution decree rendered by a court of competent jurisdiction prior to August 1, 1987, provided a procedure for the distribution of future pension plan payments, upon request the applicable pension plan administrator shall provide on a timely basis to the court and the parties to the action, the required information to implement that procedure without requiring a signed authorization from the plan member or former plan member.

424A.03 UNIFORMITY OF VOLUNTEER FIREFIGHTER SERVICE PENSION AND RETIREMENT BENEFITS.

Subd. 3. **Exception to application of limitation and penalty.** The limitation provided for in subdivision 1 does not apply to any relief association which before January 1, 1957, had established a definite service pension formula for members of the partially salaried and partially volunteer firefighters relief association who are regularly employed firefighters.