

LCPR03-223

- 1.1 moves to amend the amendment to H.F. No.
- 1.2; S.F. No. (LCPR03-220), as follows:
- 1.3 Page 32, after line 30, insert:
- 1.4 "ARTICLE 14
- 1.5 RETIREMENT ANNUITY ACCRUAL DATES
- 1.6 Section 1. Minnesota Statutes 2002, section 354.44,
- 1.7 subdivision 4, is amended to read:
- 1.8 Subd. 4. RETIREMENT ANNUITY ACCRUAL DATE. (a) An annuity
- 1.9 payment begins to accrue, providing that the age and service
- 1.10 requirements under subdivision 1 are satisfied, after the
- 1.11 termination of teaching service, or after the application for
- 1.12 retirement has been filed with the board, whichever is later, as
- 1.13 follows:
- 1.14 (1) on the 16th day of the month of termination or filing
- 1.15 if the termination or filing occurs on or before the 15th day of
- 1.16 the month;
- 1.17 (2) on the first day of the month following the month of
- 1.18 termination or filing if the termination or filing occurs on or
- 1.19 after the 16th day of the month;
- 1.20 (3) on July 1 for all school principals and other
- 1.21 administrators who receive a full annual contract salary during
- 1.22 the fiscal year for performance of a full year's contract
- 1.23 duties; or
- 1.24 (4) a later date to be the first or 16th day of a month
- 1.25 within the six-month period immediately following the
- 1.26 termination of teaching service as specified under paragraph (b)
- 1.27 by the member.
- 1.28 (b) If an application for retirement is filed with the
- 1.29 board during the six-month period immediately following the
- 1.30 termination of teaching service, the annuity may begin to accrue
- 1.31 as if the application for retirement had been filed with the
- 1.32 board on the date teaching service terminated or a later date
- 1.33 under paragraph (a), clause (4). An annuity must not begin to
- 1.34 accrue more than one month before the date of final salary
- 1.35 receipt.
- 1.36 Sec. 2. EFFECTIVE DATE.

2.1 Section 1 is effective on July 1, 2004.

2.2 ARTICLE 15

2.3 RETIREMENT ANNUITY PORTABILITY

2.4 Section 1. Minnesota Statutes 2002, section 3A.12,
2.5 subdivision 1, is amended to read:

2.6 Subdivision 1. ENTITLEMENT TO ANNUITY. (a) Any
2.7 legislator who has been an employee covered by a retirement
2.8 system listed in paragraph (b) is entitled when qualified to an
2.9 annuity from each fund if total allowable service in two or more
2.10 of the fund plans totals six or more years.

2.11 (b) This section applies to the Minnesota state retirement
2.12 system, or a member of the public employees retirement
2.13 association including the public employees retirement
2.14 association police and fire fund, or the teachers retirement
2.15 association, or the Minneapolis employees retirement fund, or
2.16 the state patrol retirement fund, or any other public employee
2.17 retirement system in the state of Minnesota having with a like
2.18 similar provision but excluding all other funds providing
2.19 benefits for police or firefighters, shall be entitled when
2.20 qualified to an annuity from each fund if the total allowable
2.21 service for which the legislator has credit in all funds or in
2.22 any two of these funds totals ten or more years, provided.

2.23 (c) No portion of the allowable service upon which the
2.24 retirement annuity from one fund is based is again may be used
2.25 in the computation for benefits from another fund. The annuity
2.26 from each fund shall be determined by the appropriate provisions
2.27 of the law except that the requirement that a person must have
2.28 at least ten six years allowable service in the respective
2.29 system or association shall not apply for the purposes of this
2.30 section provided the combined service in two or more of these
2.31 funds equals ten six or more years.

2.32 (d) The augmentation of deferred annuities provided in
2.33 section 3A.02, subdivision 4, shall apply to the annuities
2.34 accruing hereunder under this section.

2.35 Sec. 2. Minnesota Statutes 2002, section 356.30,
2.36 subdivision 1, is amended to read:

3.1 Subdivision 1. ELIGIBILITY; COMPUTATION OF ANNUITY. (a)
3.2 Notwithstanding any provisions of the laws governing the
3.3 retirement plans enumerated in subdivision 3, a person who has
3.4 met the qualifications of paragraph (b) may elect to receive a
3.5 retirement annuity from each enumerated retirement plan in which
3.6 the person has at least one-half year of allowable service,
3.7 based on the allowable service in each plan, subject to the
3.8 provisions of paragraph (c) (e).

3.9 (b) A person may receive, upon retirement, a retirement
3.10 annuity from each enumerated retirement plan in which the person
3.11 has at least one-half year of allowable service, and
3.12 augmentation of a deferred annuity calculated under the laws
3.13 governing each public pension plan or fund named in subdivision
3.14 3, from the date the person terminated all public service if:
3.15 (1) the person has allowable service totaling an amount
3.16 that allows the person to receive an annuity in any two or more
3.17 of the enumerated plans; and
3.18 (2) the person has not begun to receive an annuity from any
3.19 enumerated plan or the person has made application for benefits
3.20 from each applicable plan and the effective dates of the
3.21 retirement annuity with each plan under which the person chooses
3.22 to receive an annuity are within a one-year period specified in
3.23 paragraph (c) or (d), as applicable.

3.24 (c) If the annuities receivable under paragraph (b) to the
3.25 person include an annuity computed under the state patrol
3.26 retirement plan under chapter 352B, the public employees
3.27 retirement association police and fire plan under chapter 353,
3.28 or a Minneapolis employees retirement association retirement
3.29 annuity computed under section 422A.151, the period is five
3.30 years.

3.31 (d) If the annuities receivable under paragraph (b) to the
3.32 person do not include one or more annuities specified under
3.33 paragraph (c), the period is one year.

3.34 (e) The retirement annuity from each plan must be based
3.35 upon the allowable service, accrual rates, and average salary in
3.36 the applicable plan except as further specified or modified in

4.1 the following clauses:

4.2 (1) the laws governing annuities must be the law in effect
4.3 on the date of termination from the last period of public
4.4 service under a covered retirement plan with which the person
4.5 earned a minimum of one-half year of allowable service credit
4.6 during that employment;

4.7 (2) the "average salary" on which the annuity from each
4.8 covered plan in which the employee has credit in a formula plan
4.9 must be based on the employee's highest five successive years of
4.10 covered salary during the entire service in covered plans;

4.11 (3) the accrual rates to be used by each plan must be those
4.12 percentages prescribed by each plan's formula as continued for
4.13 the respective years of allowable service from one plan to the
4.14 next, recognizing all previous allowable service with the other
4.15 covered plans;

4.16 (4) the allowable service in all the plans must be combined
4.17 in determining eligibility for and the application of each
4.18 plan's provisions in respect to reduction in the annuity amount
4.19 for retirement prior to normal retirement age; and

4.20 (5) the annuity amount payable for any allowable service
4.21 under a nonformula plan of a covered plan must not be affected,
4.22 but such service and covered salary must be used in the above
4.23 calculation.

4.24 (d) (f) This section does not apply to any person whose
4.25 final termination from the last public service under a covered
4.26 plan was before May 1, 1975.

4.27 (e) (g) For the purpose of computing annuities under this
4.28 section, the accrual rates used by any covered plan, except the
4.29 public employees police and fire plan, the judges' retirement
4.30 fund, and the state patrol retirement plan, must not exceed the
4.31 percent specified in section 356.315, subdivision 4, per year of
4.32 service for any year of service or fraction thereof. The
4.33 formula percentage used by the judges' retirement fund must not
4.34 exceed the percentage rate specified in section 356.315,
4.35 subdivision 8, per year of service for any year of service or
4.36 fraction thereof. The accrual rate used by the public employees

5.1 police and fire plan and the state patrol retirement plan must
5.2 not exceed the percentage rate specified in section 356.315,
5.3 subdivision 6, per year of service for any year of service or
5.4 fraction thereof. The accrual rate or rates used by the
5.5 legislators retirement plan and the elective state officers
5.6 retirement plan must not exceed 2.5 percent, but this limit does
5.7 not apply to the adjustment provided under section 3A.02,
5.8 subdivision 1, paragraph (c), or 352C.031, paragraph (b).

5.9 (f) (h) Any period of time for which a person has credit in
5.10 more than one of the covered plans must be used only once for
5.11 the purpose of determining total allowable service.

5.12 (g) (i) If the period of duplicated service credit is more
5.13 than one-half year, or the person has credit for more than
5.14 one-half year, with each of the plans, each plan must apply its
5.15 formula to a prorated service credit for the period of
5.16 duplicated service based on a fraction of the salary on which
5.17 deductions were paid to that fund for the period divided by the
5.18 total salary on which deductions were paid to all plans for the
5.19 period.

5.20 (h) (j) If the period of duplicated service credit is less
5.21 than one-half year, or when added to other service credit with
5.22 that plan is less than one-half year, the service credit must be
5.23 ignored and a refund of contributions made to the person in
5.24 accord with that plan's refund provisions.

5.25 Sec. 3. EFFECTIVE DATE.

5.26 Sections 1 and 2 are effective on July 1, 2004.

5.27 ARTICLE 16

5.28 REEMPLOYED ANNUITANT LIMITS

5.29 Section 1. Minnesota Statutes 2002, section 353.37, is
5.30 amended by adding a subdivision to read:

5.31 Subd. 1b. RETIREMENT AGE. For purposes of this section,
5.32 retirement age means retirement age as defined in United States
5.33 Code, title 42, section 416(1).

5.34 Sec. 2. Minnesota Statutes 2002, section 353.37,
5.35 subdivision 3, is amended to read:

5.36 Subd. 3. REDUCTION OF ANNUITY. The association shall

6.1 reduce the amount of the annuity as follows:

6.2 (a) for of a person who has not reached normal retirement
6.3 age, by one-half of the amount in excess of the applicable
6.4 reemployment income maximum under subdivision 1;

6.5 (b) for a person who has reached normal retirement age, but
6.6 has not reached age 70, one-third of the amount in excess of the
6.7 applicable reemployment income maximum under subdivision 1;

6.8 (c) for a person who has reached age 70, or for salary
6.9 earned through service in an elected office, there is no
6.10 reduction upon reemployment, regardless of income.

6.11 There is no reduction upon reemployment, regardless of income,
6.12 for a person who has reached retirement age.

6.13 Sec. 3. EFFECTIVE DATE.

6.14 Sections 1 and 2 are effective on July 1, 2004.

6.15 ARTICLE 17

6.16 EARLY RETIREMENT ELIGIBILITY

6.17 Section 1. Minnesota Statutes 2002, section 352C.031,
6.18 subdivision 2, is amended to read:

6.19 Subd. 2. REDUCED RETIREMENT ALLOWANCE. Upon separation
6.20 from service, a former constitutional officer who has attained
6.21 the age of at least 60 55 years and who has at least eight years
6.22 of allowable service is entitled upon making written application
6.23 on forms supplied by the director to a retirement allowance in
6.24 an amount equal to a normal retirement allowance reduced by
6.25 one-half of one percent for each month that the former
6.26 constitutional officer is under age 62.

6.27 Sec. 2. Minnesota Statutes 2002, section 490.121,
6.28 subdivision 10, is amended to read:

6.29 Subd. 10. EARLY RETIREMENT DATE. "Early retirement date"
6.30 means a date which is the last day of any the month, following
6.31 termination of service and submission of a written application
6.32 for retirement, on which the early retirement annuity begins to
6.33 accrue. The applicable date must be after a the judge attains
6.34 the age of 62 until 55 and before the normal retirement date.

6.35 Sec. 3. EFFECTIVE DATE.

6.36 Sections 1 and 2 are effective on July 1, 2004.

7.1

ARTICLE 18

7.2

EARLY RETIREMENT REDUCTION

7.3 Section 1. Minnesota Statutes 2002, section 490.124,
7.4 subdivision 3, is amended to read:

7.5 Subd. 3. EARLY RETIREMENT. The retirement annuity
7.6 provided by subdivision 1 of any judge electing to retire at an
7.7 early retirement date shall be reduced by the lesser of the
7.8 following:

7.9 (1) one-half of one percent per month from the retirement
7.10 date to normal retirement date; or

7.11 (2) an amount so that the reduced annuity is actuarially
7.12 equivalent to the annuity that would be payable to the employee
7.13 if the employee deferred receipt of the annuity from the early
7.14 retirement date to the normal retirement date.

7.15 Sec. 2. EFFECTIVE DATE.

7.16 Section 1 is effective on July 1, 2004.

7.17

ARTICLE 19

7.18

DISABILITY DEFINITIONS AND ELIGIBILITY

7.19 Section 1. Minnesota Statutes 2002, section 352.95,
7.20 subdivision 1, is amended to read:

7.21 Subdivision 1. JOB-RELATED DISABILITY. A covered
7.22 correctional employee who becomes disabled and is expected to be
7.23 physically or mentally unfit to perform the duties of the
7.24 position for at least one year as a direct result of an injury,
7.25 sickness, or other disability incurred in or arising out of any
7.26 act of duty that makes the employee physically or mentally
7.27 unable to perform the duties, is entitled to a disability
7.28 benefit based on covered correctional service only. The benefit
7.29 amount must equal 50 percent of the average salary defined in
7.30 section 352.93, plus an additional percent equal to that
7.31 specified in section 356.315, subdivision 5, for each year of
7.32 covered correctional service in excess of 20 years, ten months,
7.33 prorated for completed months.

7.34 Sec. 2. Minnesota Statutes 2002, section 352.95,
7.35 subdivision 2, is amended to read:

7.36 Subd. 2. NON-JOB-RELATED DISABILITY. Any covered

8.1 correctional employee who, after at least one year of covered
8.2 correctional service, becomes disabled and is expected to be
8.3 physically or mentally unfit to perform the duties of the
8.4 position for at least one year because of sickness or injury
8.5 occurring while not engaged in covered employment, is entitled
8.6 to a disability benefit based on covered correctional service
8.7 only. The disability benefit must be computed as provided in
8.8 section 352.93, subdivisions 1 and 2, and computed as though the
8.9 employee had at least 15 years of covered correctional service.

8.10 Sec. 3. Minnesota Statutes 2002, section 352B.10,
8.11 subdivision 1, is amended to read:

8.12 Subdivision 1. INJURIES,; PAYMENT AMOUNTS. Any member
8.13 who becomes disabled and is expected to be physically or
8.14 mentally unfit to perform duties for at least one year as a
8.15 direct result of an injury, sickness, or other disability
8.16 incurred in or arising out of any act of duty, shall receive
8.17 disability benefits while disabled. The benefits must be paid
8.18 in monthly installments equal to the member's average monthly
8.19 salary multiplied by 60 percent, plus an additional percent
8.20 equal to that specified in section 356.315, subdivision 6, for
8.21 each year and pro rata for completed months of service in excess
8.22 of 20 years, if any.

8.23 Sec. 4. Minnesota Statutes 2002, section 352B.10,
8.24 subdivision 2, is amended to read:

8.25 Subd. 2. DISABLED WHILE NOT ON DUTY. If a member
8.26 terminates employment after with at least one year of service
8.27 because of sickness or injury occurring while not on duty and
8.28 not engaged in state work entitling the member to membership,
8.29 and the member becomes disabled and is expected to be physically
8.30 or mentally unfit to perform the duties of the position for at
8.31 least one year because of sickness or injury occurring while not
8.32 engaged in covered employment, the member individual is entitled
8.33 to disability benefits. The benefit must be in the same amount
8.34 and computed in the same way as if the member individual were 55
8.35 years old at the date of disability and the annuity were paid
8.36 under section 352B.08. If disability under this clause

9.1 subdivision occurs after one but before 15 years service, the
9.2 disability benefit must be computed as though the member
9.3 individual had 15 years service.

9.4 Sec. 5. REPEALER.

9.5 Minnesota Statutes 2002, section 490.11, is repealed.

9.6 Sec. 6. EFFECTIVE DATE.

9.7 Sections 1 to 5 are effective on July 1, 2004.

9.8 ARTICLE 20

9.9 DISABILITY APPLICATIONS

9.10 Section 1. Minnesota Statutes 2002, section 354.48,

9.11 subdivision 2, is amended to read:

9.12 Subd. 2. APPLICATIONS. A person described in subdivision
9.13 1, or another person authorized to act on behalf of the person,
9.14 may make written application on a form prescribed by the
9.15 executive director for a total and permanent disability benefit
9.16 only within the 18-month period following the termination of
9.17 teaching service. This benefit accrues from the day following
9.18 the commencement of disability or the day following the last day
9.19 for which salary is paid, whichever is later, but does not begin
9.20 to accrue more than six months before the date the written
9.21 application is filed with the executive director. If salary is
9.22 being received for either annual or sick leave during the
9.23 period, payments accrue from the day following the last day for
9.24 which this salary is paid.

9.25 Sec. 2. EFFECTIVE DATE.

9.26 Section 1 is effective on July 1, 2004.

9.27 ARTICLE 21

9.28 DISABILITY DETERMINATION; EVIDENCE;

9.29 STANDARD AND EXPERT ASSISTANCE

9.30 Section 1. Minnesota Statutes 2002, section 352.95,

9.31 subdivision 4, is amended to read:

9.32 Subd. 4. MEDICAL OR PSYCHOLOGICAL EVIDENCE. (a) An
9.33 applicant shall provide medical or psychological evidence to
9.34 support an application for disability benefits. The director
9.35 shall have the employee examined by at least one additional
9.36 licensed physician or psychologist designated by the medical

10.1 adviser. The physicians, or psychologists with respect to a
10.2 mental impairment, shall make written reports to the director
10.3 concerning the employee's disability, including medical opinions
10.4 as to whether the employee is disabled within the meaning of
10.5 this section. The director shall also obtain written
10.6 certification from the employer stating whether the employee is
10.7 on sick leave of absence because of a disability that will
10.8 prevent further service to the employer, and as a consequence
10.9 the employee is not entitled to compensation from the employer.

10.10 (b) If on considering the physicians' or psychologists'
10.11 reports and any other evidence supplied by the employee or
10.12 others, the medical adviser finds the employee disabled within
10.13 the meaning of this section, the advisor shall make appropriate
10.14 recommendation to the director in writing, together with the
10.15 date from which the employee has been disabled. The director
10.16 shall then determine the propriety of authorizing payment of a
10.17 disability benefit as provided in this section.

10.18 (c) Unless payment of a disability benefit has terminated
10.19 because the employee is no longer disabled, or because the
10.20 employee has reached age 65 or the five-year anniversary of the
10.21 effective date of the disability benefit, whichever is later,
10.22 the disability benefit shall cease with the last payment
10.23 received by the disabled employee or which had accrued during
10.24 the employee's lifetime. While disability benefits are paid,
10.25 the director has the right at reasonable times to require the
10.26 disabled employee to submit proof of the continuance of the
10.27 disability claimed. If any examination indicates to the medical
10.28 adviser that the employee is no longer disabled, the disability
10.29 payment must be discontinued upon reinstatement to state service
10.30 or within 60 days of the finding, whichever is sooner.

10.31 Sec. 2. Minnesota Statutes 2002, section 352B.10,
10.32 subdivision 4, is amended to read:

10.33 Subd. 4. PROOF OF DISABILITY. No disability benefit
10.34 payment benefits shall be made except upon paid unless adequate
10.35 proof is furnished to the executive director of the existence of
10.36 the disability. While disability benefits are being paid

11.1 Following the commencement of benefit payments, the executive
11.2 director has the right, at reasonable times, to require
11.3 the disabled former member disabilitant to submit proof of the
11.4 continuance of the disability claimed.

11.5 Sec. 3. Minnesota Statutes 2002, section 353.33,
11.6 subdivision 4, is amended to read:

11.7 Subd. 4. PROCEDURE TO DETERMINE ELIGIBILITY. The
11.8 applicant shall provide a medical report signed by a licensed
11.9 physician, psychologist, or chiropractor and the applicant must
11.10 authorize the release of medical and health care evidence,
11.11 including all medical records and relevant information from any
11.12 source, to support the application for total and permanent
11.13 disability benefits. The medical adviser shall verify the
11.14 medical evidence and, if necessary for disability determination,
11.15 suggest referral of the applicant to specialized medical
11.16 consultants. The association shall also obtain from the
11.17 employer, certification of the member's past public service,
11.18 dates of paid sick leave and vacation beyond the last working
11.19 day and whether or not sick leave or annual leave has been
11.20 allowed. If upon consideration of the medical evidence received
11.21 and the recommendations of the medical adviser, it is determined
11.22 that the applicant is totally and permanently disabled within
11.23 the meaning of the law, the association shall grant the person a
11.24 disability benefit. The fact that An employee is placed on
11.25 leave of absence without compensation because of disability does
11.26 is not bar the person barred from receiving a disability benefit.

11.27 Sec. 4. Minnesota Statutes 2002, section 353.33,
11.28 subdivision 6, is amended to read:

11.29 Subd. 6. CONTINUING ELIGIBILITY FOR BENEFITS. The
11.30 association shall determine eligibility for continuation of
11.31 disability benefits and require periodic examinations and
11.32 evaluations of disabled members as frequently as deemed
11.33 necessary. The association shall require the disabled member to
11.34 provide a medical report signed by a licensed physician,
11.35 psychologist, or chiropractor and the disabled member shall
11.36 authorize the release of medical evidence, including all medical

12.1 and health care records and information from any source,
12.2 relating to an application for continuation of disability
12.3 benefits. Disability benefits are contingent upon a disabled
12.4 person's participation in a vocational rehabilitation program
12.5 evaluation if the executive director determines that the
12.6 disabled person may be able to return to a gainful occupation.
12.7 If a member is found to be no longer totally and permanently
12.8 disabled, payments must cease the first of the month following
12.9 the expiration of a 30-day period after the member receives a
12.10 certified letter notifying the member that payments will cease.

12.11 Sec. 5. Minnesota Statutes 2002, section 353.33,
12.12 subdivision 6b, is amended to read:

12.13 Subd. 6b. DUTIES OF THE MEDICAL ADVISER. At the request
12.14 of the executive director, the medical adviser shall designate
12.15 licensed physicians, psychologists, or chiropractors to examine
12.16 applicants for disability benefits and review the medical
12.17 reports based upon these examinations to determine whether an
12.18 applicant is totally and permanently disabled as defined in
12.19 section 353.01, subdivision 19, disabled as defined in section
12.20 353.656, or eligible for continuation of disability benefits
12.21 under subdivision 6. The medical examiner shall also review, at
12.22 the request of the executive director, all medical and health
12.23 care statements on behalf of an applicant for disability
12.24 benefits, and shall report in writing to the executive director
12.25 conclusions and recommendations on those matters referred for
12.26 advice.

12.27 Sec. 6. Minnesota Statutes 2002, section 354.48,
12.28 subdivision 4, is amended to read:

12.29 Subd. 4. DETERMINATION BY THE EXECUTIVE DIRECTOR. The
12.30 executive director shall have the member examined by at least
12.31 two licensed physicians or licensed psychologists selected by
12.32 the medical adviser. These physicians, or psychologists with
12.33 respect to a mental impairment, shall make written reports to
12.34 the executive director concerning the member's disability
12.35 including medical opinions as to whether or not the member is
12.36 permanently and totally disabled within the meaning of section

13.1 354.05, subdivision 14. The executive director shall also
13.2 obtain written certification from the last employer stating
13.3 whether or not the member was separated from service because of
13.4 a disability which would reasonably prevent further service to
13.5 the employer and as a consequence the member is not entitled to
13.6 compensation from the employer. If upon the consideration of
13.7 the reports of the physicians or psychologists and any other
13.8 evidence presented by the member or others interested therein,
13.9 the executive director finds the member totally and permanently
13.10 disabled, the executive director shall grant the member a
13.11 disability benefit. The fact that an employee is placed on
13.12 leave of absence without compensation because of disability
13.13 shall not bar the member from receiving a disability benefit.

13.14 Sec. 7. Minnesota Statutes 2002, section 354.48,
13.15 subdivision 6, is amended to read:

13.16 Subd. 6. REGULAR PHYSICAL EXAMINATIONS. At least once
13.17 each year during the first five years following the allowance of
13.18 a disability benefit to any member, and at least once in every
13.19 three-year period thereafter, the executive director shall
13.20 require the disability beneficiary to undergo a medical
13.21 examination by a physician or physicians, or one or more
13.22 psychologists with respect to a mental impairment, engaged by
13.23 the executive director. If any examination indicates that the
13.24 member is no longer permanently and totally disabled or that the
13.25 member is engaged or is able to engage in a substantial gainful
13.26 occupation, payments of the disability benefit by the
13.27 association shall be discontinued. The payments shall
13.28 discontinue as soon as the member is reinstated to the payroll
13.29 following sick leave, but payment may not be made for more than
13.30 60 days after physicians engaged by the executive director find
13.31 that the person is no longer permanently and totally disabled.

13.32 Sec. 8. Minnesota Statutes 2002, section 354.48,
13.33 subdivision 6a, is amended to read:

13.34 Subd. 6a. MEDICAL ADVISER; DUTIES. The state
13.35 commissioner of health or a licensed physician on the staff of
13.36 the department of health designated by the commissioner shall be

14.1 the medical adviser of the executive director. The medical
14.2 adviser shall designate licensed physicians, or licensed
14.3 psychologists with respect to a mental impairment, who shall
14.4 examine applicants for disability benefits. The medical adviser
14.5 shall pass upon all medical reports based on any examinations
14.6 performed in order to determine whether a teacher is totally and
14.7 permanently disabled as defined in section 354.05, subdivision
14.8 14. The medical adviser shall also investigate all health and
14.9 medical statements and certificates by or on behalf of a teacher
14.10 in connection with a disability benefit, and shall report in
14.11 writing to the director setting forth any conclusions and
14.12 recommendations on all matters referred to the medical adviser.

14.13 Sec. 9. Minnesota Statutes 2002, section 354A.36,
14.14 subdivision 4, is amended to read:

14.15 Subd. 4. DETERMINATION OF DISABILITY. The board of the
14.16 teachers retirement fund association shall make the final
14.17 determination of the existence of a permanent and total
14.18 disability. The board shall have the coordinated member
14.19 examined by at least two licensed physicians or licensed
14.20 psychologists who shall be selected by the board. After making
14.21 any required examinations, each physician, or psychologist with
14.22 respect to a mental impairment, shall make a written report to
14.23 the board concerning the coordinated member, which shall include
14.24 a statement of the physician's or psychologist's medical opinion
14.25 as to whether or not the member is permanently and totally
14.26 disabled within the meaning of section 354A.011, subdivision
14.27 14. The board shall also obtain a written statement from the
14.28 school district as to whether or not the coordinated member was
14.29 terminated or separated from active employment due to a
14.30 disability which is deemed by the district to reasonably prevent
14.31 further service by the member to the district and which caused
14.32 the coordinated member not to be entitled to further
14.33 compensation from the district for services rendered by the
14.34 member. If, after consideration of the reports of the
14.35 physicians, or psychologists with respect to a mental
14.36 impairment, and any evidence presented by the member or any

15.1 other interested parties, the board determines that the
15.2 coordinated member is totally and permanently disabled within
15.3 the meaning of section 354A.011, subdivision 14, it shall grant
15.4 the coordinated member a disability benefit. The fact that a
15.5 member has been placed on a leave of absence without
15.6 compensation as a result of the disability shall not operate to
15.7 bar a coordinated member from receiving a disability benefit
15.8 under this section.

15.9 Sec. 10. Minnesota Statutes 2002, section 354A.36,
15.10 subdivision 6, is amended to read:

15.11 Subd. 6. REQUIREMENT FOR REGULAR PHYSICAL EXAMINATIONS.
15.12 At least once each year during the first five years following
15.13 the granting of a disability benefit to a coordinated member by
15.14 the board and at least once in every three year period
15.15 thereafter, the board shall require the disability benefit
15.16 recipient to undergo a medical examination as a condition for
15.17 continued entitlement of the benefit recipient to receive a
15.18 disability benefit. The medical examination shall be made at
15.19 the place of residence of the disability benefit recipient or at
15.20 any other place mutually agreeable to the disability benefit
15.21 recipient and the board. The medical examination shall be made
15.22 by a physician or physicians or one or more psychologists
15.23 engaged by the board. The physician or physicians, or
15.24 psychologist or psychologists with respect to a mental
15.25 impairment, conducting the medical examination shall make a
15.26 written report to the board concerning the disability benefit
15.27 recipient and the recipient's disability, including a statement
15.28 of the physician's or psychologist's medical opinion as to
15.29 whether or not the member remains permanently and totally
15.30 disabled within the meaning of section 354A.011, subdivision
15.31 14. If the board determines from consideration of the
15.32 physician's, or psychologist's with respect to a mental
15.33 impairment, written medical examination report that the
15.34 disability benefit recipient is no longer permanently and
15.35 totally disabled or if the board determines that the benefit
15.36 recipient is engaged or is able to engage in a gainful

16.1 occupation unless the disability benefit recipient is partially
16.2 employed pursuant to subdivision 7, then further disability
16.3 benefit payments from the fund shall be discontinued. The
16.4 discontinuation of disability benefits shall occur immediately
16.5 if the disability recipient is reinstated to the district
16.6 payroll following sick leave and within 60 days of the
16.7 determination by the board following the medical examination and
16.8 report of the physician or physicians or psychologist or
16.9 psychologists engaged by the board that the disability benefit
16.10 recipient is no longer permanently and totally disabled within
16.11 the meaning of section 354A.011, subdivision 14.

16.12 Sec. 11. EFFECTIVE DATE.

16.13 Sections 1 to 10 are effective on July 1, 2004.

16.14 ARTICLE 22

16.15 DISABILITY BENEFIT AMOUNT

16.16 Section 1. Minnesota Statutes 2002, section 352D.065,
16.17 subdivision 2, is amended to read:

16.18 Subd. 2. A participant who becomes totally and permanently
16.19 disabled has the option even if on leave of absence without pay
16.20 to receive:

16.21 (1) the value of the participant's total shares;

16.22 (2) the partial value of one-half of the total shares and
16.23 an annuity based on the value of one-half remainder of the total
16.24 shares; or

16.25 (3) an annuity based on the value of the participant's
16.26 total shares.

16.27 Sec. 2. EFFECTIVE DATE.

16.28 Section 1 is effective on July 1, 2004.

16.29 ARTICLE 23

16.30 RECOMPUTED DISABILITY BENEFIT

16.31 Section 1. Minnesota Statutes 2002, section 352B.105, is
16.32 amended to read:

16.33 352B.105 TERMINATION OF DISABILITY BENEFITS.

16.34 Disability benefits payable under section 352B.10 shall
16.35 must terminate at on the transfer date, which is the end of the
16.36 month the beneficiary disabilitant becomes 65 years old or the

17.1 five-year anniversary of the effective date of the disability
17.2 benefit, whichever is later. If the beneficiary disabilitant is
17.3 still disabled when on the beneficiary becomes 65 years
17.4 old transfer date, the beneficiary disabilitant shall be deemed
17.5 to be a retired member and, if the beneficiary disabilitant had
17.6 chosen an optional annuity under section 352B.10, subdivision 5,
17.7 shall receive an annuity in accordance with under the terms of
17.8 the optional annuity previously chosen. If the beneficiary
17.9 disabilitant had not chosen an optional annuity under section
17.10 352B.10, subdivision 5, the beneficiary disabilitant may choose
17.11 to receive either a normal retirement annuity computed under
17.12 section 352B.08, subdivision 2, or an optional annuity as
17.13 provided in section 352B.08, subdivision 3. An optional annuity
17.14 must be chosen within 90 days of attaining age 65 or reaching
17.15 the five-year anniversary of the effective date of the
17.16 disability benefit, whichever is later transfer date. If an
17.17 optional annuity is chosen, the optional annuity shall begin to
17.18 accrue the first of the month following attainment of age 65 or
17.19 the five-year anniversary of the effective transfer date of the
17.20 disability benefit, whichever is later.

17.21 Sec. 2. EFFECTIVE DATE.

17.22 Section 1 is effective on July 1, 2004.

17.23 ARTICLE 24

17.24 WORKERS COMPENSATION COORDINATION

17.25 Section 1. Minnesota Statutes 2002, section 353.33,
17.26 subdivision 5, is amended to read:

17.27 Subd. 5. BENEFITS PAID UNDER WORKERS' COMPENSATION LAW.

17.28 Disability benefits paid shall be coordinated with any amounts
17.29 received or receivable under workers' compensation law, such as
17.30 temporary total, permanent total, temporary partial, permanent
17.31 partial, or economic recovery compensation benefits, that
17.32 represent wage loss, received in either periodic or lump sum
17.33 payments from the employer under applicable workers'
17.34 compensation laws, after deduction of amount of attorney fees,
17.35 authorized under applicable workers' compensation laws, paid by
17.36 a disabilitant. If the total of the single life annuity

18.1 actuarial equivalent disability benefit and the workers'
18.2 compensation benefit exceeds: (1) the salary the disabled
18.3 member received as of the date of the disability or (2) the
18.4 salary currently payable for the same employment position or an
18.5 employment position substantially similar to the one the person
18.6 held as of the date of the disability, whichever is greater, the
18.7 disability benefit must be reduced to that amount which, when
18.8 added to the workers' compensation benefits, does not exceed the
18.9 greater of the salaries described in clauses (1) and (2).

18.10 Sec. 2. REPEALER.

18.11 Minnesota Statutes 2002, section 353.33, subdivision 5b, is
18.12 repealed.

18.13 Sec. 3. EFFECTIVE DATE.

18.14 Sections 1 and 2 are effective on July 1, 2004.

18.15 ARTICLE 25

18.16 TEMPORARY REEMPLOYMENT OF A DISABILITANT

18.17 Section 1. Minnesota Statutes 2002, section 352.113, is
18.18 amended by adding a subdivision to read:

18.19 Subd. 7a. TEMPORARY REEMPLOYMENT BENEFIT REDUCTION

18.20 WAIVER. Any reduction in benefits under subdivision 7, or any
18.21 termination of benefits due to resuming a gainful occupation
18.22 from which earnings are equal to or more than the employee's
18.23 salary at the date of disability or the salary currently paid
18.24 for similar positions, shall not apply until six months after
18.25 the individual returns to a gainful occupation.

18.26 Sec. 2. Minnesota Statutes 2002, section 352B.10,
18.27 subdivision 3, is amended to read:

18.28 Subd. 3. ANNUAL AND SICK LEAVE; WORK AT LOWER PAY. No
18.29 member shall receive any disability benefit payment when the
18.30 member has unused annual leave or sick leave, or under any other
18.31 circumstances, when during the period of disability there has
18.32 been no impairment of salary. Should If the member or former
18.33 member resume disabilitant resumes gainful work employment, the
18.34 disability benefit must be continued in an amount which when
18.35 added to current earnings does not exceed the salary rate
18.36 received of by the person at the date of disability as adjusted

19.1 over time by the same percentage increase in United States
19.2 average wages used by the social security administration in
19.3 calculating average indexed monthly earnings for the same period.

19.4 Sec. 3. Minnesota Statutes 2002, section 353.33,
19.5 subdivision 7, is amended to read:

19.6 Subd. 7. PARTIAL REEMPLOYMENT. If, following a work or
19.7 non-work-related injury or illness, a disabled person resumes a
19.8 gainful occupation who remains totally and permanently disabled
19.9 as defined in section 353.01, subdivision 19, has income from
19.10 work that is not substantial gainful activity from which
19.11 earnings are less than the salary at the date of disability or
19.12 the salary currently paid for similar positions, the board shall
19.13 continue the disability benefit in an amount that, when added to
19.14 the earnings and workers' compensation benefit, does not exceed
19.15 the salary at the date of disability or the salary currently
19.16 paid for similar positions, whichever is higher, provided the
19.17 disability benefit does not exceed the disability benefit
19.18 originally allowed, plus any postretirement adjustments payable
19.19 after December 31, 1988, in accordance with section 11A.18,
19.20 subdivision 10. No deductions for the retirement fund may be
19.21 taken from the salary of a disabled person who is receiving a
19.22 disability benefit as provided in this subdivision.

19.23 Sec. 4. REPEALER.

19.24 Section 1 is repealed July 1, 2006.

19.25 Sec. 5. EFFECTIVE DATE.

19.26 Sections 1 to 4 are effective on July 1, 2004.

19.27 ARTICLE 26

19.28 OPTIONAL DISABILITY BENEFIT FORMS

19.29 Section 1. Minnesota Statutes 2002, section 352B.10,
19.30 subdivision 5, is amended to read:

19.31 Subd. 5. OPTIONAL ANNUITY. A disabled member
19.32 disabilitant may, in lieu of survivorship coverage under section
19.33 352B.11, subdivision 2, choose the normal disability benefit or
19.34 an optional annuity as provided in section 352B.08, subdivision
19.35 3. The choice of an optional annuity must be made before
19.36 commencement of payment of the disability benefit, or within 90

20.1 days of attaining before reaching age 65 or reaching the
20.2 five-year anniversary of the effective date of the disability
20.3 benefit, whichever is later. It The optional annuity is
20.4 effective on the date on which the disability benefit begins to
20.5 accrue, or the month following attainment of age 65 or the
20.6 five-year anniversary of the effective date of the disability
20.7 benefit, whichever is later.

20.8 Sec. 2. EFFECTIVE DATE.

20.9 Section 1 is effective on July 1, 2004.

20.10 ARTICLE 27

20.11 ERRONEOUS DEDUCTIONS

20.12 Section 1. Minnesota Statutes 2002, section 354.42,
20.13 subdivision 7, is amended to read:

20.14 Subd. 7. ERRONEOUS SALARY DEDUCTIONS OR DIRECT PAYMENTS.

20.15 (a) Any deductions taken from the salary of an employee for the
20.16 retirement fund in error shall must be refunded to the employee
20.17 upon discovery and verification by the employing unit making the
20.18 deduction, and the corresponding employer contribution and
20.19 additional employer contribution amounts attributable to the
20.20 erroneous salary deduction must be refunded to the employing
20.21 unit.

20.22 (b) If salary deductions and employer contributions were
20.23 erroneously transmitted to the retirement fund and should have
20.24 been transmitted to another Minnesota public pension plan, the
20.25 retirement association must transfer these salary deductions and
20.26 employer contributions to the appropriate public pension fund
20.27 without interest. For purposes of this paragraph, a Minnesota
20.28 public pension plan means a plan specified in section 356.30,
20.29 subdivision 3, or the plan governed by chapter 354B.

20.30 (c) Any transfer under paragraph (b) that would cause the
20.31 plan to fail to be a qualified plan under section 401(a) of the
20.32 Internal Revenue Code, as amended, must not be transferred.
20.33 Within 30 days after being notified by the teachers retirement
20.34 association, the employer must transmit an amount representing
20.35 the applicable salary deductions and employer contributions,
20.36 without interest, to the appropriate Minnesota public pension

21.1 plan fund. The pension plan fund which received the erroneous
21.2 salary deductions and employer contributions and is unable to
21.3 make the transfer must provide a credit for that amount against
21.4 future contributions from the employer.

21.5 (d) If a salary warrant or check from which a deduction for
21.6 the retirement fund was taken has been canceled or the amount of
21.7 the warrant or check has been returned to the funds of the
21.8 employing unit making the payment, a refund of the amount
21.9 deducted, or any portion of it that is required to adjust the
21.10 salary deductions, shall be made to the employing unit.

21.11 (d) (e) Any erroneous direct payments of member-paid
21.12 contributions or erroneous salary deductions that were not
21.13 refunded in the regular payroll cycle processing of an employing
21.14 unit's annual summary report shall be refunded to the member
21.15 with interest computed using the rate and method specified in
21.16 section 354.49, subdivision 2.

21.17 (f) Any refund under this subdivision that would cause the
21.18 plan to which it relates to fail to be a qualified plan under
21.19 section 401(a) of the Internal Revenue Code, as amended, shall
21.20 not be refunded and shall instead be credited against future
21.21 contributions from the employer. The employer is responsible
21.22 for refunding any amount that was erroneously deducted from the
21.23 salary of the employee, with interest as specified in paragraph
21.24 (e).

21.25 Sec. 2. EFFECTIVE DATE.

21.26 Section 1 is effective on July 1, 2004.

21.27 ARTICLE 28

21.28 RETIREMENT FUND TRANSFERS

21.29 Section 1. Minnesota Statutes 2002, section 354B.32, is
21.30 amended to read:

21.31 354B.32 TRANSFER OF FUNDS TO IRAP.

21.32 A participant in the individual retirement account plan
21.33 established in this chapter who has less than ten years of
21.34 allowable service under the teachers retirement association or
21.35 the teachers retirement fund association may elect to transfer
21.36 an amount equal to the participant's accumulated member

22.1 contributions to the teachers retirement association or the
22.2 teachers retirement fund association, plus compound interest at
22.3 the rate of six percent per annum, to the individual retirement
22.4 account plan. The transfers are irrevocable fund to fund
22.5 transfers, and in no event may the participant receive direct
22.6 payment of the money transferred prior to retirement termination
22.7 of employment. If a participant elects the contribution
22.8 transfer, all of the participant's allowable and formula service
22.9 credit in the teachers retirement association or the teachers
22.10 retirement fund association associated with the transferred
22.11 amount is forfeited.

22.12 The executive director of the teachers retirement
22.13 association and the chief administrative officers of the
22.14 teachers retirement fund associations, in cooperation with the
22.15 chancellor of the Minnesota state colleges and universities
22.16 system, shall notify participants who are eligible to transfer
22.17 of their right to transfer and the amount that they are eligible
22.18 to transfer, and shall, upon request, provide forms to implement
22.19 the transfer. The chancellor of the Minnesota state colleges
22.20 and universities system shall assist the teachers retirement
22.21 association and the teachers retirement fund associations in
22.22 developing transfer forms and in implementing the transfers.

22.23 Authority to elect a transfer under this section expires on
22.24 July 1, 2004.

22.25 Sec. 2. EFFECTIVE DATE.

22.26 Section 1 is effective on July 1, 2004.

22.27 ARTICLE 29

22.28 INTERNAL REVENUE CODE COMPLIANCE

22.29 Section 1. 356.635 INTERNAL REVENUE CODE COMPLIANCE.

22.30 Subdivision 1. RETIREMENT BENEFIT COMMENCEMENT. On and
22.31 after January 1, 1989, the retirement benefit of a member who
22.32 has terminated employment shall begin no later than the later of
22.33 April 1 of the calendar year following the calendar year that
22.34 the member attains the federal minimum distribution age or April
22.35 1 of the calendar year following the calendar year in which the
22.36 member terminated employment.

23.1 Subd. 2. DISTRIBUTIONS. Distributions on and after
23.2 December 31, 1989, shall be made as required under section
23.3 401(a)(9) of the Internal Revenue Code and the treasury
23.4 regulations adopted under that section, including, but not
23.5 limited to, the incidental death benefit provisions of section
23.6 401(a)(9)(G) of the Internal Revenue Code.

23.7 Subd. 3. DIRECT ROLLOVERS. For distributions on or after
23.8 January 1, 1993, a distributee may elect, at the time and in the
23.9 manner prescribed by the plan administrator, to have any portion
23.10 of an eligible rollover distribution paid directly to an
23.11 eligible retirement plan specified by the distributee.

23.12 Subd. 4. ELIGIBLE ROLLOVER DISTRIBUTION. An "eligible
23.13 rollover distribution" is any distribution of all or any portion
23.14 of the balance to the credit of the distributee.

23.15 Subd. 5. INELIGIBLE AMOUNTS. An eligible rollover
23.16 distribution does not include:

23.17 (1) a distribution that is one of a series of substantially
23.18 equal periodic payments, receivable annually or more frequently,
23.19 that is made for the life or life expectancy of the distributee,
23.20 the joint lives or joint life expectancies of the distributee
23.21 and the distributee's designated beneficiary, or for a specified
23.22 period of ten years or more;

23.23 (2) a distribution that is required under section 401(a)(9)
23.24 of the Internal Revenue Code;

23.25 (3) for distributions prior to January 1, 2002, the portion
23.26 of a distribution that is not included in gross income; or

23.27 (4) any other exception required by law or the Internal
23.28 Revenue Code.

23.29 Subd. 6. ELIGIBLE RETIREMENT PLAN. (a) An "eligible
23.30 retirement plan" is:

23.31 (1) an individual retirement account under section 408(a)
23.32 of the Internal Revenue Code;

23.33 (2) an individual retirement annuity plan under section
23.34 408(b) of the Internal Revenue Code;

23.35 (3) an annuity plan under section 403(a) of the Internal
23.36 Revenue Code;

24.1 (4) a qualified trust plan under section 401(a) of the
24.2 Internal Revenue Code that accepts the distributee's eligible
24.3 rollover distribution;

24.4 (5) for distributions made after December 31, 2001, an
24.5 annuity contract under section 403(b) of the Internal Revenue
24.6 Code; or

24.7 (6) for distributions made after December 31, 2001, an
24.8 eligible deferred compensation plan under section 457(b) of the
24.9 Internal Revenue Code, which is maintained by a state or local
24.10 government and agrees to separately account for amounts
24.11 transferred into the plan.

24.12 (b) Before January 1, 2002, for eligible rollover
24.13 distributions to a surviving spouse, an eligible retirement plan
24.14 is limited to an individual retirement account under section
24.15 408(a) of the Internal Revenue Code or an individual retirement
24.16 annuity plan under section 408(b) of the Internal Revenue Code.

24.17 (c) For distributions after December 31, 2001, of after-tax
24.18 contributions which are not includable in gross income, the
24.19 after-tax portion may be transferred only to an individual
24.20 retirement account or annuity described in section 408(a) or (b)
24.21 of the Internal Revenue Code, or to a qualified defined
24.22 contribution plan described in section 401(a), or section
24.23 403(a), of the Internal Revenue Code, that agrees to separately
24.24 account for amounts transferred, including separately accounting
24.25 for the portion of such distribution which is includable in
24.26 gross income and the portion of such distribution which is not
24.27 includable.

24.28 Subd. 7. DISTRIBUTE. A "distributee" is an employee or
24.29 former employee, the surviving spouse of an employee or former
24.30 employee, or the former spouse of the employee or former
24.31 employee, who is the alternate payee under a qualified domestic
24.32 relations order as defined in section 414(p) of the Internal
24.33 Revenue Code, or a court-ordered equitable distribution of
24.34 marital property, as provided in section 518.58.

24.35 Subd. 8. FORFEITURES. For defined benefit plans, unless
24.36 otherwise permitted by section 401(a)(8) of the Internal Revenue

25.1 Code, forfeitures may not be applied to increase the benefits
25.2 any employee would otherwise receive under the plan.
25.3 Subd. 9. MILITARY SERVICE. Effective December 12, 1994,
25.4 contributions, benefits, and service credit with respect to
25.5 qualified military service will be provided according to section
25.6 414(u) of the Internal Revenue Code.
25.7 Sec. 2. EFFECTIVE DATE.
25.8 Section 1 is effective on the day following final enactment
25.9 and has retroactive application as indicated within that
25.10 section."
25.11 Amend the title accordingly