

1.1 moves to amend S.F. No.; H.F. No., as follows:

1.2 Page .., after line .., insert:

1.3 "ARTICLE ..

1.4 **TEACHER RETIREMENT FUNDING AND BENEFIT CHANGES**

1.5 Section 1. Minnesota Statutes 2008, section 275.70, subdivision 3, is amended to read:

1.6 Subd. 3. **Local governmental unit.** (a) "Local governmental unit" means a county,
1.7 or a statutory or home rule charter city with a population greater than 2,500.

1.8 (b) Solely for purposes of subdivision 5, clause (10), "local governmental unit" also
1.9 means an independent school district or a special school district.

1.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

1.11 Sec. 2. Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5, is
1.12 amended to read:

1.13 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
1.14 levied by a local governmental unit for the following purposes or in the following manner:

1.15 (1) to pay the costs of the principal and interest on bonded indebtedness or to
1.16 reimburse for the amount of liquor store revenues used to pay the principal and interest
1.17 due on municipal liquor store bonds in the year preceding the year for which the levy
1.18 limit is calculated;

1.19 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
1.20 any corporate purpose except for the following:

1.21 (i) tax anticipation or aid anticipation certificates of indebtedness;

1.22 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

1.23 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
1.24 extraordinary expenditures that result from a public emergency; or

1.25 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or
1.26 an insufficiency in other revenue sources;

1.27 (3) to provide for the bonded indebtedness portion of payments made to another
1.28 political subdivision of the state of Minnesota;

1.29 (4) to fund payments made to the Minnesota State Armory Building Commission
1.30 under section 193.145, subdivision 2, to retire the principal and interest on armory
1.31 construction bonds;

1.32 (5) property taxes approved by voters which are levied against the referendum
1.33 market value as provided under section 275.61;

2.1 (6) to fund matching requirements needed to qualify for federal or state grants or
2.2 programs to the extent that either (i) the matching requirement exceeds the matching
2.3 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
2.4 exist prior to 2002;

2.5 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
2.6 repairing the effects of natural disaster including the occurrence or threat of widespread
2.7 or severe damage, injury, or loss of life or property resulting from natural causes, in
2.8 accordance with standards formulated by the Emergency Services Division of the state
2.9 Department of Public Safety, as allowed by the commissioner of revenue under section
2.10 275.74, subdivision 2;

2.11 (8) pay amounts required to correct an error in the levy certified to the county
2.12 auditor by a city or county in a levy year, but only to the extent that when added to the
2.13 preceding year's levy it is not in excess of an applicable statutory, special law or charter
2.14 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
2.15 to 275.74 in the preceding levy year;

2.16 (9) to pay an abatement under section 469.1815;

2.17 (10) to pay any costs attributable to increases in the employer contribution rates
2.18 under chapter 353, 354, or 354A, or locally administered pension plans, that are effective
2.19 after June 30, 2001;

2.20 (11) to pay the operating or maintenance costs of a county jail as authorized in
2.21 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,
2.22 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the
2.23 commissioner of revenue that the amount has been included in the county budget as
2.24 a direct result of a rule, minimum requirement, minimum standard, or directive of the
2.25 Department of Corrections, or to pay the operating or maintenance costs of a regional jail
2.26 as authorized in section 641.262. For purposes of this clause, a district court order is
2.27 not a rule, minimum requirement, minimum standard, or directive of the Department of
2.28 Corrections. If the county utilizes this special levy, except to pay operating or maintenance
2.29 costs of a new regional jail facility under sections 641.262 to 641.264 which will not
2.30 replace an existing jail facility, any amount levied by the county in the previous levy year
2.31 for the purposes specified under this clause and included in the county's previous year's
2.32 levy limitation computed under section 275.71, shall be deducted from the levy limit
2.33 base under section 275.71, subdivision 2, when determining the county's current year
2.34 levy limitation. The county shall provide the necessary information to the commissioner
2.35 of revenue for making this determination;

3.1 (12) to pay for operation of a lake improvement district, as authorized under section
3.2 103B.555. If the county utilizes this special levy, any amount levied by the county in the
3.3 previous levy year for the purposes specified under this clause and included in the county's
3.4 previous year's levy limitation computed under section 275.71 shall be deducted from
3.5 the levy limit base under section 275.71, subdivision 2, when determining the county's
3.6 current year levy limitation. The county shall provide the necessary information to the
3.7 commissioner of revenue for making this determination;

3.8 (13) to repay a state or federal loan used to fund the direct or indirect required
3.9 spending by the local government due to a state or federal transportation project or other
3.10 state or federal capital project. This authority may only be used if the project is not a
3.11 local government initiative;

3.12 (14) to pay for court administration costs as required under section 273.1398,
3.13 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
3.14 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
3.15 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
3.16 levied to pay for these costs in the year in which the court financing is transferred to the
3.17 state, the amount under this clause is limited to the amount of aid the county is certified to
3.18 receive under section 273.1398, subdivision 4a;

3.19 (15) to fund a police or firefighters relief association as required under section 69.77
3.20 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

3.21 (16) for purposes of a storm sewer improvement district under section 444.20;

3.22 (17) to pay for the maintenance and support of a city or county society for the
3.23 prevention of cruelty to animals under section 343.11, but not to exceed in any year
3.24 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
3.25 recent federal census, whichever is greater. If the city or county uses this special levy, any
3.26 amount levied by the city or county in the previous levy year for the purposes specified
3.27 in this clause and included in the city's or county's previous year's levy limit computed
3.28 under section 275.71, must be deducted from the levy limit base under section 275.71,
3.29 subdivision 2, in determining the city's or county's current year levy limit;

3.30 (18) for counties, to pay for the increase in their share of health and human service
3.31 costs caused by reductions in federal health and human services grants effective after
3.32 September 30, 2007;

3.33 (19) for a city, for the costs reasonably and necessarily incurred for securing,
3.34 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
3.35 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
3.36 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in

4.1 the city or in a zip code area of the city that is at least 50 percent higher than the average
4.2 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
4.3 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
4.4 number of foreclosures, as indicated by sheriff sales records, divided by the number of
4.5 households in the city in 2007;

4.6 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and
4.7 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
4.8 to the Federal Highway Administration;

4.9 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
4.10 personnel. If a local governmental unit did not use this special levy in the previous year its
4.11 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
4.12 levied for the purposes specified in this clause in the previous year;

4.13 (22) an amount equal to any reductions in the certified aids or credits payable
4.14 under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under
4.15 section 16A.152. The amount of the levy allowed under this clause is equal to the amount
4.16 unallotted in the calendar year in which the tax is levied unless the unallotment amount is
4.17 not known by September 1 of the levy year, and the local government has not adjusted its
4.18 levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case the
4.19 unallotment amount may be levied in the following year;

4.20 (23) to pay for the difference between one-half of the costs of confining sex offenders
4.21 undergoing the civil commitment process and any state payments for this purpose pursuant
4.22 to section 253B.185, subdivision 5;

4.23 (24) for a county to pay the costs of the first year of maintaining and operating a new
4.24 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
4.25 investigation labs, or other public safety facilities and for which all or a portion of the
4.26 funding for the site acquisition, building design, site preparation, construction, and related
4.27 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
4.28 levy limit base shall then be increased by an amount equal to the new facility's first full
4.29 year's operating costs as described in this clause; and

4.30 (25) for the estimated amount of reduction to credits under section 273.1384 for
4.31 credits payable in the year in which the levy is payable.

4.32 **EFFECTIVE DATE.** This section is effective July 1, 2010.

4.33 Sec. 3. Minnesota Statutes 2008, section 354.05, subdivision 38, is amended to read:

4.34 Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 ~~for a~~
4.35 ~~person who first became a member of the association or a member of a pension fund listed~~

5.1 ~~in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a~~
 5.2 ~~member of the association after June 30, 1989, normal retirement age means the higher~~
 5.3 ~~of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l),~~
 5.4 ~~as amended, but not to exceed age 66. For a person with 30 years of service, normal~~
 5.5 ~~retirement age means age 62.~~

5.6 **EFFECTIVE DATE.** This section is effective July 1, 2011.

5.7 Sec. 4. Minnesota Statutes 2009 Supplement, section 354.42, subdivision 2, is
 5.8 amended to read:

5.9 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
 5.10 contribution to the fund is ~~9.0 percent~~ the following percentage of the member's salary:

| | | |
|------|---|---------------------|
| 5.11 | <u>before July 1, 2011</u> | <u>9.0 percent</u> |
| 5.12 | <u>from July 1, 2011, until June 30, 2012</u> | <u>9.5 percent</u> |
| 5.13 | <u>from July 1, 2012, until June 30, 2013</u> | <u>10.0 percent</u> |
| 5.14 | <u>from July 1, 2013, until June 30, 2014</u> | <u>10.5 percent</u> |
| 5.15 | <u>after June 30, 2014, until June 30, 2015</u> | <u>11.0 percent</u> |
| 5.16 | <u>from July 1, 2015, until June 30, 2016</u> | <u>11.5 percent</u> |
| 5.17 | <u>after June 30, 2016</u> | <u>12.0 percent</u> |

5.18 (b) For a coordinated member, the employee contribution is ~~5.5 percent~~ the following
 5.19 percentage of the member's salary:

| | | |
|------|---|--------------------|
| 5.20 | <u>before July 1, 2011</u> | <u>5.5 percent</u> |
| 5.21 | <u>from July 1, 2011, until June 30, 2012</u> | <u>6.0 percent</u> |
| 5.22 | <u>from July 1, 2012, until June 30, 2013</u> | <u>6.5 percent</u> |
| 5.23 | <u>from July 1, 2013, until June 30, 2014</u> | <u>7.0 percent</u> |
| 5.24 | <u>after June 30, 2014, until June 30, 2015</u> | <u>7.5 percent</u> |
| 5.25 | <u>from July 1, 2015, until June 30, 2016</u> | <u>8.0 percent</u> |
| 5.26 | <u>after June 30, 2016</u> | <u>8.5 percent</u> |

5.27 (c) When an employee contribution rate changes for a fiscal year, the new
 5.28 contribution rate is effective for the entire salary paid for each employer unit with the
 5.29 first payroll cycle reported.

5.30 (d) After June 30, 2017, if a contribution rate revision is required under subdivisions
 5.31 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted
 5.32 accordingly.

5.33 ~~(b)~~ (e) This contribution must be made by deduction from salary. Where any portion
 5.34 of a member's salary is paid from other than public funds, the member's employee
 5.35 contribution must be based on the entire salary received.

5.36 **EFFECTIVE DATE.** This section is effective July 1, 2010.

6.1 Sec. 5. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

6.2 Subd. 3. **Employer.** (a) ~~The regular employer contribution to the fund by Special~~
 6.3 ~~School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an~~
 6.4 ~~amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated~~
 6.5 ~~member and 9.0 percent of the salary of each of its teachers who is a basic member. After~~
 6.6 ~~July 1, 2007, the regular employer contribution to the fund by Special School District No.~~
 6.7 ~~1, Minneapolis, is an amount equal to 5.5 percent~~ the applicable following percentage of
 6.8 salary of each coordinated member and ~~9.5 percent~~ the applicable following percentage
 6.9 of salary of each basic member.:

| 6.10 | <u>Period</u> | <u>Coordinated Member</u> | <u>Basic Member</u> |
|------|---|---------------------------|---------------------|
| 6.11 | <u>before July 1, 2011</u> | <u>5.5 percent</u> | <u>9.5 percent</u> |
| 6.12 | <u>from July 1, 2011, until June 30, 2012</u> | <u>6.0 percent</u> | <u>10.0 percent</u> |
| 6.13 | <u>from July 1, 2012, until June 30, 2013</u> | <u>6.5 percent</u> | <u>10.5 percent</u> |
| 6.14 | <u>from July 1, 2013, until June 30, 2014</u> | <u>7.0 percent</u> | <u>11.0 percent</u> |
| 6.15 | <u>after June 30, 2014, until June 30, 2015</u> | <u>7.5 percent</u> | <u>11.5 percent</u> |
| 6.16 | <u>from July 1, 2015, until June 30, 2016</u> | <u>8.0 percent</u> | <u>12.0 percent</u> |
| 6.17 | <u>after June 30, 2016</u> | <u>8.5 percent</u> | <u>12.5 percent</u> |

6.18 The additional employer contribution to the fund by Special School District No. 1,
 6.19 Minneapolis, ~~after July 1, 2006,~~ is an amount equal to 3.64 percent of the salary of each
 6.20 teacher who is a coordinated member or is a basic member.

6.21 (b) The employer contribution to the fund for every other employer is an amount
 6.22 equal to ~~5.0 percent~~ the applicable following percentage of the salary of each coordinated
 6.23 member and ~~9.0 percent~~ the applicable following percentage of the salary of each basic
 6.24 member ~~before July 1, 2007, and 5.5 percent of the salary of each coordinated member~~
 6.25 ~~and 9.5 percent of the salary of each basic member after June 30, 2007.~~:

| 6.26 | <u>Period</u> | <u>Coordinated Member</u> | <u>Basic Member</u> |
|------|---|---------------------------|---------------------|
| 6.27 | <u>before July 1, 2011</u> | <u>5.5 percent</u> | <u>9.5 percent</u> |
| 6.28 | <u>from July 1, 2011, until June 30, 2012</u> | <u>6.0 percent</u> | <u>10.0 percent</u> |
| 6.29 | <u>from July 1, 2012, until June 30, 2013</u> | <u>6.5 percent</u> | <u>10.5 percent</u> |
| 6.30 | <u>from July 1, 2013, until June 30, 2014</u> | <u>7.0 percent</u> | <u>11.0 percent</u> |
| 6.31 | <u>after June 30, 2014, until June 30, 2015</u> | <u>7.5 percent</u> | <u>11.5 percent</u> |
| 6.32 | <u>from July 1, 2015, until June 30, 2016</u> | <u>8.0 percent</u> | <u>12.0 percent</u> |
| 6.33 | <u>after June 30, 2016</u> | <u>8.5 percent</u> | <u>12.5 percent</u> |

6.34 (c) When an employer contribution rate changes for a fiscal year, the new
 6.35 contribution rate is effective for the entire salary paid for each employer unit with the
 6.36 first payroll cycle reported.

7.1 (d) After June 30, 2017, if a contribution rate revision is made under subdivisions
7.2 4a, 4b, and 4c, the employer contributions under paragraphs (a) and (b) must be adjusted
7.3 accordingly.

7.4 **EFFECTIVE DATE.** This section is effective July 1, 2010.

7.5 Sec. 6. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
7.6 to read:

7.7 Subd. 4a. **Determination.** (a) For purposes of this section, a contribution
7.8 sufficiency exists if the total of the employee contributions, the employer contributions,
7.9 and any additional employer contributions, if applicable, exceeds the total of the normal
7.10 cost, the administrative expenses, and the amortization contribution of the retirement plan
7.11 as reported in the most recent actuarial valuation of the retirement plan prepared by the
7.12 approved actuary retained under section 356.214 and prepared under section 356.215
7.13 and the standards for actuarial work of the Legislative Commission on Pensions and
7.14 Retirement.

7.15 (b) For purposes of this section, a contribution deficiency exists if the total of
7.16 the employee contributions, the employer contributions, and any additional employer
7.17 contributions are less than the total of the normal cost, the administrative expenses, and
7.18 the amortization contribution of the retirement plan as reported in the most recent actuarial
7.19 valuation of the retirement plan prepared by the approved actuary retained under section
7.20 356.214 and prepared under section 356.215 and the standards for actuarial work of the
7.21 Legislative Commission on Pensions and Retirement.

7.22 **EFFECTIVE DATE.** This section is effective July 1, 2011.

7.23 Sec. 7. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
7.24 to read:

7.25 Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate
7.26 provisions under subdivisions 2 and 3, the employee and employer contribution rates
7.27 may be adjusted as follows:

7.28 (1) if, after June 30, 2017, the regular actuarial valuation of the plan under section
7.29 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to
7.30 or greater than one percent of covered payroll and the sufficiency has existed for at least
7.31 two consecutive years, the employee and employer contribution rates for the plan may
7.32 each be decreased to a level such that the sufficiency equals no more than one percent of
7.33 covered payroll based on the most recent actuarial valuation; or

8.1 (2) if, after June 30, 2017, the regular valuation of the plan under section 356.215
8.2 indicates that there is a deficiency equal to or greater than 0.25 percent of covered payroll
8.3 and the deficiency has existed for at least two consecutive years, the employee and
8.4 employer contribution rates for the applicable plan may each be increased by:

8.5 (i) 0.25 percent if the deficiency is less than 2.00 percent of covered payroll;

8.6 (ii) 0.5 percent if the deficiency is equal to or greater than 2.00 percent of covered
8.7 payroll and less than or equal to four percent; and

8.8 (iii) 0.75 percent if the deficiency is greater than four percent.

8.9 **EFFECTIVE DATE.** This section is effective July 1, 2011.

8.10 Sec. 8. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
8.11 to read:

8.12 **Subd. 4c. Contribution sufficiency measures.** (a) A contribution sufficiency of up
8.13 to one percent of covered payroll must be held in reserve to be used to offset any future
8.14 actuarially required contributions that are more than the total combined employee and
8.15 employer contributions being collected.

8.16 (b) Before any reduction in contributions to eliminate a sufficiency in excess of one
8.17 percent of covered pay may be recommended, the executive director must review any
8.18 need for a change in actuarial assumptions, as recommended by the actuary retained
8.19 under section 356.214 in the most recent experience study of the retirement plan, that
8.20 may result in an increase in the actuarially required contribution and must report to the
8.21 Legislative Commission on Pensions and Retirement any recommendation by the board
8.22 to use the sufficiency exceeding one percent of covered payroll to offset the impact of
8.23 an actuarial assumption change recommended by the actuary retained under section
8.24 356.214, subdivision 1, and reviewed by the actuary retained by the commission under
8.25 section 356.214, subdivision 4.

8.26 (c) A contribution sufficiency in excess of one percent of covered pay must not be
8.27 used to increase benefits, and a benefit increase must not be proposed that would initiate
8.28 an automatic adjustment under this section to increase contributions. A proposed benefit
8.29 improvement must include a recommendation, prepared by the actuary retained under
8.30 section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative
8.31 Commission on Pensions and Retirement, as provided under section 356.214, subdivision
8.32 4, on the manner in which the benefit modification is to be funded.

8.33 **EFFECTIVE DATE.** This section is effective July 1, 2011.

9.1 Sec. 9. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
9.2 to read:

9.3 Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease
9.4 under subdivision 4b, as determined by the executive director of the Teachers Retirement
9.5 Association, must be reported to the chair and the executive director of the Legislative
9.6 Commission on Pensions and Retirement on or before the next February 1 and, if the
9.7 Legislative Commission on Pensions and Retirement does not recommend against the rate
9.8 change or does not recommend a modification in the rate change, is effective on the next
9.9 July 1 following the determination by the executive director that a contribution deficiency
9.10 or sufficiency exists based on the most recent actuarial valuation under section 356.215.

9.11 **EFFECTIVE DATE.** This section is effective July 1, 2011.

9.12 Sec. 10. Minnesota Statutes 2008, section 354.44, subdivision 6, is amended to read:

9.13 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula
9.14 retirement annuity must be computed in accordance with the applicable provisions of the
9.15 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under
9.16 section 354.05, subdivision 13a, for the period of the member's formula service credit.

9.17 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
9.18 became a member of the association or a member of a pension fund listed in section
9.19 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with
9.20 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The
9.21 average salary as defined in section 354.05, subdivision 13a, multiplied by the following
9.22 percentages per year of formula service credit ~~shall determine~~ determines the amount
9.23 of the annuity to which the member qualifying therefor is entitled for service rendered
9.24 before July 1, 2006:

| | Coordinated Member | Basic Member |
|----------------------------------|-------------------------|-------------------------|
| 9.26 Each year of service during | the percent specified | the percent specified |
| 9.27 first ten | in section 356.315, | in section 356.315, |
| 9.28 | subdivision 1, per year | subdivision 3, per year |
| 9.29 Each year of service | the percent specified | the percent specified |
| 9.30 thereafter | in section 356.315, | in section 356.315, |
| 9.31 | subdivision 2, per year | subdivision 4, per year |

9.32 For service rendered on or after July 1, 2006, the average salary as defined in section
9.33 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,
9.34 determines the amount the annuity to which the member qualifying therefor is entitled:

| | | | |
|------|-----------------------------|--------------------------|-------------------------|
| 10.1 | | Coordinated Member | Basic Member |
| 10.2 | Each year of service during | the percent specified | the percent specified |
| 10.3 | first ten | in section 356.315, | in section 356.315, |
| 10.4 | | subdivision 1a, per year | subdivision 3, per year |
| 10.5 | Each year of service after | the percent specified | the percent specified |
| 10.6 | ten years of service | in section 356.315, | in section 356.315, |
| 10.7 | | subdivision 2b, per year | subdivision 4, per year |

10.8 (c)(i) This paragraph applies only to a person who first became a member of the
 10.9 association or a member of a pension fund listed in section 356.30, subdivision 3, before
 10.10 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in
 10.11 conjunction with this paragraph than when calculated under paragraph (d), in conjunction
 10.12 with paragraph (e).

10.13 (ii) Where any member retires prior to normal retirement age under a formula
 10.14 annuity, the member ~~shall~~ must be paid a retirement annuity in an amount equal to the
 10.15 normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each
 10.16 month that the member is under normal retirement age at the time of retirement except
 10.17 that for any member who has 30 or more years of allowable service credit, the reduction
 10.18 ~~shall~~ must be applied only for each month that the member is under age 62.

10.19 (iii) Any member whose attained age plus credited allowable service totals 90 years
 10.20 is entitled, upon application, to a retirement annuity in an amount equal to the normal
 10.21 annuity provided in paragraph (b), without any reduction by reason of early retirement.

10.22 (d) This paragraph applies to a member who has become at least 55 years old and
 10.23 first became a member of the association after June 30, 1989, and to any other member
 10.24 who has become at least 55 years old and whose annuity amount when calculated under
 10.25 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated
 10.26 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average
 10.27 salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified
 10.28 by section 356.315, subdivision 4, for each year of service for a basic member ~~shall~~
 10.29 ~~determine~~ determines the amount of the retirement annuity to which the basic member is
 10.30 entitled. The annuity of a basic member who was a member of the former Minneapolis
 10.31 Teachers Retirement Fund Association as of June 30, 2006, must be determined according
 10.32 to the annuity formula under the articles of incorporation of the former Minneapolis
 10.33 Teachers Retirement Fund Association in effect as of that date. For a coordinated member,
 10.34 the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent
 10.35 specified in section 356.315, subdivision 2, for each year of service rendered before July
 10.36 1, 2006, ~~and~~ by the percent specified in section 356.315, subdivision 2b, for each year
 10.37 of service rendered on or after July 1, 2006, and before July 1, 2011, and by the percent

11.1 specified in section 356.315, subdivision 2c, for each year of service rendered after June
11.2 30, 2011, determines the amount of the retirement annuity to which the coordinated
11.3 member is entitled. For a member who has 30 or more years of allowable service credit,
11.4 the person's normal retirement age is age 62 and the age 55 minimum early reduced benefit
11.5 retirement age does not apply to the person.

11.6 (e) This paragraph applies to a person who has become at least 55 years old and first
11.7 becomes a member of the association after June 30, 1989, and to any other member who
11.8 has become at least 55 years old and whose annuity is higher when calculated under
11.9 paragraph (d) in conjunction with this paragraph than when calculated under paragraph
11.10 (b), in conjunction with paragraph (c). An employee who retires under the formula
11.11 annuity before the normal retirement age ~~shall~~ as defined by section 354.05, subdivision
11.12 38, must be paid the normal annuity provided in paragraph (d) reduced so that the reduced
11.13 annuity is the actuarial equivalent of the annuity that would be payable to the employee if
11.14 the employee deferred receipt of the annuity and the annuity amount were augmented at
11.15 an annual rate of three percent compounded annually from the day the annuity begins to
11.16 accrue until the normal retirement age if the employee became an employee before July 1,
11.17 2006, and at 2.5 percent compounded annually if the employee becomes an employee after
11.18 June 30, 2006. For a member who has 30 or more years of allowable service credit, the
11.19 person's normal retirement age is age 62 and the age 55 minimum early reduced benefit
11.20 retirement age does not apply to the person.

11.21 (f) No retirement annuity is payable to a former employee with a salary that exceeds
11.22 95 percent of the governor's salary unless and until the salary figures used in computing
11.23 the highest five successive years average salary under paragraph (a) have been audited by
11.24 the Teachers Retirement Association and determined by the executive director to comply
11.25 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

11.26 **EFFECTIVE DATE.** This section is effective July 1, 2011.

11.27 Sec. 11. Minnesota Statutes 2009 Supplement, section 354.47, subdivision 1, is
11.28 amended to read:

11.29 Subdivision 1. **Death before retirement.** (a) If a member dies before retirement
11.30 and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a
11.31 reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the
11.32 survivors if the member was a basic member, then the surviving spouse, or if there is no
11.33 surviving spouse, the designated beneficiary is entitled to an amount equal to the member's
11.34 accumulated deductions with interest credited to the account of the member to the date of

12.1 death of the member. If the designated beneficiary is a minor, interest must be credited to
12.2 the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

12.3 (b) If a member dies before retirement and is covered under section 354.44,
12.4 subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit
12.5 described in section 354.46, subdivision 1, is payable to the survivors if the member
12.6 was a basic member, then the surviving spouse, or if there is no surviving spouse, then
12.7 the designated beneficiary is entitled to ~~an amount equal to the member's accumulated~~
12.8 ~~deductions credited to the account of the member as of June 30, 1957, and from July 1,~~
12.9 ~~1957, to the date of death of the member, the member's accumulated deductions plus six~~
12.10 ~~percent interest compounded annually.~~ a refund equal to the accumulated deductions
12.11 credited to the member's account plus interest compounded annually until the member's
12.12 date of death using the following interest rates:

12.13 (1) before July 1, 1957, no interest accrues;

12.14 (2) July 1, 1957, to June 30, 2011, six percent; and

12.15 (3) after June 30, 2011, four percent.

12.16 (c) If the designated beneficiary under paragraph (b) is a minor, any interest credited
12.17 under that paragraph must be credited to the date the beneficiary reaches legal age, or
12.18 the date of receipt, whichever is earlier.

12.19 (d) The amount of any refund payable under this subdivision must be reduced by
12.20 any permanent disability payment under section 354.48 received by the member.

12.21 **EFFECTIVE DATE.** This section is effective July 1, 2010.

12.22 Sec. 12. Minnesota Statutes 2009 Supplement, section 354.49, subdivision 2, is
12.23 amended to read:

12.24 Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1,
12.25 any person who ceases to be a member by reason of termination of teaching service, is
12.26 entitled to receive a refund in an amount equal to the accumulated deductions credited
12.27 to the account ~~as of June 30, 1957, and after July 1, 1957, the accumulated deductions~~
12.28 ~~with interest at the rate of six percent per annum compounded annually.~~ plus interest
12.29 compounded annually using the following interest rates:

12.30 (1) before July 1, 1957, no interest accrues;

12.31 (2) July 1, 1957, to June 30, 2011, six percent; and

12.32 (3) after June 30, 2011, four percent.

12.33 For the purpose of this subdivision, interest must be computed on fiscal year end
12.34 balances to the first day of the month in which the refund is issued.

13.1 (b) If the person has received permanent disability payments under section 354.48,
13.2 the refund amount must be reduced by the amount of those payments.

13.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

13.4 Sec. 13. Minnesota Statutes 2009 Supplement, section 354.55, subdivision 11, is
13.5 amended to read:

13.6 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
13.7 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
13.8 accumulated deductions in the fund for the purpose of receiving a deferred annuity
13.9 at retirement.

13.10 (b) The amount of the deferred retirement annuity is determined by section 354.44,
13.11 subdivision 6, and augmented as provided in this subdivision. The required reserves for
13.12 the annuity which had accrued when the member ceased to render teaching service must
13.13 be augmented, as further specified in this subdivision, by the applicable interest rate
13.14 compounded annually from the first day of the month following the month during which
13.15 the member ceased to render teaching service to the effective date of retirement.

13.16 (c) No augmentation is not creditable if the deferral period is less than three months
13.17 or if deferral commenced before July 1, 1971.

13.18 (d) For persons who became covered employees before July 1, 2006, with a deferral
13.19 period commencing after June 30, 1971, the annuity must be augmented ~~using~~ as follows:

13.20 (1) five percent interest compounded annually until January 1, 1981, and;

13.21 (2) three percent interest compounded annually thereafter from January 1, 1981, until
13.22 January 1 of the year following the year in which the deferred annuitant attains age 55;

13.23 ~~From that date~~ (3) five percent interest compounded annually from the date
13.24 established in clause (2) to the effective date of retirement, the rate is five percent
13.25 ~~compounded annually.~~ or until June 30, 2011, whichever is earlier; and

13.26 (4) two percent interest compounded annually after June 30, 2011.

13.27 (e) For persons who become covered employees after June 30, 2006, the interest
13.28 rate used to augment the deferred annuity is 2.5 percent interest compounded annually
13.29 until June 30, 2011, or until the effective date of retirement, whichever is earlier, and two
13.30 percent interest compounded annually after June 30, 2011.

13.31 (f) If a person has more than one period of uninterrupted service, a separate average
13.32 salary determined under section 354.44, subdivision 6, must be used for each period
13.33 and the required reserves related to each period must be augmented as specified in this
13.34 subdivision. The sum of the augmented required reserves is the present value of the
13.35 annuity. For the purposes of this subdivision, "period of uninterrupted service" means a

14.1 period of covered teaching service during which the member has not been separated from
14.2 active service for more than one fiscal year.

14.3 (g) If a person repays a refund, the service restored by the repayment must be
14.4 considered as continuous with the next period of service for which the person has
14.5 allowable service credit in the Teachers Retirement Association.

14.6 (h) If a person does not render teaching service in any one fiscal year or more
14.7 consecutive fiscal years and then resumes teaching service, the formula percentages used
14.8 from the date of the resumption of teaching service must be those applicable to new
14.9 members.

14.10 (i) The mortality table and interest rate actuarial assumption used to compute the
14.11 annuity must be the applicable mortality table established by the board under section
14.12 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in
14.13 effect when the member retires.

14.14 (j) In no case may the annuity payable under this subdivision be less than the amount
14.15 of annuity payable under section 354.44, subdivision 6.

14.16 (k) The requirements and provisions for retirement before normal retirement age
14.17 contained in section 354.44, subdivision 6, also apply to an employee fulfilling the
14.18 requirements with a combination of service as provided in section 354.60.

14.19 (l) The augmentation provided by this subdivision applies to the benefit provided
14.20 in section 354.46, subdivision 2.

14.21 (m) The augmentation provided by this subdivision does not apply to any period
14.22 in which a person is on an approved leave of absence from an employer unit covered
14.23 by the provisions of this chapter.

14.24 (n) The retirement annuity or disability benefit of, or the survivor benefit payable on
14.25 behalf of, a former teacher who terminated service before July 1, 1997, which is not first
14.26 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to
14.27 reflect the change in the postretirement interest rate actuarial assumption under section
14.28 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
14.29 tables adopted by the board as recommended by an approved actuary and approved by the
14.30 actuary retained under section 356.214.

14.31 **EFFECTIVE DATE.** This section is effective July 1, 2010.

14.32 Sec. 14. Minnesota Statutes 2008, section 354A.011, subdivision 15a, is amended to
14.33 read:

14.34 Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 ~~for a~~
14.35 ~~person who first became a member of the coordinated program of the St. Paul Teachers~~

15.1 ~~Retirement Fund Association or the new law coordinated program of the Duluth Teachers~~
 15.2 ~~Retirement Fund Association or a member of a pension fund listed in section 356.30,~~
 15.3 ~~subdivision 3, before July 1, 1989. For a person who first became a member of the~~
 15.4 ~~coordinated program of the St. Paul Teachers Retirement Fund Association or the new law~~
 15.5 ~~coordinated program of the Duluth Teachers Retirement Fund Association after June 30,~~
 15.6 ~~1989, normal retirement age means the higher of age 65 or retirement age, as defined in~~
 15.7 ~~United States Code, title 42, section 416(l), as amended, but not to exceed age 66. For a~~
 15.8 ~~person with 30 years of service, normal retirement age means age 62. For a person who is~~
 15.9 a member of the basic program of the St. Paul Teachers Retirement Fund Association or
 15.10 the old law coordinated program of the Duluth Teachers Retirement Fund Association,
 15.11 normal retirement age means the age at which a teacher becomes eligible for a normal
 15.12 retirement annuity computed upon meeting the age and service requirements specified
 15.13 in the applicable provisions of the articles of incorporation or bylaws of the respective
 15.14 teachers retirement fund association.

15.15 **EFFECTIVE DATE.** This section is effective July 1, 2011.

15.16 Sec. 15. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

15.17 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid
 15.18 by each member of a teachers retirement fund association ~~shall~~ must not be less than the
 15.19 percentage of total salary specified below for the applicable association and program:

| Association and Program | Percentage of Total Salary |
|--|----------------------------|
| Duluth Teachers Retirement Fund Association | |
| old law and new law | |
| coordinated programs | 5.5 percent |
| <u>(1) before July 1, 2011</u> | <u>5.5 percent</u> |
| <u>(2) after June 30, 2011, and before July 1, 2012</u> | <u>6 percent</u> |
| <u>(3) after June 30, 2012, and before July 1, 2013</u> | <u>6.5 percent</u> |
| <u>(4) after June 30, 2013, and before July 1, 2014</u> | <u>7 percent</u> |
| <u>(5) after June 30, 2014, and before July 1, 2015</u> | <u>7.5 percent</u> |
| <u>(6) unless paragraph (b) applies, after June 30,</u> | |
| <u>2015, and before July 1, 2016</u> | <u>8.0 percent</u> |
| <u>(7) unless paragraph (b) applies, after June 30,</u> | |
| <u>2016</u> | <u>8.5 percent</u> |
| St. Paul Teachers Retirement Fund Association | |
| basic program | 8 percent |
| coordinated program | 5.5 percent |
| <u>(8) before July 1, 2011</u> | <u>5.5 percent</u> |
| <u>(9) after June 30, 2011, and before July 1, 2012</u> | <u>6 percent</u> |
| <u>(10) after June 30, 2012, and before July 1, 2013</u> | <u>6.5 percent</u> |

| | | |
|------|--|--------------------|
| 16.1 | <u>(11) after June 30, 2013, and before July 1, 2014</u> | <u>7 percent</u> |
| 16.2 | <u>(12) after June 30, 2014, and before July 1, 2015</u> | <u>7.5 percent</u> |
| 16.3 | <u>(13) unless paragraph (b) applies, after June 30,</u> | |
| 16.4 | <u>2015, and before July 1, 2016</u> | <u>8.0 percent</u> |
| 16.5 | <u>(14) unless paragraph (b) applies, after June 30,</u> | |
| 16.6 | <u>2016</u> | <u>8.5 percent</u> |

16.7 (b) When an employee contribution rate changes for a fiscal year, the new
 16.8 contribution rate is effective for the entire salary paid for each employer unit with the
 16.9 first payroll cycle reported.

16.10 (c) After July 1, 2017, a scheduled contribution increase under paragraph (a),
 16.11 clause (6), (7), (13), or (14), is suspended if the most recent actuarial valuation prepared
 16.12 under section 356.215 indicates that there is no contribution deficiency when the total
 16.13 employee contributions, employer contributions under subdivision 3, and direct state aid
 16.14 are compared to the actuarial required contributions of the retirement plan.

16.15 (d) Contributions shall ~~shall~~ must be made by deduction from salary and must be remitted
 16.16 directly to the respective teachers retirement fund association at least once each month.

16.17 **EFFECTIVE DATE.** This section is effective July 1, 2010.

16.18 Sec. 16. Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a,
 16.19 is amended to read:

16.20 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
 16.21 units shall make the following employer contributions to teachers retirement fund
 16.22 associations:

16.23 (1) for any coordinated member of one of the following teachers retirement fund
 16.24 associations in a city of the first class, the employing unit shall make a regular employer
 16.25 contribution to the respective retirement fund association in an amount equal to the
 16.26 designated percentage of the salary of the coordinated member as provided below:

| | | |
|-------|-------------------------------------|-------------------------|
| 16.27 | Duluth Teachers Retirement | |
| 16.28 | Fund Association | 4.50 percent |
| 16.29 | <u>(A) before July 1, 2011</u> | <u>4.5 percent</u> |
| 16.30 | <u>(B) after June 30, 2011, and</u> | |
| 16.31 | <u>before July 1, 2012</u> | <u>5 percent</u> |
| 16.32 | <u>(C) after June 30, 2012, and</u> | |
| 16.33 | <u>before July 1, 2013</u> | <u>5.5 percent</u> |
| 16.34 | <u>(D) after June 30, 2013, and</u> | |
| 16.35 | <u>before July 1, 2014</u> | <u>6 percent</u> |
| 16.36 | <u>(E) after June 30, 2014, and</u> | |
| 16.37 | <u>before July 1, 2015</u> | <u>6.5 percent</u> |

| | | |
|-------|--|-------------------------|
| 17.1 | <u>(F) unless clause (3) applies,</u> | |
| 17.2 | <u>after June 30, 2015, and before</u> | |
| 17.3 | <u>July 1, 2016</u> | <u>7.0 percent</u> |
| 17.4 | <u>(G) unless clause (3) applies,</u> | |
| 17.5 | <u>after June 30, 2016</u> | <u>7.5 percent</u> |
| 17.6 | St. Paul Teachers Retirement | |
| 17.7 | Fund Association | 4.50 percent |
| 17.8 | <u>(H) before July 1, 2011</u> | <u>4.5 percent</u> |
| 17.9 | <u>(I) after June 30, 2011, and</u> | |
| 17.10 | <u>before July 1, 2012</u> | <u>5 percent</u> |
| 17.11 | <u>(J) after June 30, 2012, and</u> | |
| 17.12 | <u>before July 1, 2013</u> | <u>5.5 percent</u> |
| 17.13 | <u>(K) after June 30, 2013, and</u> | |
| 17.14 | <u>before July 1, 2014</u> | <u>6 percent</u> |
| 17.15 | <u>(L) after June 30, 2014, and</u> | |
| 17.16 | <u>before July 1, 2015</u> | <u>6.5 percent</u> |
| 17.17 | <u>(M) unless clause (3) applies,</u> | |
| 17.18 | <u>after June 30, 2015, and before</u> | |
| 17.19 | <u>July 1, 2016</u> | <u>7.0 percent</u> |
| 17.20 | <u>(N) unless clause (3) applies,</u> | |
| 17.21 | <u>after June 30, 2016</u> | <u>7.5 percent</u> |
| 17.22 | <u>(2) After July 1, 2017, a scheduled contribution increase under paragraph (a), clause</u> | |
| 17.23 | <u>(1), item (F), (G), (M), or (N), is suspended if the most recent actuarial valuation prepared</u> | |
| 17.24 | <u>under section 356.215 indicates that there is no contribution deficiency when the total</u> | |
| 17.25 | <u>employee contributions, employer contributions under subdivision 3, and direct state aid</u> | |
| 17.26 | <u>are compared to the actuarial required contributions of the retirement plan;</u> | |
| 17.27 | <u>(3) for any basic member of the St. Paul Teachers Retirement Fund Association, the</u> | |
| 17.28 | employing unit shall make a regular employer contribution to the respective retirement | |
| 17.29 | fund in an amount equal to 8.00 percent of the salary of the basic member; | |
| 17.30 | (3) <u>(4) for a basic member of the St. Paul Teachers Retirement Fund Association, the</u> | |
| 17.31 | employing unit shall make an additional employer contribution to the respective fund in | |
| 17.32 | an amount equal to 3.64 percent of the salary of the basic member; | |
| 17.33 | (4) <u>(5) for a coordinated member of a teachers retirement fund association in a city</u> | |
| 17.34 | of the first class, the employing unit shall make an additional employer contribution to | |
| 17.35 | the respective fund in an amount equal to the applicable percentage of the coordinated | |
| 17.36 | member's salary, as provided below: | |
| 17.37 | Duluth Teachers Retirement | |
| 17.38 | Fund Association | 1.29 percent |
| 17.39 | St. Paul Teachers Retirement | |
| 17.40 | Fund Association | 3.84 percent |

18.1 (b) When an employer contribution rate changes for a fiscal year, the new
18.2 contribution rate is effective for the entire salary paid for each employer unit with the
18.3 first payroll cycle reported.

18.4 (c) The regular and additional employer contributions must be remitted directly to
18.5 the respective teachers retirement fund association at least once each month. Delinquent
18.6 amounts are payable with interest under the procedure in subdivision 1a.

18.7 ~~(e)~~ (d) Payments of regular and additional employer contributions for school district
18.8 or technical college employees who are paid from normal operating funds must be made
18.9 from the appropriate fund of the district or technical college.

18.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

18.11 Sec. 17. Minnesota Statutes 2008, section 354A.12, is amended by adding a
18.12 subdivision to read:

18.13 Subd. 4a. **Determination.** (a) For purposes of this section, a contribution sufficiency
18.14 exists if, for purposes of the applicable plan, the total of the employee contributions,
18.15 the employer contributions, and any additional employer contributions, if applicable,
18.16 exceeds the total of the normal cost, the administrative expenses, and the amortization
18.17 contribution of the retirement plan as reported in the most recent actuarial valuation of the
18.18 retirement plan prepared by the actuary retained under section 356.214 and prepared under
18.19 section 356.215 and the standards for actuarial work of the Legislative Commission on
18.20 Pensions and Retirement.

18.21 (b) For purposes of this section, a contribution deficiency exists if, for the applicable
18.22 plan, the total employee contributions, employer contributions, and any additional
18.23 employer contributions are less than the total of the normal cost, the administrative
18.24 expenses, and the amortization contribution of the retirement plan as reported in the most
18.25 recent actuarial valuation of the retirement plan prepared by the actuary retained under
18.26 section 356.214 and prepared under section 356.215 and the standards for actuarial work
18.27 of the Legislative Commission on Pensions and Retirement.

18.28 **EFFECTIVE DATE.** This section is effective July 1, 2010.

18.29 Sec. 18. Minnesota Statutes 2008, section 354A.12, is amended by adding a
18.30 subdivision to read:

18.31 Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate
18.32 provisions stated in plan law, the employee and employer contribution rates must be
18.33 adjusted:

19.1 (1) if after July 1, 2017, the regular actuarial valuations of the applicable plan under
19.2 section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal
19.3 to or greater than 0.5 percent of covered payroll for two consecutive years, the employee
19.4 and employer contribution rates for the applicable plan must be decreased as determined
19.5 under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of
19.6 covered payroll based on the most recent actuarial valuation; or

19.7 (2) if after July 1, 2017, the regular actuarial valuations of the applicable plan under
19.8 section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of
19.9 covered payroll for two consecutive years, the employee and employer contribution rates
19.10 for the applicable plan must be increased as determined under subdivision 4 to a level such
19.11 that no deficiency exists based on the most recent actuarial valuation.

19.12 **EFFECTIVE DATE.** This section is effective July 1, 2010.

19.13 Sec. 19. Minnesota Statutes 2008, section 354A.12, is amended by adding a
19.14 subdivision to read:

19.15 **Subd. 4c. Reporting, commission review.** (a) The contribution rate increase or
19.16 decrease must be determined by the executive director of the Duluth Teachers Retirement
19.17 Fund Association or the St. Paul Teachers Retirement Fund Association, and must be
19.18 reported to the chair and the executive director of the Legislative Commission on Pensions
19.19 and Retirement on or before the next February 1, and, if the Legislative Commission
19.20 on Pensions and Retirement does not recommend against the rate change or does not
19.21 recommend a modification in the rate change, is effective on the next July 1 following
19.22 the determination by the executive director that a contribution deficiency or sufficiency
19.23 has existed for two consecutive fiscal years based on the most recent actuarial valuations
19.24 under section 356.215. If the actuarially required contribution exceeds or is less than
19.25 the total support provided by the combined employee and employer contribution rates
19.26 for the applicable plan by more than 0.5 percent of covered payroll, the applicable plan
19.27 employee and employer contribution rates must be adjusted incrementally over one or
19.28 more years to a level such that there remains a contribution sufficiency of no more than
19.29 0.25 percent of covered payroll.

19.30 (b) No incremental adjustment may exceed 0.25 percent of payroll for either the
19.31 employee or employer contribution rates per year in which any adjustment is implemented.
19.32 For an applicable plan, a contribution rate adjustment under this section must not be
19.33 made until at least two years have passed since fully implementing a previous adjustment
19.34 under this section.

20.1 **EFFECTIVE DATE.** This section is effective July 1, 2010.

20.2 Sec. 20. Minnesota Statutes 2008, section 354A.31, subdivision 4, is amended to read:

20.3 Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul**

20.4 **fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers
20.5 Retirement Fund Association.

20.6 (b) The normal coordinated retirement annuity is an amount equal to a retiring
20.7 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied
20.8 by the retirement annuity formula percentage.

20.9 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
20.10 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
20.11 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
20.12 higher annuity amount, in which case paragraph (d) will apply. ~~The retirement annuity
20.13 formula percentage for purposes of this paragraph is the percent specified in section
20.14 356.315, subdivision 1, per year for each year of coordinated service for the first ten years
20.15 and the percent specified in section 356.315, subdivision 2, for each year of coordinated
20.16 service thereafter.~~ The average salary multiplied by the following retirement annuity
20.17 formula percentage per year of allowable service determines the amount of the annuity to
20.18 which the member qualifying therefor is entitled for service rendered before July 1, 2011:

20.19 Each year of service during first ten years the percent specified in section 356.315,
20.20 subdivision 1, per year

20.21 Each year of service thereafter the percent specified in section 356.315,
20.22 subdivision 2, per year

20.23 For service rendered on or after July 1, 2011, the average salary multiplied by the
20.24 following retirement annuity formula percentage per year of allowable service determines
20.25 the amount of the annuity to which the member qualifying therefor is entitled:

20.26 Each year of service during first ten years the percent specified in section 356.315,
20.27 subdivision 1a, per year

20.28 Each year of service thereafter the percent specified in section 356.315,
20.29 subdivision 2b, per year

20.30 (d) This paragraph applies to a person who has become at least 55 years old and who
20.31 first becomes a member after June 30, 1989, and to any other member who has become
20.32 at least 55 years old and whose annuity amount, when calculated under this paragraph
20.33 and in conjunction with subdivision 7 is higher than it is when calculated under paragraph
20.34 (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula
20.35 percentage for purposes of this paragraph is the percent specified in section 356.315,
20.36 subdivision 2, for each year of coordinated service before July 1, 2011, and by the percent

21.1 specified in section 356.315, subdivision 2c, for each year of service rendered after June
 21.2 30, 2011. For a member who has 30 or more years of allowable service credit, the person's
 21.3 normal retirement age is age 62 and the age 55 minimum early reduced benefit retirement
 21.4 age does not apply to the person.

21.5 **EFFECTIVE DATE.** This section is effective July 1, 2011.

21.6 Sec. 21. Minnesota Statutes 2008, section 354A.31, subdivision 4a, is amended to read:

21.7 Subd. 4a. **Computation of normal coordinated retirement annuity; Duluth**
 21.8 **fund.** (a) This subdivision applies to the new law coordinated program of the Duluth
 21.9 Teachers Retirement Fund Association.

21.10 (b) The normal coordinated retirement annuity is an amount equal to a retiring
 21.11 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied
 21.12 by the retirement annuity formula percentage.

21.13 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
 21.14 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
 21.15 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
 21.16 higher annuity amount, in which case paragraph (d) applies. ~~The retirement annuity~~
 21.17 ~~formula percentage for purposes of this paragraph is the percent specified in section~~
 21.18 ~~356.315, subdivision 1, per year for each year of coordinated service for the first ten years~~
 21.19 ~~and the percent specified in section 356.315, subdivision 2, for each subsequent year of~~
 21.20 ~~coordinated service.~~ The average salary multiplied by the following retirement annuity
 21.21 formula percentage per year of allowable service determines the amount of the annuity to
 21.22 which the member qualifying therefor is entitled for service rendered before July 1, 2011:

| | |
|--|--|
| 21.23 <u>Each year of service during first ten years</u> | <u>the percent specified in section 356.315,</u> |
| 21.24 | <u>subdivision 1, per year</u> |
| 21.25 <u>Each year of service thereafter</u> | <u>the percent specified in section 356.315,</u> |
| 21.26 | <u>subdivision 2, per year</u> |

21.27 For service rendered on or after July 1, 2011, the average salary multiplied by the
 21.28 following retirement annuity formula percentage per year of allowable service determines
 21.29 the amount of the annuity to which the member qualifying therefor is entitled:

| | |
|--|--|
| 21.30 <u>Each year of service during first ten years</u> | <u>the percent specified in section 356.315,</u> |
| 21.31 | <u>subdivision 1a, per year</u> |
| 21.32 <u>Each year of service thereafter</u> | <u>the percent specified in section 356.315,</u> |
| 21.33 | <u>subdivision 2b, per year</u> |

21.34 (d) This paragraph applies to a person who is at least 55 years old and who first
 21.35 becomes a member after June 30, 1989, and to any other member who is at least 55 years
 21.36 old and whose annuity amount, when calculated under this paragraph and in conjunction

22.1 with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction
22.2 with subdivision 6. The retirement annuity formula percentage for purposes of this
22.3 paragraph is the percent specified in section 356.315, subdivision 2, for each year of
22.4 coordinated service before July 1, 2011, and by the percent specified in section 356.315,
22.5 subdivision 2c, for each year of service rendered after June 30, 2011. For a member who
22.6 has 30 or more years of allowable service credit, the person's normal retirement age is
22.7 age 62 and the age 55 minimum early reduced benefit retirement age does not apply
22.8 to the person.

22.9 **EFFECTIVE DATE.** This section is effective July 1, 2011.

22.10 Sec. 22. Minnesota Statutes 2008, section 354A.31, subdivision 7, is amended to read:

22.11 Subd. 7. **Actuarial reduction for early retirement.** This subdivision applies to
22.12 a person who has become at least 55 years old and first becomes a coordinated member
22.13 after June 30, 1989, and to any other coordinated member who has become at least 55
22.14 years old and whose annuity is higher when calculated using the retirement annuity
22.15 formula percentage in subdivision 4, paragraph (d), and subdivision 4a, paragraph (d), in
22.16 conjunction with this subdivision than when calculated under subdivision 4, paragraph
22.17 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6. A coordinated
22.18 member who retires before the full benefit age ~~shall~~ as defined by section 354A.011,
22.19 subdivision 15a, must be paid the retirement annuity calculated using the retirement
22.20 annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph
22.21 (d), reduced so that the reduced annuity is the actuarial equivalent of the annuity that
22.22 would be payable to the member if the member deferred receipt of the annuity and the
22.23 annuity amount were augmented at an annual rate of three percent compounded annually
22.24 from the day the annuity begins to accrue until the normal retirement age if the employee
22.25 became an employee before July 1, 2006, and at 2.5 percent compounded annually
22.26 from the day the annuity begins to accrue until the normal retirement age if the person
22.27 initially becomes a teacher after June 30, 2006. For a member who has 30 or more years
22.28 of allowable service credit, the person's normal retirement age is age 62 and the age 55
22.29 minimum early reduced benefit retirement age does not apply to the person.

22.30 **EFFECTIVE DATE.** This section is effective July 1, 2011.

22.31 Sec. 23. Minnesota Statutes 2008, section 356.315, is amended by adding a subdivision
22.32 to read:

23.1 Subd. 2c. **Certain coordinated members.** The applicable benefit accrual rate
 23.2 is 2.1 percent.

23.3 **EFFECTIVE DATE.** This section is effective July 1, 2011.

23.4 Sec. 24. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 1, is
 23.5 amended to read:

23.6 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
 23.7 otherwise provided in subdivision 1a, retirement annuity, disability benefit, or survivor
 23.8 benefit recipients of a covered retirement plan are entitled to a postretirement adjustment
 23.9 annually on January 1, as follows:

23.10 (1) a postretirement increase of 2.5 percent must be applied each year, effective
 23.11 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
 23.12 been receiving an annuity or a benefit for at least 12 full months prior to the January 1
 23.13 increase; and

23.14 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 23.15 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5
 23.16 percent for each month that the person has been receiving an annuity or benefit must be
 23.17 applied, effective on January 1 following the calendar year in which the person has been
 23.18 retired for less than 12 months.

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

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

23.23 (d) The retirement annuity payable to a person who retires before becoming eligible
 23.24 for Social Security benefits and who has elected the optional payment as provided in
 23.25 section 353.29, subdivision 6, ~~or 354.35~~ must be treated as the sum of a period certain
 23.26 retirement annuity and a life retirement annuity for the purposes of any postretirement
 23.27 adjustment. The period certain retirement annuity plus the life retirement annuity must be
 23.28 the annuity amount payable until age 62 for section 353.29, subdivision 6, ~~or age 62, 65,~~
 23.29 ~~or normal retirement age, as selected by the member at retirement, for an annuity amount~~
 23.30 ~~payable under section 354.35.~~ A postretirement adjustment granted on the period certain
 23.31 retirement annuity must terminate when the period certain retirement annuity terminates.

23.32 **EFFECTIVE DATE.** This section is effective July 1, 2010.

24.1 Sec. 25. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
24.2 a subdivision to read:

24.3 Subd. 1a. **Teachers Retirement Association annual postretirement adjustments.**

24.4 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
24.5 Retirement Association are entitled to a postretirement adjustment annually on January
24.6 1, as follows:

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

24.8 (2) for January 1, 2013, and each successive January 1 until funding stability is
24.9 restored, a postretirement increase of two percent must be applied each year, effective on
24.10 January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient
24.11 who has been receiving an annuity or a benefit for at least 12 full months prior to the
24.12 January 1 increase;

24.13 (3) for January 1, 2013, and each successive January 1 until funding stability is
24.14 restored, for each annuitant or benefit recipient who has been receiving an annuity or
24.15 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
24.16 percent for each month the person has been receiving an annuity or benefit must be
24.17 applied, effective January 1, following the year in which the person has been retired
24.18 for less than 12 months;

24.19 (4) for each January 1 following the restoration of funding stability, a postretirement
24.20 increase of 2.5 percent must be applied each year, effective January 1, to the monthly
24.21 annuity or benefit amount of each annuitant or benefit recipient who has been receiving an
24.22 annuity or a benefit for at least 12 full months prior to the January 1 increase; and

24.23 (5) for each January 1 following the restoration of funding stability, for each
24.24 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least
24.25 six full months, an annual postretirement increase of 1/12 of 2.5 percent for each month
24.26 the person has been receiving an annuity or benefit must be applied, effective January 1,
24.27 following the year in which the person has been retired for less than 12 months.

24.28 (b) Funding stability is restored when the market value of assets of the Teachers
24.29 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of
24.30 the Teachers Retirement Association in the most recent prior actuarial valuation prepared
24.31 under section 356.215 and the standards for actuarial work by the approved actuary
24.32 retained by the Teachers Retirement Association under section 356.214.

24.33 (c) An increase in annuity or benefit payments under this section must be made
24.34 automatically unless written notice is filed by the annuitant or benefit recipient with the
24.35 executive director of the Teachers Retirement Association requesting that the increase
24.36 not be made.

25.1 (d) The retirement annuity payable to a person who retires before becoming eligible
25.2 for Social Security benefits and who has elected the optional payment as provided in
25.3 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
25.4 retirement annuity for the purposes of any postretirement adjustment. The period-certain
25.5 retirement annuity plus the life retirement annuity must be the annuity amount payable
25.6 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
25.7 annuity amount payable under section 354.35. A postretirement adjustment granted on
25.8 the period-certain retirement annuity must terminate when the period-certain retirement
25.9 annuity terminates.

25.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

25.11 Sec. 26. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

25.12 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
25.13 period ends relating to the reemployment that gave rise to the limitation, and the filing
25.14 of a written application, the retired member is entitled to the payment, in a lump sum, of
25.15 the value of the person's amount under subdivision 2, plus annual compound interest at
25.16 For the teachers retirement plan, the annual interest rate is six percent from the date on
25.17 which the amount was deducted from the retirement annuity to the date of payment or
25.18 until January 1, 2011, whichever is earlier, and no interest after January 1, 2011. For
25.19 retirement plans governed by section 354A.31, subdivision 3, the annual interest is the
25.20 ~~compound annual~~ rate of six percent from the date that the amount was deducted from the
25.21 retirement annuity to the date of payment.

25.22 (b) The written application must be on a form prescribed by the chief administrative
25.23 officer of the applicable retirement plan.

25.24 (c) If the retired member dies before the payment provided for in paragraph (a) is
25.25 made, the amount is payable, upon written application, to the deceased person's surviving
25.26 spouse, or if none, to the deceased person's designated beneficiary, or if none, to the
25.27 deceased person's estate.

25.28 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
25.29 or after the payment date under paragraph (a), if the federal Internal Revenue Code so
25.30 permits, the retired member may elect to have all or any portion of the payment amount
25.31 under this section paid in the form of a direct rollover to an eligible retirement plan as
25.32 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
25.33 retired member. If the retired member dies with a balance remaining payable under this
25.34 section, the surviving spouse of the retired member, or if none, the deceased person's

26.1 designated beneficiary, or if none, the administrator of the deceased person's estate may
26.2 elect a direct rollover under this paragraph.

26.3 **EFFECTIVE DATE.** This section is effective July 1, 2010."

26.4 Amend the title accordingly