

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 31, insert:

1.4 "ARTICLE 28

1.5 DEPENDENT CHILD DEFINITION

1.6 Section 1. Minnesota Statutes 2002, section 3A.01,
1.7 subdivision 2, is amended to read:

1.8 Subd. 2. **DEPENDENT CHILD.** "Dependent child" means any
1.9 natural or adopted child of a deceased member of the legislature
1.10 or former legislator who is under the age of 18, ~~or who is under~~
1.11 ~~the age of 22 and is a full-time student, and who in either case~~
1.12 ~~is unmarried and was actually dependent for more than one-half~~
1.13 ~~of support upon such legislator for a period of at least 90 days~~
1.14 ~~immediately prior to the legislator's death.~~ It also includes
1.15 any child of the member of the legislature or former legislator
1.16 conceived during the lifetime of, and born after the death of,
1.17 the member or former legislator. ~~This subdivision shall be~~
1.18 ~~retroactive as to any dependent child under the age of 22 years~~
1.19 ~~as of April 1, 1975.~~

1.20 Sec. 2. Minnesota Statutes 2002, section 352B.01,
1.21 subdivision 10, is amended to read:

1.22 Subd. 10. **DEPENDENT CHILD.** "Dependent child" means a
1.23 natural or adopted unmarried child of a deceased member under
1.24 the age of ~~18~~ 23 years, including any child of the member
1.25 conceived during the member's lifetime ~~of the member~~ and born
1.26 after the member's death ~~of the member~~.

1.27 Sec. 3. Minnesota Statutes 2002, section 354.05,
1.28 subdivision 8, is amended to read:

1.29 Subd. 8. **DEPENDENT CHILD.** "Dependent child" means ~~a~~ an
1.30 unmarried biological or adopted child of a deceased member,
1.31 including a child of the member conceived during the member's
1.32 lifetime and born after the member's death, who has not reached
1.33 the age of 18, or who is under age 22 and is a full-time student
1.34 throughout the normal school year, ~~unmarried and dependent for~~
1.35 ~~more than one-half of support upon the member. It also means a~~
1.36 ~~child of the member conceived during the member's lifetime and~~

2.1 ~~born after the member's death.~~

2.2 Sec. 4. Minnesota Statutes 2002, section 354.05,

2.3 subdivision 8a, is amended to read:

2.4 Subd. 8a. **DEPENDENT CHILD.** For the purpose of survivor

2.5 benefit eligibility under section 354.46, subdivision 2b,

2.6 "dependent child" means any biological or adopted child of a

2.7 deceased member, including a child of the member conceived

2.8 during the member's lifetime and born after the member's death,

2.9 who has not reached the age of 20 ~~and is dependent for more than~~

2.10 ~~one-half of support upon the member. It also includes any child~~

2.11 ~~of the member conceived while living and born after death.~~

2.12 Sec. 5. Minnesota Statutes 2002, section 354.46,

2.13 subdivision 2b, is amended to read:

2.14 Subd. 2b. **DEPENDENT CHILD SURVIVOR COVERAGE.** If there is

2.15 no surviving spouse eligible for benefits under subdivision 2, a

2.16 each dependent child ~~or children~~ as defined in section 354.05,

2.17 subdivision 8a, is eligible for monthly payments. Payments to a

2.18 dependent child must be paid from the date of the member's death

2.19 to the date the dependent child attains age 20 if the child is

2.20 under age 15. If the child is 15 years or older on the date of

2.21 death, payment must be made for five years. The payment to a

2.22 dependent child is an amount actuarially equivalent to the value

2.23 of a 100 percent optional annuity under subdivision 2 using the

2.24 age of the member and age of the dependent child at the date of

2.25 death in lieu of the age of the member and the spouse. If there

2.26 is more than one dependent child, each dependent child shall

2.27 receive a proportionate share of the actuarial value of the

2.28 member's account.

2.29 Sec. 6. **EFFECTIVE DATE.**

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

2.31 ARTICLE 29

2.32 DESIGNATED BENEFICIARY DEFINITION

2.33 Section 1. Minnesota Statutes 2002, section 354.05,

2.34 subdivision 22, is amended to read:

2.35 Subd. 22. **DESIGNATED BENEFICIARY.** "Designated

2.36 beneficiary" means the person, trust, or organization designated

3.1 by a retiree or member to receive the benefits to which a
3.2 beneficiary is entitled under this chapter. A beneficiary
3.3 designation is valid only if it is made on an appropriate form
3.4 provided by the executive director that is signed by the member
3.5 ~~and two witnesses to the member's signature.~~ The properly
3.6 completed form must be received by the association on or before
3.7 the date of death of the retiree or member. If a retiree or a
3.8 member does not designate a person, trust, or organization, or
3.9 if the person designated predeceases the retiree or the member,
3.10 or the trust or organization ceases to exist before the death of
3.11 the retiree or the member, the designated beneficiary means the
3.12 estate of the deceased retiree or member.

3.13 Sec. 2. **EFFECTIVE DATE.**

3.14 Section 1 is effective on July 1, 2004.

3.15 ARTICLE 30

3.16 SURVIVOR BENEFIT APPLICABILITY

3.17 Section 1. **352F.052 APPLICATION OF SURVIVING SPOUSE,**
3.18 **DEPENDENT CHILD PROVISION.**

3.19 Subdivisions within section 352.12 of the edition of
3.20 Minnesota Statutes published in the year before the year in
3.21 which a privatization occurred, applicable to the surviving
3.22 spouse or dependent children of a former member, apply to
3.23 survivors of a terminated hospital employee of Fairview,
3.24 University of Minnesota Physicians, or University Affiliated
3.25 Family Physicians.

3.26 Sec. 2. **353F.052 APPLICATION OF SURVIVING SPOUSE,**
3.27 **DEPENDENT CHILD PROVISION.**

3.28 Subdivisions within section 353.32 of the edition of
3.29 Minnesota Statutes published in the year before the year in
3.30 which a privatization occurred, applicable to the surviving
3.31 spouse or dependent children of a former member as defined in
3.32 section 353.01, subdivision 7a, apply to survivors of a
3.33 terminated medical facility or other public employing unit
3.34 employee.

3.35 Sec. 3. Minnesota Statutes 2002, section 354.46, is
3.36 amended by adding a subdivision to read:

5.1 ~~employee.~~ The monthly term certain annuity must be actuarially
5.2 equivalent to the 100 percent optional annuity under subdivision
5.3 2.

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

5.8 Sec. 2. Minnesota Statutes 2002, section 352B.10,
5.9 subdivision 5, is amended to read:

5.10 Subd. 5. **OPTIONAL ANNUITY.** A ~~disabled member~~
5.11 disabiltant may, in lieu of spousal survivorship coverage under
5.12 section 352B.11, ~~subdivision 2~~ subdivisions 2b and 2c, choose
5.13 the normal disability benefit or an optional annuity as provided
5.14 in section 352B.08, subdivision 3. The choice of an optional
5.15 annuity must be made before commencement of payment of the
5.16 disability benefit, or within 90 days ~~of attaining~~ before
5.17 reaching age 65 or reaching the five-year anniversary of the
5.18 effective date of the disability benefit, whichever is
5.19 later. ~~It~~ The optional annuity is effective on the date on
5.20 which the disability benefit begins to accrue, or the month
5.21 following attainment of age 65 or the five-year anniversary of
5.22 the effective date of the disability benefit, whichever is later.

5.23 Sec. 3. Minnesota Statutes 2002, section 352B.11,
5.24 subdivision 2, is amended to read:

5.25 Subd. 2. **DEATH; PAYMENT TO SPOUSE AND DEPENDENT CHILDREN;**
5.26 **FAMILY MAXIMUMS**. ~~If a member serving actively as a member, or a~~
5.27 ~~member or former member receiving the disability benefit before~~
5.28 ~~attaining age 65 or reaching the five year anniversary of the~~
5.29 ~~effective date of the disability benefit, whichever is later,~~
5.30 ~~provided by section 352B.10, subdivisions 1 and 2, dies from any~~
5.31 ~~cause before attaining age 65 or reaching the five year~~
5.32 ~~anniversary of the effective date of the disability benefit,~~
5.33 ~~whichever is later, the surviving spouse and dependent children~~
5.34 ~~are entitled to benefit payments as follows:~~

5.35 ~~(a) A member with at least three years of allowable service~~
5.36 ~~is deemed to have elected a 100 percent joint and survivor~~

~~6.1 annuity payable to a surviving spouse only on or after the date~~
~~6.2 the member or former member became or would have become 55.~~
~~6.3 (b) The surviving spouse of a member who had credit for~~
~~6.4 less than three years of service shall receive, for life, a~~
~~6.5 monthly annuity equal to 50 percent of that part of the average~~
~~6.6 monthly salary of the member from which deductions were made for~~
~~6.7 retirement.~~
~~6.8 (c) The surviving spouse of a member who had credit for at~~
~~6.9 least three years service and who died after becoming 55 years~~
~~6.10 old, may elect to receive a 100 percent joint and survivor~~
~~6.11 annuity, for life, notwithstanding a subsequent remarriage, in~~
~~6.12 lieu of the annuity prescribed in paragraph (b).~~
~~6.13 (d) The surviving spouse of any member who had credit for~~
~~6.14 three years or more and who was not 55 years old at death, shall~~
~~6.15 receive the benefit equal to 50 percent of the average monthly~~
~~6.16 salary as described in clause (b) until the deceased member~~
~~6.17 would have become 55 years old, and beginning the first of the~~
~~6.18 month following that date, may elect to receive the 100 percent~~
~~6.19 joint and survivor annuity.~~
~~6.20 (e) Each dependent child, as defined in section 352B.01,~~
~~6.21 subdivision 10, shall receive a monthly annuity equal to ten~~
~~6.22 12.5 percent of that part of the average monthly salary of the~~
~~6.23 former deceased member from which deductions were made for~~
~~6.24 retirement. A dependent child over 18 and under 23 years of age~~
~~6.25 also may receive the monthly benefit provided in this section,~~
~~6.26 if the child is continuously attending an accredited school as a~~
~~6.27 full-time student during the normal school year as determined by~~
~~6.28 the director. If the child does not continuously attend school~~
~~6.29 but separates from full-time attendance during any part of a~~
~~6.30 school year, the annuity shall cease at the end of the month of~~
~~6.31 separation. In addition, a payment of \$20 per month shall be~~
~~6.32 prorated equally to surviving dependent children when the former~~
~~6.33 member is survived by one or more dependent children. Payments~~
~~6.34 for the benefit of any qualified dependent child must be made to~~
~~6.35 the surviving spouse, or if there is none, to the legal guardian~~
~~6.36 of the child. The maximum monthly benefit for any one family,~~

7.1 including a surviving spouse benefit, if applicable, must not be
7.2 less than 50 percent nor exceed 70 75 percent of the average
7.3 monthly salary for any number of children of the deceased member.

7.4 ~~(f) If the member dies under circumstances that entitle the~~
7.5 ~~surviving spouse and dependent children to receive benefits~~
7.6 ~~under the workers' compensation law, the workers' compensation~~
7.7 ~~benefits received by them must not be deducted from the benefits~~
7.8 ~~payable under this section.~~

7.9 ~~(g) The surviving spouse of a deceased former member who~~
7.10 ~~had credit for three or more years of allowable service, but not~~
7.11 ~~the spouse of a former member receiving a disability benefit~~
7.12 ~~under section 352B.10, subdivision 2, is entitled to receive the~~
7.13 ~~100 percent joint and survivor annuity at the time the deceased~~
7.14 ~~member would have become 55 years old. If a former member dies~~
7.15 ~~who does not qualify for other benefits under this chapter, the~~
7.16 ~~surviving spouse or, if none, the children or heirs are entitled~~
7.17 ~~to a refund of the accumulated deductions left in the fund plus~~
7.18 ~~interest at the rate of six percent per year compounded annually.~~

7.19 Sec. 4. Minnesota Statutes 2002, section 352B.11, is
7.20 amended by adding a subdivision to read:

7.21 Subd. 2b. SURVIVING SPOUSE BENEFIT ELIGIBILITY. (a) If
7.22 an active member with three or more years of allowable service
7.23 dies before attaining age 55, the surviving spouse is entitled
7.24 to the benefit specified in subdivision 2c, paragraph (b).

7.25 (b) If an active member with less than three years of
7.26 allowable service dies at any age, the surviving spouse is
7.27 authorized to receive the benefit specified in subdivision 2c,
7.28 paragraph (c).

7.29 (c) If an active member with three or more years of
7.30 allowable service dies on or after attaining exact age 55, the
7.31 surviving spouse is authorized to receive the benefits specified
7.32 in subdivision 2c, paragraph (d).

7.33 (d) If a disabilitant dies while receiving a disability
7.34 benefit under section 352B.10 or before the benefit under that
7.35 section commenced, and an optional annuity was not elected under
7.36 section 352B.10, subdivision 5, the surviving spouse is

8.1 authorized to receive the benefit specified in subdivision 2c,
8.2 paragraph (b).

8.3 (e) If a former member with three or more years of
8.4 allowable service, who terminated from service and has not
8.5 received a refund or commenced receipt of any other benefit
8.6 provided by this chapter, dies, the surviving spouse is
8.7 authorized to receive the benefit specified in subdivision 2c,
8.8 paragraph (e).

8.9 (f) If a former member with less than three years of
8.10 allowable service, who terminated from service and has not
8.11 received a refund or commenced receipt of any other benefit, if
8.12 applicable, provided by this chapter, dies, the surviving spouse
8.13 is authorized to receive the refund specified in subdivision 2c,
8.14 paragraph (f).

8.15 Sec. 5. Minnesota Statutes 2002, section 352B.11, is
8.16 amended by adding a subdivision to read:

8.17 Subd. 2c. **SURVIVING SPOUSE BENEFIT ENTITLEMENTS.** (a) A
8.18 surviving spouse specified in subdivision 2b is eligible to
8.19 receive, following the filing of a valid application and
8.20 consistent with any other applicable requirements, a benefit as
8.21 specified in this subdivision. A 100 percent joint and survivor
8.22 annuity under paragraph (b) is to be computed assuming exact age
8.23 55 for the deceased and the age of the surviving spouse on that
8.24 same date. A 100 percent joint and survivor annuity under
8.25 paragraph (d) or (e) is to be computed using the age of the
8.26 deceased on the date of death and the age of the surviving
8.27 spouse on that same date.

8.28 (b) For a surviving spouse specified in subdivision 2b,
8.29 paragraph (a) or (d), the surviving spouse benefit is a benefit
8.30 for life equal to 50 percent of the average monthly salary of
8.31 the deceased. When the deceased would have attained exact age
8.32 55, in lieu of continued receipt of the prior benefit, the
8.33 surviving spouse is eligible to commence receipt of the second
8.34 half of a 100 percent joint and survivor annuity, if this
8.35 provides a larger benefit.

8.36 (c) For a surviving spouse specified in subdivision 2b,

9.1 paragraph (b), the surviving spouse benefit is a benefit for
9.2 life equal to 50 percent of the average monthly salary of the
9.3 deceased.

9.4 (d) For a surviving spouse specified in subdivision 2b,
9.5 paragraph (c), the surviving spouse benefit is a benefit for
9.6 life equal to 50 percent of the average monthly salary of the
9.7 deceased, or the second half of a 100 percent joint and survivor
9.8 annuity, whichever is larger.

9.9 (e) For a surviving spouse specified in subdivision 2b,
9.10 paragraph (e), the surviving spouse benefit is the second half
9.11 of a 100 percent joint and survivor annuity, commencing on the
9.12 first of the month following the deceased's date of death, or
9.13 the first of the month following the date the deceased would
9.14 have attained age 55, whichever is later.

9.15 (f) For a surviving spouse specified in subdivision 2b,
9.16 paragraph (f), the surviving spouse or, if none, the children
9.17 or, if none, the deceased's estate, is entitled to a refund of
9.18 the employee contributions plus interest computed as specified
9.19 in subdivision 1.

9.20 Sec. 6. Minnesota Statutes 2002, section 352B.11, is
9.21 amended by adding a subdivision to read:

9.22 Subd. 2d. **COORDINATION WITH WORKERS' COMPENSATION**
9.23 **BENEFITS.** If the deceased died under circumstances that entitle
9.24 the surviving spouse and dependent children to receive benefits
9.25 under workers' compensation law, the workers' compensation
9.26 benefits received by them must not be deducted from the benefits
9.27 payable under this section.

9.28 Sec. 7. Minnesota Statutes 2002, section 352D.075,
9.29 subdivision 2, is amended to read:

9.30 Subd. 2. **SURVIVING SPOUSE BENEFIT.** If a participant or
9.31 former participant dies leaving a spouse and there is no named
9.32 beneficiary who survives to receive payment or the spouse is
9.33 named beneficiary before an annuity or disability benefit
9.34 becomes payable and notwithstanding any designation of
9.35 beneficiary to the contrary, the surviving spouse may receive:

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

10.1 (2) ~~The partial value of one-half of the total shares and~~
10.2 ~~beginning at age 55 or thereafter any time after the~~
10.3 ~~participant's death~~ receive an annuity based on the remaining
10.4 value of ~~one-half of the total shares~~, provided that if the
10.5 spouse dies before receiving any annuity payments the value of
10.6 said shares shall be paid to the spouse's children in equal
10.7 shares, but if no such children survive then to the parents of
10.8 the spouse in equal shares, but if no such children or parents
10.9 survive, then to the estate of the spouse; or
10.10 (3) ~~Beginning at age 55 or thereafter after the~~
10.11 ~~participant's death~~ receive an annuity based on the value of the
10.12 total shares, provided that if the spouse dies before receiving
10.13 any annuity payments the value of said shares shall be paid to
10.14 the spouse's children in equal shares, but if no such children
10.15 survive then to the parents of the spouse in equal shares, but
10.16 if no such children or parents survive, then to the estate of
10.17 the spouse; and further provided, if said spouse dies after
10.18 receiving annuity payments but before receiving payments equal
10.19 to the value of the employee shares, the value of the employee
10.20 shares remaining shall be paid to the spouse's children in equal
10.21 shares, but if no such children survive then to the parents of
10.22 the spouse in equal shares, but if no such children or parents
10.23 survive, then to the estate of the spouse.

10.24 Sec. 8. Minnesota Statutes 2002, section 352D.075, is
10.25 amended by adding a subdivision to read:

10.26 Subd. 2a. **SURVIVING SPOUSE COVERAGE TERM CERTAIN.** In
10.27 lieu of the annuity under subdivision 2, clause (2) or (3), or a
10.28 distribution under subdivision 2, clause (1), the surviving
10.29 spouse of a deceased participant may elect to receive survivor
10.30 coverage in a term certain of five, six, 15, or 20 years, based
10.31 on the value of remaining shares. The monthly term certain must
10.32 be actuarially equivalent to the lifetime monthly annuity.

10.33 Sec. 9. Minnesota Statutes 2002, section 352D.075,
10.34 subdivision 3, is amended to read:

10.35 Subd. 3. If a participant dies and has ~~named a beneficiary~~
10.36 no surviving spouse, the value of the total shares shall be paid

11.1 to ~~such~~ a designated beneficiary, but if ~~such~~ the beneficiary
11.2 dies before receiving payment, or if no beneficiary has been
11.3 named ~~and there is no spouse~~, the value of ~~said~~ the shares shall
11.4 be paid to the children of the participant in equal shares, ~~but~~
11.5 or if no ~~such~~ children survive then in equal shares to the
11.6 parents of the participant, ~~but or~~ or if no ~~such children or~~
11.7 parents survive, then to the estate of the participant.

11.8 Sec. 10. Minnesota Statutes 2002, section 354.46,
11.9 subdivision 2, is amended to read:

11.10 Subd. 2. ~~DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY~~

11.11 ~~BENEFIT~~ SURVIVING SPOUSE SURVIVOR COVERAGE. (a) ~~The surviving~~
11.12 ~~spouse of any member or former member who has~~ If the active or
11.13 ~~deferred member was at least age 55 and had credit for at least~~
11.14 ~~three years of allowable service on the date of death, the~~
11.15 surviving spouse is entitled to the second portion of a 100
11.16 percent joint and survivor annuity coverage in the event of
11.17 ~~death of the member prior to retirement. If the surviving~~
11.18 ~~spouse does not elect to receive a surviving spouse benefit~~
11.19 ~~under subdivision 1, if applicable, or does not elect to receive~~
11.20 ~~a refund of accumulated member contributions under section~~
11.21 ~~354.47, subdivision 1, the surviving spouse is entitled to~~
11.22 ~~receive, upon written application on a form prescribed by the~~
11.23 ~~executive director, a benefit equal to the second portion of a~~
11.24 ~~100 percent joint and survivor annuity specified under section~~
11.25 ~~354.45, based on the age of the active or deferred member and~~
11.26 ~~surviving spouse at the time of death of the member, and~~
11.27 ~~computed under section 354.44, subdivision 2 or 6, whichever is~~
11.28 ~~applicable~~ the age of the surviving spouse at the time the
11.29 benefit accrues.

11.30 (b) If the active or deferred member was under age 55 and
11.31 has credit for at least 30 years of allowable service on the
11.32 date of death, the surviving spouse may elect to receive the
11.33 second portion of a 100 percent joint and survivor annuity based
11.34 on the age of the active or deferred member and surviving spouse
11.35 on the date of death and the age of the surviving spouse at the
11.36 time the benefit accrues. If section 354.44, subdivision 6, is

12.1 applicable, the annuity is payable using the full early
12.2 retirement reduction under section 354.44, subdivision
12.3 6, ~~paragraph~~ clause (3)(ii), to age 55 and one-half of the early
12.4 retirement reduction from age 55 to the age payment begins.

12.5 (c) If the active or deferred member was under age 55 and
12.6 has credit for at least three years of allowable service on the
12.7 date of death but did not yet qualify for retirement, the
12.8 surviving spouse may elect to receive the second portion of a
12.9 100 percent joint and survivor annuity based on the age of
12.10 the active or deferred member ~~and the surviving spouse~~ at the
12.11 time of death and the age of the surviving spouse at the time
12.12 the benefit accrues. If section 354.44, subdivision 6, is
12.13 applicable, the annuity is calculated using the full early
12.14 retirement reduction under section 354.44, subdivision 6, to age
12.15 55 and one-half of the early retirement reduction from age 55 to
12.16 the age the annuity begins. ~~The surviving spouse eligible for a~~
12.17 ~~surviving spouse benefit under paragraph (a) may apply for the~~
12.18 ~~annuity at any time after the date on which the deceased~~
12.19 ~~employee would have attained the required age for retirement~~
12.20 ~~based on the employee's allowable service.~~

12.21 (d) The surviving spouse eligible for surviving spouse
12.22 benefits under ~~paragraph (b) or (c)~~ this subdivision may apply
12.23 for the annuity any time after the member's death. ~~This~~ The
12.24 ~~benefit accrues from the day following the date of the member's~~
12.25 ~~death but~~ may not begin to accrue more than six months before
12.26 the date the application is filed with the executive
12.27 director and not before the member's death. ~~Sections 354.55,~~
12.28 ~~subdivision 11, and 354.60 apply to a deferred annuity payable~~
12.29 ~~under this section.~~ The benefit is payable for life. Any
12.30 benefit under this subdivision is in lieu of benefits under
12.31 subdivision 1, if applicable, and in lieu of a refund of
12.32 accumulated member contributions under section 354.47,
12.33 subdivision 1.

12.34 Sec. 11. Minnesota Statutes 2002, section 354.46, is
12.35 amended by adding a subdivision to read:

12.36 Subd. 6. BENEFICIARY COVERAGE. If there is no surviving

13.1 spouse eligible under subdivision 2 or a dependent child
13.2 eligible for survivor benefits under subdivision 2b, an active
13.3 or deferred member who has at least three years of allowable
13.4 service may designate a beneficiary to receive an annuity
13.5 benefit equal to the second half of a 100 percent joint and
13.6 survivor annuity specified under section 354.45, based on the
13.7 age of the active or deferred member at the time of death and
13.8 the age of the beneficiary at the time the benefit accrues. If
13.9 more than one person is designated, the amount will be divided
13.10 as indicated by the beneficiary form filed with the executive
13.11 director. A beneficiary may elect a term certain benefit under
13.12 subdivision 2b. A beneficiary may delay receipt of monthly
13.13 benefits as long as it complies with federal and state tax laws.

13.14 Sec. 12. **EFFECT ON STATE PATROL PLAN BENEFITS.**

13.15 Sections 2 and 4 through 6 are not intended to increase,
13.16 modify, impair, or diminish the benefit entitlements specified
13.17 in Minnesota Statutes, chapter 352B. If the Minnesota state
13.18 retirement system executive director determines that any
13.19 provision of those sections does increase, modify, impair, or
13.20 diminish the benefit entitlements as reflected in applicable law
13.21 just prior to the effective date of this section, the executive
13.22 director shall certify that determination and a recommendation
13.23 as to the required legislative correction to the chairs of the
13.24 legislative commission on pensions and retirement, the house
13.25 governmental operations committee, the senate governmental
13.26 operations committee, and the executive director of the
13.27 legislative commission on pensions and retirement.

13.28 Sec. 13. **EFFECTIVE DATE.**

13.29 Sections 1 to 12 are effective on July 1, 2004.

13.30 ARTICLE 33

13.31 TERMINATED ACTIVE MEMBER REFUNDS

13.32 Section 1. Minnesota Statutes 2002, section 3A.03,
13.33 subdivision 2, is amended to read:

13.34 Subd. 2. **REFUND.** (a) Any former member who has made
13.35 contributions under subdivision 1 and who is no longer a member
13.36 of the legislature is entitled to receive, upon written

14.1 application to the executive director on a form prescribed by
14.2 the executive director, a refund of all contributions credited
14.3 to the member's account with interest ~~at an annual rate of six~~
14.4 ~~percent compounded annually~~ computed as provided in section
14.5 352.22, subdivision 2.

14.6 (b) The refund of contributions as provided in paragraph (a)
14.7 terminates all rights of a former member of the legislature or
14.8 the survivors of the former member under this chapter.

14.9 (c) If the former member of the legislature again becomes a
14.10 member of the legislature after having taken a refund as
14.11 provided in paragraph (a), the member must be considered a new
14.12 member of this plan. However, ~~a new~~ the member may reinstate
14.13 the rights and credit for service forfeited if the ~~new~~ member
14.14 repays all refunds taken plus interest at an annual rate of 8.5
14.15 percent compounded annually.

14.16 ~~(e)~~ (d) No person may be required to apply for or to accept
14.17 a refund.

14.18 Sec. 2. Minnesota Statutes 2002, section 352.22,
14.19 subdivision 2, is amended to read:

14.20 Subd. 2. **AMOUNT OF REFUND.** Except as provided in
14.21 subdivision 3, the refund payable to a person who ceased to be a
14.22 state employee by reason of termination of state service is in
14.23 an amount equal to employee accumulated contributions plus
14.24 interest at the rate of six percent per year compounded ~~annually~~
14.25 daily. ~~Included with the refund is any interest paid as part of~~
14.26 ~~repayment of a past refund, plus interest thereon from the date~~
14.27 ~~of repayment. Interest must be computed to the first day of the~~
14.28 ~~month in which the refund is processed and must be based on~~
14.29 ~~fiscal year or monthly balances, whichever applies.~~

14.30 Sec. 3. Minnesota Statutes 2002, section 352.22,
14.31 subdivision 3, is amended to read:

14.32 Subd. 3. **DEFERRED ANNUITY.** (a) An employee who has at
14.33 least three years of allowable service when termination occurs
14.34 may elect to leave the accumulated contributions in the fund and
14.35 be entitled to a deferred retirement annuity. The annuity must
14.36 be computed under the law in effect when state service

15.1 terminated, on the basis of allowable service before termination
15.2 of service.

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

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

15.18 (d) Application for the accumulated contributions left on
15.19 deposit with the fund may be made at any time ~~after 30 days~~
15.20 following the date of termination of service.

15.21 Sec. 4. Minnesota Statutes 2002, section 352B.11,
15.22 subdivision 1, is amended to read:

15.23 Subdivision 1. **REFUND OF PAYMENTS.** A member who has not
15.24 received other benefits under this chapter is entitled to a
15.25 refund of payments made by salary deduction, plus interest, if
15.26 the member is separated, either voluntarily or involuntarily,
15.27 from state service that entitled the member to membership. In
15.28 the event of the member's death, if there are no survivor
15.29 benefits payable under this chapter, a refund plus interest is
15.30 payable to the last designated beneficiary on a form filed with
15.31 the director before death, or if no designation is filed, the
15.32 refund is payable to the member's estate. Interest under this
15.33 subdivision must be ~~computed at the rate of six percent a year,~~
15.34 ~~compounded annually~~ calculated as provided in section 352.22,
15.35 subdivision 2. To receive a refund, application must be made on
15.36 a form prescribed by the executive director.

16.1 Sec. 5. Minnesota Statutes 2002, section 490.124,
16.2 subdivision 12, is amended to read:
16.3 Subd. 12. **REFUND.** (a) Any person who ceases to be a
16.4 judge but who does not qualify for a retirement annuity or other
16.5 benefit under section 490.121 shall be entitled to a refund in
16.6 an amount equal to all the ~~person's~~ member's employee
16.7 contributions to the judges' retirement fund plus interest
16.8 ~~computed to the first day of the month in which the refund is~~
16.9 ~~processed based on fiscal year balances at an annual rate of~~
16.10 ~~five percent compounded annually~~ under section 352.22,
16.11 subdivision 2.

16.12 (b) A refund of contributions under paragraph (a)
16.13 terminates all service credits and all rights and benefits of
16.14 the judge and the judge's survivors. A person who becomes a
16.15 judge again after taking a refund under paragraph (a) may
16.16 reinstate previously terminated service credits, rights, and
16.17 benefits by repaying all refunds including interest. ~~A The~~
16.18 refund repayment must include interest on the total amount
16.19 previously received at an annual rate of 8.5 percent compounded
16.20 annually.

16.21 Sec. 6. **EFFECTIVE DATE.**

16.22 Sections 1, 2, 3, 4, and 5 are effective on July 1, 2004.

16.23 (b) Consistent with Minnesota Statutes, section 645.21, and
16.24 public pension policy in general, the increased interest rate
16.25 provided on a refund under section 10 applies only to judges
16.26 whose termination of service occurs on or after July 1, 2003.

16.27 ARTICLE 34

16.28 DEATH REFUNDS

16.29 Section 1. Minnesota Statutes 2002, section 352.12,
16.30 subdivision 1, is amended to read:

16.31 Subdivision 1. **DEATH BEFORE TERMINATION OF SERVICE.** If
16.32 an employee dies before state service has terminated and neither
16.33 a survivor annuity nor a reversionary annuity is payable, or if
16.34 a former employee who has sufficient service credit to be
16.35 entitled to an annuity dies before the benefit has become
16.36 payable, the executive director shall make a refund with

17.1 interest to the last designated beneficiary or, if there is
17.2 none, to the surviving spouse or, if none, to the employee's
17.3 surviving children in equal shares or, if none, to the
17.4 employee's surviving parents in equal shares or, if none, to the
17.5 representative of the estate ~~in an amount equal to the~~
17.6 ~~accumulated employee contributions plus interest at the rate of~~
17.7 ~~six percent per annum compounded annually~~. Interest must be
17.8 computed as provided in section 352.22, subdivision 2, ~~to the~~
17.9 ~~first day of the month in which the refund is processed~~. Upon
17.10 the death of an employee who has received a refund that was
17.11 later repaid in full, interest must be paid on the repaid refund
17.12 only from the date of repayment. If the repayment was made in
17.13 installments, interest must be paid only from the date
17.14 installment payments began. The designated beneficiary,
17.15 surviving spouse, or representative of the estate of an employee
17.16 who had received a disability benefit is not entitled to
17.17 interest upon any balance remaining to the decedent's credit in
17.18 the fund at the time of death, unless death occurred before any
17.19 payment could be negotiated.

17.20 Sec. 2. Minnesota Statutes 2002, section 352.12,
17.21 subdivision 6, is amended to read:

17.22 Subd. 6. **DEATH AFTER SERVICE TERMINATION.** Except as
17.23 provided in subdivision 1, if a former employee covered by the
17.24 system dies and has not received an annuity, a retirement
17.25 allowance, or a disability benefit, a refund must be made to the
17.26 last designated beneficiary or, if there is none, to the
17.27 surviving spouse or, if none, to the employee's surviving
17.28 children in equal shares or, if none, to the employee's
17.29 surviving parents in equal shares or, if none, to the
17.30 representative of the estate in an amount equal to accumulated
17.31 employee contributions plus interest. ~~The refund must include~~
17.32 ~~interest at the rate of six percent per year compounded~~
17.33 ~~annually~~. The interest on the refund must be computed as
17.34 provided in section 352.22, subdivision 2.

17.35 Sec. 3. Minnesota Statutes 2002, section 352.12,
17.36 subdivision 7, is amended to read:

18.1 Subd. 7. **ABSENCE OF OPTIONAL OR REVERSIONARY ANNUITY.**

18.2 Upon the death of a retired employee who selected neither an
18.3 optional annuity or a reversionary annuity, a refund must be
18.4 paid in an amount ~~equal to the excess~~, if any, of the
18.5 accumulated contributions, plus interest computed as provided in
18.6 section 352.22, subdivision 2, to the credit of the retired
18.7 employee immediately before retirement in excess of the sum of
18.8 (1) all annuities, retirement allowances, and disability
18.9 benefits that had been received and had accrued in the lifetime
18.10 of the decedent, and (2) the annuity, retirement allowance, or
18.11 disability benefit ~~if not negotiated~~, payable to the surviving
18.12 spouse under section 352.115, subdivision 8, or 352.113,
18.13 subdivision 4, for the calendar month in which the retired
18.14 employee died. The net refund amount must be paid to the named
18.15 beneficiary or, if there ~~be~~ is none, to the surviving spouse or,
18.16 if none, to the employee's surviving children in equal shares
18.17 or, if none, to the employee's surviving parents in equal shares
18.18 or, if none, to the representative of the estate.

18.19 Sec. 4. Minnesota Statutes 2002, section 352.12,
18.20 subdivision 8, is amended to read:

18.21 Subd. 8. **OPTIONAL OR REVERSIONARY ANNUITY.** If the last
18.22 eligible recipient of an optional annuity dies and the total
18.23 amounts paid under it are less than the accumulated
18.24 contributions to the credit of the retired employee immediately
18.25 before retirement, the balance of accumulated contributions plus
18.26 interest computed as provided in section 352.22, subdivision 2,
18.27 must be paid to the person designated by the retired employee in
18.28 writing to receive payment. If no designation has been made by
18.29 the retired employee, the remaining balance of accumulated
18.30 contributions plus interest computed as provided in section
18.31 352.22, subdivision 2, must be paid to the surviving children of
18.32 the deceased recipient of the optional annuity in equal shares.
18.33 If there are no surviving children, payment must be made to the
18.34 deceased recipient's parents or, if none, to the representative
18.35 of the deceased recipient's estate.

18.36 Sec. 5. Minnesota Statutes 2002, section 352.12,

19.1 subdivision 11, is amended to read:

19.2 Subd. 11. **DEATH OF DISABILITY ANNUITANT.** If an employee
19.3 who has received a disability benefit dies, a payment must be
19.4 made of an amount ~~equal to the excess~~, if any, of the
19.5 accumulated contributions plus interest computed as provided in
19.6 section 352.22, subdivision 2, to the credit of the employee at
19.7 the time the disability benefit began to accrue ~~over and above~~
19.8 in excess of the aggregate sum of (1) all disability benefits
19.9 received and which had accrued during life, and (2) the benefit
19.10 for the month in which the disabled employee died, payable, if
19.11 applicable, to the surviving spouse under section 352.113,
19.12 subdivision 4. The payment must be paid to the last designated
19.13 beneficiary or, if ~~there be~~ none, to the surviving spouse, or if
19.14 none, to the employee's surviving children in equal shares or,
19.15 if none, to the employee's surviving parents in equal shares or,
19.16 if none, to the representative of the estate.

19.17 Sec. 6. **EFFECTIVE DATE.**

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

19.19 ARTICLE 35

19.20 REFUND REPAYMENTS

19.21 Section 1. Minnesota Statutes 2002, section 356.441, is
19.22 amended to read:

19.23 356.441 ~~REPAYMENT OF REFUNDS~~ **PAYMENT ACCEPTANCE ALLOWED.**

19.24 Subdivision 1. PAYMENT AUTHORIZATION. The payment for
19.25 the purchase of allowable service credit, the repayment of a
19.26 refund and interest on that refund, or the payment of equivalent
19.27 contributions and interest for an eligible leave of absence, as
19.28 permitted under laws governing any public pension plan in
19.29 Minnesota, may be made:

19.30 (1) with funds distributed or transferred from a plan
19.31 qualified under the federal Internal Revenue Code of 1986,
19.32 section 401, subsection (a) or (k); 403; 408; or 457, subsection
19.33 (b), as amended through December 31, 1988, or an annuity
19.34 ~~qualified under the federal Internal Revenue Code of 1986,~~
19.35 ~~section 403(a).~~ Repayment may also be made from time to time;
19.36 or

20.1 (2) with funds distributed from an individual retirement
20.3 account ~~used solely to receive a~~ or individual retirement
20.4 annuity, if done solely in a manner that is eligible for
20.5 treatment as a nontaxable rollover from that type of a plan or
20.6 annuity or transfer under the applicable federal law. The
20.7 ~~repaid refund~~

20.8 Subd. 2. **SEPARATE ACCOUNTING REQUIREMENT.** Nontaxable
20.9 rollovers or transfer amounts under subdivision 1 received by a
20.10 public pension fund must be separately accounted for as member
20.11 contributions not previously taxed. Before accepting
20.12 any rollovers or transfers to which this section applies, the
20.13 executive director must require the member to provide written
20.14 documentation to demonstrate that the amounts to be rolled over
20.15 or transferred are eligible for a tax-free rollover or transfer
20.16 and qualify for that treatment under the federal Internal
20.17 Revenue Code of 1986, as amended.

20.18 Sec. 2. Minnesota Statutes 2002, section 490.124,
20.19 subdivision 12, is amended to read:

20.20 Subd. 12. **REFUND.** (a) Any person who ceases to be a
20.21 judge but who does not qualify for a retirement annuity or other
20.22 benefit under section 490.121 shall be entitled to a refund in
20.23 an amount equal to all the ~~person's~~ member's employee
20.24 contributions to the judges' retirement fund plus interest
20.25 ~~computed to the first day of the month in which the refund is~~
20.26 ~~processed based on fiscal year balances at an annual rate of~~
20.27 ~~five percent compounded annually~~ under section 352.22,
20.28 subdivision 2.

20.29 (b) A refund of contributions under paragraph (a)
20.30 terminates all service credits and all rights and benefits of
20.31 the judge and the judge's survivors. A person who becomes a
20.32 judge again after taking a refund under paragraph (a) may
20.33 reinstate previously terminated service credits, rights, and
20.34 benefits by repaying all refunds including interest. ~~A The~~
20.35 refund repayment must include interest on the total amount
20.36 previously received at an annual rate of 8.5 percent compounded
20.37 annually.

- 21.1 Sec. 3. **REPEALER.**
- 21.2 Minnesota Statutes 2002, section 354A.107, is repealed.
- 21.3 Sec. 4. **EFFECTIVE DATE.**
- 21.4 Sections 1, 2, and 3 are effective on July 1, 2004."
- 21.5 Amend the title accordingly