

1.1 A bill for an act

1.2 relating to retirement; Minnesota State Retirement System; making changes
1.3 of an administrative nature; revising insurance withholding for certain retired
1.4 public employees; creating state patrol plan service credit for leave procedures;
1.5 addressing state patrol plan coverage errors and omitted contributions; revising
1.6 unlawful discharge annuity repayment requirements; amending Minnesota
1.7 Statutes 2008, sections 352.01, subdivision 2a; 352.03, subdivision 4; 352.115,
1.8 subdivision 10; 352.965, subdivisions 1, 2; 352B.02, by adding a subdivision;
1.9 356.24, subdivision 1; 356.50, subdivision 4; Minnesota Statutes 2009
1.10 Supplement, section 352B.011, subdivision 3; proposing coding for new law
1.11 in Minnesota Statutes, chapter 352B.

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

1.13 Section 1. Minnesota Statutes 2008, section 352.01, subdivision 2a, is amended to read:

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

1.15 (1) employees of the Minnesota Historical Society;

1.16 (2) employees of the State Horticultural Society;

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

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

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

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

1.25 (7) employees of the legislature appointed without a limit on the duration of their
1.26 employment and persons employed or designated by the legislature or by a legislative

2.1 committee or commission or other competent authority to conduct a special inquiry,
2.2 investigation, examination, or installation;

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

2.6 (9) employees of the Minnesota Safety Council;

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

2.11 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
2.12 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito
2.13 Control Commission, ~~or Metropolitan Radio Board~~ unless excluded or covered by another
2.14 public pension fund or plan under section 473.415, subdivision 3;

2.15 (12) judges of the Tax Court;

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

2.21 (14) seasonal ~~help~~ employees in the classified or unclassified service ~~employed~~
2.22 ~~by the Department of Revenue~~;

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

2.26 (16) employees of the University of Minnesota unless excluded under subdivision
2.27 2b, clause (3);

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

2.30 (18) employees of the Minnesota Government Engineers Council to whom section
2.31 352.029 does not apply.

2.32 (b) Employees specified in paragraph (a), clause (13), are included employees under
2.33 paragraph (a) if employer and employee contributions are made in a timely manner in the
2.34 amounts required by section 352.04. Employee contributions must be deducted from
2.35 salary. Employer contributions are the sole obligation of the employer assuming operation

3.1 of the University of Minnesota heating plant facilities or any successor organizations to
3.2 that employer.

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

3.4 Sec. 2. Minnesota Statutes 2008, section 352.03, subdivision 4, is amended to read:

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

3.6 (1) elect a chair;

3.7 (2) appoint an executive director;

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

3.10 (4) consider and dispose of, or take any other action the board of directors deems
3.11 appropriate concerning denials of applications for annuities or disability benefits under
3.12 this chapter, and complaints of employees and others pertaining to the retirement of
3.13 employees and the operation of the system;

3.14 (5) oversee the administration of the ~~state~~ deferred compensation plan established
3.15 in section 352.965; and

3.16 (6) oversee the administration of the health care savings plan established in section
3.17 352.98.

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

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

3.21 Sec. 3. Minnesota Statutes 2008, section 352.115, subdivision 10, is amended to read:

3.22 Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received

3.23 as a temporary employee of the legislature during a legislative session, if any retired

3.24 employee again becomes entitled to receive salary or wages from ~~the state,~~ or any

3.25 employer who employs state employees as that term is defined in section 352.01,

3.26 subdivision 2, ~~other than salary or wages received as a temporary employee of the~~

3.27 ~~legislature during a legislative session~~ in a position covered by this chapter, the annuity or

3.28 retirement allowance shall cease when the retired employee has earned an amount equal

3.29 to the annual maximum earnings allowable for that age for the continued receipt of full

3.30 benefit amounts monthly under the federal old age, survivors, and disability insurance

3.31 program as set by the secretary of health and human services under United States Code,

3.32 title 42, section 403, in any calendar year. If the retired employee has not yet reached

3.33 the minimum age for the receipt of Social Security benefits, the maximum earnings for

4.1 the retired employee shall be equal to the annual maximum earnings allowable for the
4.2 minimum age for the receipt of Social Security benefits.

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

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

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

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

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

4.21 **EFFECTIVE DATE.** This section is effective January 1, 2010.

4.22 Sec. 4. Minnesota Statutes 2008, section 352.965, subdivision 1, is amended to read:

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

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

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

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

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

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

5.17 (g) All amounts contributed to the deferred compensation plan and all earnings
5.18 on those amounts must be held in trust, in custodial accounts, or in qualifying annuity
5.19 contracts for the exclusive benefit of the plan participants and beneficiaries, as required by
5.20 section 457(g) of the Internal Revenue Code and in accordance with sections 356.001 and
5.21 356A.06, subdivision 1.

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

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

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

5.29 Sec. 5. Minnesota Statutes 2008, section 352.965, subdivision 2, is amended to read:

5.30 Subd. 2. **Right to participate in deferred compensation plan.** At the request of an
5.31 officer or employee of the state, an officer or employee of a political subdivision, or an
5.32 employee covered by a retirement fund in section 356.20, subdivision 2, the appointing
5.33 authority shall defer the payment of part of the compensation of the public officer or
5.34 employee through payroll deduction. The amount to be deferred must be as provided in
5.35 ~~a written~~ an agreement between the officer or employee and the ~~public employer plan~~

6.1 sponsor. The agreement must be in a form specified by the executive director of the
 6.2 Minnesota State Retirement System and must be consistent with the requirements for an
 6.3 eligible plan under federal and state tax laws, regulations, and rulings.

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

6.5 Sec. 6. Minnesota Statutes 2009 Supplement, section 352B.011, subdivision 3, is
 6.6 amended to read:

6.7 Subd. 3. **Allowable service.** (a) "Allowable service" means:

6.8 (1) service in a month during which a member is paid a salary from which a member
 6.9 contribution is deducted, deposited, and credited in the State Patrol retirement fund;

6.10 (2) for members defined in subdivision 10, clause (1), service in any month for
 6.11 which payments have been made to the State Patrol retirement fund under law; ~~and~~

6.12 (3) for members defined in subdivision 10, clauses (2) and (3), service for which
 6.13 payments have been made to the State Patrol retirement fund under law, service for which
 6.14 payments were made to the State Police officers retirement fund under law after June
 6.15 30, 1961, and all prior service which was credited to a member for service on or before
 6.16 June 30, 1961;

6.17 (4) any period of authorized leave of absence without pay that does not exceed one
 6.18 year and for which the employee obtained credit by payment to the fund under section
 6.19 352B.013;

6.20 (5) any period of authorized leave to provide service to a labor organization as
 6.21 permitted under section 352B.012, for which service credit is obtained by payment to
 6.22 the fund under that section; and

6.23 (6) eligible periods of uniformed service for which the member obtained service
 6.24 credit by payment under section 352B.086 to the fund.

6.25 (b) Allowable service also includes any period of absence from duty by a member
 6.26 who, by reason of injury incurred in the performance of duty, is temporarily disabled and
 6.27 for which disability the state is liable under the workers' compensation law, until the date
 6.28 authorized by the executive director for commencement of payment of a disability benefit
 6.29 or until the date of a return to employment.

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

6.31 Sec. 7. **[352B.012] COVERAGE FOR EMPLOYEES OF LABOR**
 6.32 **ORGANIZATIONS.**

7.1 Subdivision 1. **Qualifications.** A member on leave of absence without pay to
7.2 provide service as an employee or officer of a labor organization that is an exclusive
7.3 bargaining agent representing state patrol retirement plan members may elect under
7.4 subdivision 2 to be covered by the state patrol retirement plan of the Minnesota State
7.5 Retirement System for service with the labor organization, subject to the limitations set
7.6 forth in subdivisions 3 and 4.

7.7 Subd. 2. **Election.** A person described in subdivision 1 shall be covered by the plan
7.8 if written election to be covered is delivered to the executive director within 90 days of
7.9 being employed by the labor organization, or within 90 days of starting the first leave of
7.10 absence to provide service to the exclusive bargaining agent, whichever is later.

7.11 Subd. 3. **Limitations on salary for benefits and contributions.** (a) The covered
7.12 salary for a labor organization employee who qualifies for membership under this section
7.13 is limited to the lesser of:

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

7.15 (2) 75 percent of the salary of the governor as set under section 15A.082.

7.16 (b) The limited covered salary determined under this subdivision must be used
7.17 in determining employee and employer contributions under section 352B.02 and in
7.18 determining retirement annuities and other benefits under this chapter and chapter 356.

7.19 Subd. 4. **Earning restrictions apply.** A retirement annuity is only payable, if the
7.20 person has met any other applicable requirements, upon the termination by the person who
7.21 elected coverage under subdivision 2 of employment by the labor organization.

7.22 Subd. 5. **Contributions.** The employee and employer contributions required by
7.23 section 352B.02 are the obligation of the employee who chooses coverage under this
7.24 section. However, the employing labor organization may pay the employer contributions.
7.25 Contributions made by the employee must be made by salary deduction. The employing
7.26 labor organization shall pay all contributions to the system as required by section 352B.02.

7.27 Subd. 6. **Board membership excluded.** Employees of a labor organization who
7.28 retain active plan membership under this section are not eligible for election to the board
7.29 of directors.

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

7.31 Sec. 8. **[352B.013] AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT**
7.32 **PURCHASE PROCEDURE.**

7.33 Subdivision 1. **Application.** This section specifies the procedure for purchasing
7.34 service credit in the state patrol retirement plan for authorized leaves of absence under

8.1 section 352B.011, subdivision 3, unless an alternative payment procedure is specified in
8.2 law for a particular form of leave or break in service.

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

8.8 (b) If payment is received by the executive director within one year from the date
8.9 the employee returned to work following the authorized leave, the payment amount is
8.10 equal to the employee and employer contribution rates specified in section 352B.02 at the
8.11 end of the leave period multiplied by the employee's hourly rate of salary on the date of
8.12 return from the leave of absence and by the days and months of the leave of absence for
8.13 which the employee is eligible for allowable service credit. The payment must include
8.14 compound interest at a monthly rate of 0.71 percent from the last day of the leave period
8.15 until the last day of the month in which payment is received. If payment is received by the
8.16 executive director after one year from the date the employee returned to work following
8.17 the authorized leave, the payment amount is the amount determined under section
8.18 356.551. Payment under this paragraph must be made before the date of termination from
8.19 public employment covered under this chapter.

8.20 (c) If the employee terminates employment covered by this chapter during the leave
8.21 or following the leave rather than returning to covered employment, payment must
8.22 be received by the executive director within 30 days after the termination date. The
8.23 payment amount is equal to the employee and employer contribution rates specified in
8.24 section 352B.02 on the day prior to the termination date, multiplied by the employee's
8.25 hourly rate of salary on that date and by the days and months of the leave of absence
8.26 prior to termination.

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

8.28 Sec. 9. Minnesota Statutes 2008, section 352B.02, is amended by adding a subdivision
8.29 to read:

8.30 Subd. 3. **Correction of errors.** (a) Paragraph (b) applies if there is an error in plan
8.31 coverage and the plan that should have provided coverage is the state patrol retirement
8.32 plan.

8.33 (b) If it is determined that an employee was placed in error in another Minnesota
8.34 State Retirement System plan, the chief administrative officer of the department retaining
8.35 the employee must report the error to the executive director of the Minnesota State

9.1 Retirement System. The service must be credited to the plan for a period not to exceed
9.2 five years before the date on which the chief administrative officer notifies the executive
9.3 director of the Minnesota State Retirement System in writing or five years from the date
9.4 on which an employee requests, in writing, the applicable department to determine if the
9.5 person has appropriate retirement plan coverage, whichever is earlier. If the error covers
9.6 more than a five-year period, the service before the five-year period must remain under
9.7 the plan which originally credited the service. The employee shall pay the difference
9.8 between the employee contributions actually paid during the period eligible for transfer,
9.9 not to exceed five years, and what should have been paid given the employee contribution
9.10 rate specified for the period under the proper plan, if the amount is positive, plus 8.5
9.11 percent annual compound interest. The employee and employer contributions made by the
9.12 individual or on behalf of the individual to the plan which erroneously provided coverage,
9.13 for the period eligible for coverage transfer, must be transmitted from the fund of the plan
9.14 which erroneously provided coverage to the fund of the proper plan, plus 8.5 percent
9.15 interest compounded annually. Service credit in the plan which erroneously provided
9.16 coverage for the period eligible for coverage transfer is forfeited. The department making
9.17 the error shall pay to the fund of the proper plan an amount equal to the difference in the
9.18 present value of accrued retirement benefits in the proper plan caused by the change
9.19 in coverage after subtracting the amount paid by the employee, if any, and the amount
9.20 transferred from the fund which erroneously provided coverage. Calculation of this
9.21 amount must be made by the executive director of the Minnesota State Retirement System
9.22 using the applicable preretirement interest rate specified in section 356.215, subdivision
9.23 8, and the mortality table adopted for the proper plan. The calculation must assume
9.24 continuous future service in the proper plan until the employee would reach the age
9.25 eligible for normal retirement. The calculation must also assume a future salary history
9.26 that includes annual salary increases at the salary increase rate or rates specified in section
9.27 356.215, subdivision 8.

9.28 (c) Paragraph (b) also applies if an employee was covered under the state patrol
9.29 retirement plan but it is determined that the person should have been covered under
9.30 another plan in the Minnesota State Retirement System, except that the difference in
9.31 employee and employer contributions actually paid to the state patrol retirement plan in
9.32 excess of the amount that should have been paid to the other retirement plan must be
9.33 refunded to the employee and the employer paying the additional contributions, with six
9.34 percent annual compound interest.

9.35 (d) Section 352.04, subdivision 8, applies to omitted salary deductions.

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

10.1 Sec. 10. Minnesota Statutes 2008, section 356.24, subdivision 1, is amended to read:

10.2 Subdivision 1. **Restriction; exceptions.** ~~(a)~~ It is unlawful for a school district
10.3 or other governmental subdivision or state agency to levy taxes for, or to contribute
10.4 public funds to a supplemental pension or deferred compensation plan that is established,
10.5 maintained, and operated in addition to a primary pension program for the benefit of the
10.6 governmental subdivision employees other than:

10.7 (1) to a supplemental pension plan that was established, maintained, and operated
10.8 before May 6, 1971;

10.9 (2) to a plan that provides solely for group health, hospital, disability, or death
10.10 benefits;

10.11 (3) to the individual retirement account plan established by chapter 354B;

10.12 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring
10.13 or terminating employee;

10.14 (5) for employees other than personnel employed by the Board of Trustees of the
10.15 Minnesota State Colleges and Universities and covered under the Higher Education
10.16 Supplemental Retirement Plan under chapter 354C, but including city managers covered
10.17 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
10.18 (a), or by the defined contribution plan of the Public Employees Retirement Association
10.19 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
10.20 provided for in a personnel policy of the public employer or in the collective bargaining
10.21 agreement between the public employer and the exclusive representative of public
10.22 employees in an appropriate unit or in the individual employment contract between a city
10.23 and a city manager, and if for each available investment all fees and historic rates of return
10.24 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an
10.25 easily comprehended document not to exceed two pages, in an amount matching employee
10.26 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
10.27 one-half of the available elective deferral permitted per year per employee, under the
10.28 Internal Revenue Code:

10.29 (i) to the state of Minnesota deferred compensation plan under section 352.965;

10.30 (ii) in payment of the applicable portion of the contribution made to any investment
10.31 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has
10.32 complied with any applicable pension plan provisions of the Internal Revenue Code with
10.33 respect to the tax-sheltered annuity program during the preceding calendar year; or

10.34 (iii) any other deferred compensation plan offered by the employer under section
10.35 457 of the Internal Revenue Code;

11.1 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
11.2 and Universities and not covered by clause (5), to the supplemental retirement plan under
11.3 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy
11.4 or in the collective bargaining agreement of the public employer with the exclusive
11.5 representative of the covered employees in an appropriate unit, in an amount matching
11.6 employee contributions on a dollar for dollar basis, but not to exceed an employer
11.7 contribution of \$2,700 a year for each employee;

11.8 (7) to a supplemental plan or to a governmental trust to save for postretirement
11.9 health care expenses qualified for tax-preferred treatment under the Internal Revenue
11.10 Code, if the supplemental plan coverage is provided for in a personnel policy or in the
11.11 collective bargaining agreement of a public employer with the exclusive representative of
11.12 the covered employees in an appropriate unit;

11.13 (8) to the laborers national industrial pension fund or to a laborers local pension
11.14 fund for the employees of a governmental subdivision who are covered by a collective
11.15 bargaining agreement that provides for coverage by that fund and that sets forth a fund
11.16 contribution rate, but not to exceed an employer contribution of \$5,000 per year per
11.17 employee;

11.18 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
11.19 pipefitters local pension fund for the employees of a governmental subdivision who are
11.20 covered by a collective bargaining agreement that provides for coverage by that fund and
11.21 that sets forth a fund contribution rate, but not to exceed an employer contribution of
11.22 \$5,000 per year per employee;

11.23 (10) to the international union of operating engineers pension fund for the employees
11.24 of a governmental subdivision who are covered by a collective bargaining agreement that
11.25 provides for coverage by that fund and that sets forth a fund contribution rate, but not to
11.26 exceed an employer contribution of \$5,000 per year per employee;

11.27 (11) to a supplemental plan organized and operated under the federal Internal
11.28 Revenue Code, as amended, that is wholly and solely funded by the employee's
11.29 accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

11.30 (12) to the International Association of Machinists national pension fund for the
11.31 employees of a governmental subdivision who are covered by a collective bargaining
11.32 agreement that provides for coverage by that fund and that sets forth a fund contribution
11.33 rate, but not to exceed an employer contribution of \$5,000 per year per employee; or

11.34 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
11.35 deferred compensation program, if the employee makes a contribution, in an amount that

12.1 does not exceed the total percentage of covered salary under section 353.27, subdivisions
12.2 3 and 3a.

12.3 ~~(b) No governmental subdivision may make a contribution to a deferred~~
12.4 ~~compensation plan operating under section 457 of the Internal Revenue Code for volunteer~~
12.5 ~~or emergency on-call firefighters in lieu of providing retirement coverage under the federal~~
12.6 ~~Old Age, Survivors, and Disability Insurance Program.~~

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

12.8 Sec. 11. Minnesota Statutes 2008, section 356.50, subdivision 4, is amended to read:

12.9 Subd. 4. **Annuity repayment.** Notwithstanding subdivisions 1 and 2, if after being
12.10 discharged, the person commences receipt of an annuity from the applicable plan, and it is
12.11 later determined that the person was wrongfully discharged, the person shall repay the
12.12 annuity received in a lump sum within 60 days of receipt of the back pay award. ~~If the~~
12.13 ~~annuity is not repaid, the person is not entitled to reinstatement in the applicable plan as~~
12.14 ~~an active member, the person is not authorized to make payments under subdivision 2,~~
12.15 ~~paragraph (a), and, for subsequent employment with the employer, the person shall be~~
12.16 ~~treated as a reemployed annuitant.~~

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