



H.F. 566

(O'Driscoll)

S.F. 518

(Pappas)

Executive Summary of Commission Staff Materials

<u>Affected Pension Plan(s):</u>	Various statewide retirement plans
<u>Relevant Provisions of Law:</u>	Minnesota Statutes, Sections 352.045, 353.27, and 354.42
<u>General Nature of Proposal:</u>	Modifications in contribution stabilizer provisions.
<u>Date of Summary:</u>	February 27, 2015

Specific Proposed Changes

- Shifts the current law member and employer contribution rate change provisions (*stabilizer provisions*) from a mandatory rate revision to a permissive rate recommendation provision.
- Eliminates the specific increment percent of salary rate adjustments in any stabilizer recommendations.
- Specifies various indicators that the various retirement plan governing boards should consider in making a stabilizer recommendation.

Policy Issues Raised by the Proposed Legislation

1. Appropriateness of making stabilizer mechanism permissive rather than mandatory; unclear need for formal recommendation mechanism.
2. Lack of universality in application.
3. Appropriateness of separate, duplicitous provisions.
4. Appropriateness of retaining the actuarial value of assets in retirement plan actuarial reporting.
5. Need to address current significant contribution deficiencies.

Potential Amendments

H0566-1A replaces the proposed legislation with a repeal of the three statutes, leaving the process of assuring contribution adequacy in the same position as it was before 2013.

H0566-2A extends the stabilization mechanism to the Judges Retirement Plan, the Public Employees Police and Fire Retirement Plan (PERA-P&F), the Local Government Correctional Service Retirement Plan (PERA-Correctional), and the St. Paul Teachers Retirement Fund Association (SPTRFA).

H0566-3A replaces the three separate provisions with a single requirement in Chapter 356.

H0566-4A amends Section 356.215, Subdivision 1, to implement the use of market value of assets instead of the actuarial value of assets in retirement plan actuarial reporting.

H0566-5A increases the member and employer contribution rates by the amount sufficient to eliminate the market value of assets based funding requirements contribution deficiency, effective July 1, 2015, for MSRS-Correctional, effective July 1, 2017, when the current contribution increase phase-in ends, for the State Patrol Retirement Plan, and effective July 1, 2015 for the employer contribution to the Judges Retirement Plan and for the member contribution to the Judges Retirement Plan for judges appointed or elected after July 1, 2015, and upon the effective date of any judicial salary increase occurring on or after July 1, 2015.

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TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director *LA Martin*

RE: H.F. 566 (O'Driscoll); S.F. 518 (Pappas): Various Statewide Retirement Plans; Modifications in Contribution Stabilizer Provisions

DATE: February 26, 2015

General Summary of H.F. 566 (O'Driscoll); S.F. 518 (Pappas)

H.F. 566 (O'Driscoll); S.F. 518 (Pappas) amends Minnesota Statutes, Sections 352.045, 353.27, and 354.42, the retirement contribution provisions related to the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), the Correctional State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional), the State Patrol Retirement Plan, the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General), and the Teachers Retirement Association (TRA), by shifting the current law member and employer contribution rate change provisions, termed stabilizer provisions, from a mandatory rate revision to a permissive rate recommendation provision, by eliminating the specific increment percent of salary rate adjustments in any stabilizer recommendations, and by specifying various indicators that the various retirement plan governing boards should consider in making a stabilizer recommendation.

Section-by-Section Summary

A section-by-section summary of H.F. 566 (O'Driscoll); S.F. 518 (Pappas) is attached.

Background Information on Relevant Topics

The following attachments provide background information on topics relevant to the proposed legislation:

- **Attachment A:** Background information on member and employer contributions to Minnesota defined benefit public employee retirement plans over time.
- **Attachment B:** Side-by-side comparison of the current employee and employer contribution rate stabilizer mechanisms for MSRS, PERA, and TRA.

Discussion and Analysis

H.F. 566 (O'Driscoll); S.F. 518 (Pappas) revises the member and employer contribution stabilizer mechanisms added to some or all retirement plans administered by the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), and the Teachers Retirement Association (TRA), by shifting the mechanism from a mandatory, virtually automatic, rate-setting procedure to an advisory procedure, by relaxing the specific increments of contribution rate increases or decreases to be imposed to resolve funding deficiencies or sufficiencies, and by specifying the circumstances that each of the governing boards should consider prior to forwarding its contribution rate change recommendation to the Commission.

The proposed legislation raises several pension and related public policy issues for consideration by and possible discussion between members of the Commission, including the following:

1. Appropriateness of Making Stabilizer Mechanism Permissive Rather than Mandatory; Unclear Need for Formal Recommendation Mechanism. The policy issue is the appropriateness of making permissive, rather than mandatory, the automatic member and employer contribution rate change stabilizer mechanism and the need for a formal mechanism to provide funding advice or recommendations to the Legislature by the statewide retirement plan administrators. The three statewide retirement plan administrators sought the addition of the funding stabilization mechanism at different times, with the Public Employees Retirement Association (PERA) initiating the mechanism in 2005 (1st Spec. Sess. Laws 2005, Ch. 8, Art. 5, Sec. 4), with the Minnesota State Retirement System (MSRS) pursuing the mechanism in 2006 (Laws 2006, Ch. 271, Art. 1, Sec. 3), and with the Teachers Retirement Association (TRA) adding the mechanism last in 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 50-53). As a legislative proposal initially considered by the Commission in 2005, the proposed mechanism was fully automatic, to be initiated and implemented solely by the governing board without any legislative involvement. The stated motivation for the mechanism as expressed in testimony was a need to add some protection against the retirement plan from falling into a funding problem as had typified the Minneapolis Teachers Retirement Fund Association prior to its

consolidation into TRA. The Commission objected to the lack of legislative involvement as the mechanism was originally proposed and amended the mechanism to provide for legislative notification of any contribution rate change and for a potential legislative veto or modification in a determined contribution rate change. The proposed legislation makes the mechanism advisory rather than automatically implemented (unless rejected or modified by the Legislature), which is inconsistent with the original publicly disclosed purpose of the mechanism, as a safeguard against continuing funding deficiencies unaddressed by the Pension Commission and the Legislature, since all future contribution increases would require affirmative legislative action and would not be made automatically by operation of a statutory procedure and formula. The Commission may wish to inquire as to the policy basis the retirement plan administrations now subscribe to for this shift to a permissive recommendation from an automatic adjustment. Since the actuarial information on the adequacy of contribution rates is regularly filed with the Commission and is publicly available, there may be little need (or usefulness) in structuring a retirement plan governing board recommendation for a situation the Commission already monitors.

- If the Commission has doubts about the utility of an extensive statute leading only to a recommendation based on information already available to the Commission, **Amendment H0566-1A** would replace the proposed legislation with a repeal of the three statutes, leaving the process of assuring contribution adequacy in the same position as it was before 2013, the only year when the funding stabilizer mechanisms became fully effective and ever operated as a mandatory rate increase procedure.

2. Lack of Universality in Application. The policy issue is the application of the stabilization mechanism to some, but not all, statewide retirement plans and none of the major local retirement plans. Omitted from the funding stabilization mechanism are the Judges Retirement Plan, the Public Employees Police and Fire Retirement Plan (PERA-P&F), the Local Government Correctional Service Retirement Plan (PERA-Correctional), and the St. Paul Teachers Retirement Fund Association (SPTRFA). If the goal for the funding stabilization mechanism, as testimony in 2005-2006 indicated, is to provide a remedy for a retirement plan with funding problems to avoid spiraling down into an eventual default in the payment of retirement benefits, the mechanisms should apply across the board to all plans with, or potentially with, funding problems.

The following sets forth the funded (on an actuarial value of assets basis) and funding condition of these omitted retirement plans:

	Judges Plan FY2014		PERA-P&F FY2014		SPTRFA FY2014		PERA-Correctional FY2014	
<u>Membership</u>								
Active Members		316		10,879		3,959		3,603
Service Retirees		227		7,002		3,156		571
Disabilitants		24		1,151		34		162
Survivors		84		1,886		339		36
Deferred Retirees		16		1,481		1,829		2,380
Nonvested Former Memb.		0		975		1,616		1,936
Total Membership		667		23,374		10,933		8,688
<u>Funded Status</u>								
Accrued Liability		\$298,233,000		\$8,151,328,000		\$1,533,603,000		\$426,508,000
Current Assets		<u>\$157,528,000</u>		<u>\$6,525,019,000</u>		<u>\$947,972,000</u>		<u>\$410,489,000</u>
Unfunded Accrued Liability		\$140,705,000		\$1,626,309,000		\$585,631,000		\$16,019,000
Funding Ratio	52.82%		80.05%		61.81%		96.24%	
<u>Financing Requirements</u>								
Covered Payroll		\$43,527,000		\$829,374,000		\$273,990,000		\$182,353,000
Benefits Payable		\$20,802,000		\$452,462,000		\$105,742,000		\$6,711,000
Normal Cost	17.92%	\$7,800,000	21.14%	\$175,330,000	8.51%	\$23,323,000	12.61%	\$22,995,000
Administrative Expenses	0.14%	\$61,000	0.10%	\$829,000	0.27%	\$740,000	0.14%	\$255,000
Amortization	<u>23.20%</u>	<u>\$10,098,000</u>	<u>12.61%</u>	<u>\$104,584,000</u>	<u>13.15%</u>	<u>\$36,030,000</u>	<u>0.74%</u>	<u>\$1,349,000</u>
Total Requirements	41.26%	\$17,959,000	33.85%	\$280,743,000	21.94%	\$60,093,000	13.49%	\$24,599,000
Employee Contributions	8.52%	\$3,709,000	10.50%	\$87,084,000	6.51%	\$17,827,000	5.83%	\$10,631,000
Employer Contributions	22.50%	\$9,794,000	15.75%	\$130,626,000	9.35%	\$25,613,000	8.75%	\$15,956,000
Employer Add'l Cont.	0.00%	\$0	1.39%	\$11,559,000	0.00%	\$0	0.00%	\$0
Direct State Funding	0.00%	\$0	1.09%	\$9,000,000	3.89%	\$10,665,000	0.00%	\$0
Other Govt. Funding	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0
Administrative Assessment	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>
Total Contributions	31.02%	\$13,503,000	28.73%	\$238,269,000	19.75%	\$54,105,000	14.58%	\$26,587,000
Total Requirements	41.26%	\$17,959,000	33.85%	\$280,743,000	21.94%	\$60,093,000	13.49%	\$24,599,000
Total Contributions	<u>31.02%</u>	<u>\$13,503,000</u>	<u>28.73%</u>	<u>\$238,269,000</u>	<u>19.75%</u>	<u>\$54,105,000</u>	<u>14.58%</u>	<u>\$26,587,000</u>
Deficiency (Surplus)	10.24%	\$4,456,000	5.12%	\$42,474,000	2.19%	\$5,988,000	(1.09%)	(\$1,988,000)

- If the Commission is troubled by these omissions from the current funding stabilizer mechanisms, **Amendment H0566-2A** extends the mechanism to them.

3. Appropriateness of Separate, Duplicitous Provisions. The policy issue is whether or not the regulation and administration of the various retirement plans would not be better served by having the funding stabilization mechanism specified in a commonly applicable general provision rather than three separate, but highly duplicitous, provisions. The three current provisions, enacted in 2005, 2006, and 2010, were either strongly informed one to another or largely copied one to another. Prior to 1975, when Minnesota Statutes, Chapter 356, was little more than the public employee defined benefit retirement plan actuarial reporting law, adding largely or wholly redundant provisions to the various retirement plan laws (see Attorney General representation provisions, Minn. Stat. Sec. 352.03, Subd. 11; 352B.07; 353.08; and 354.07, Subd. 3; see asset investment by the State Board of Investment provisions, Minn. Stat. Sec. 352.06; 352B.05; 353.06, and 354.07, Subd. 4; and see custodian of funds by Minnesota Management and Budget provisions, Minn. Stat. Sec. 352.05; 352B.03, Subd. 2; 353.05; and 354.06, Subd. 4) was the general practice. Since 1975, more substantive provisions have been added to Minnesota Statutes, Chapter 356, and made generally applicable to several or all retirement plans.
- If the Commission believes that the provision is valuable as a reporting and recommendation requirement rather than as an automatic contribution rate implementation provision (see issue #1), but is amenable to the provision being recast as a generally applicable provision rather than several nearly identical statutes cluttering up the retirement laws, **Amendment H0566-3A** would replace the three separate provisions with a single requirement in Minnesota Statutes, Chapter 356.
4. Appropriateness of Retaining the Actuarial Value of Assets in Retirement Plan Actuarial Reporting. The policy issue is the appropriateness of continuing to use the actuarial value of assets in assessing the funded condition and funding requirements of Minnesota's defined benefit public employee retirement plans. The proposed legislation, in specifying factors that the various retirement plan governing boards should assess in making contribution increase or decrease recommendations to the Commission, indicates that the funded condition and funding requirements of the retirement plan on a market value of assets basis is currently required for assessing a retirement plan's funded condition for purposes of determining whether a greater or a smaller post-retirement adjustment rate will be used. Since the market value of assets has been made, or will be made, a significant point in determining post-retirement adjustments or contribution rate changes, it raises the question of the continuing value of the actuarial value of assets.

The actuarial value of assets is a five-year smoothing of the difference between the market value of assets and the expected change in value using the applicable actuarial assumptions. The market value of assets is the single-date (fiscal year end) value used in the audited financial reporting of the retirement plan. The actuarial value of assets, because of its smoothing effect, delays the recognition of the full impact of investment market changes. The shift from the 1984 calculated value of assets that occurred in 2000 was a recommendation of the primary consultant of the actuarial consulting firm retained by the Commission at that time, Milliman & Robertson, Inc. Milliman recommended the change, as the Commission staff remembers the discussion, in order to minimize or eliminate short-term market volatility from the actuarial work and to insulate the investment management of a retirement plan from adverse pressure to rebalance investment portfolios or other investment mix or selection changes that result in an investment loss over the short run. Since Minnesota defined benefit retirement plans utilize both values, generally favoring market value in recent years, since the State Board of Investment appears to be largely or wholly immune to pressure to postpone or decline to make investment changes it otherwise would, and since using the differing asset values and the consequent actuarial results that each produce makes communicating information about Minnesota pension plan financial and funding conditions more difficult, serious consideration should be given by the Commission to settling on a single value of assets for actuarial reporting, the market value of assets. The following compares the actuarial value of assets and the market value of assets for the various statewide and major local retirement plans for 2014 and the differing funded ratios under each:

Retirement Plan	Actuarial Accrued Liability	Actuarial Value of Assets	Actuarial Value Funded Ratio	Market Value of Assets	Market Value Funded Ratio
MSRS-General	\$12,445,126,000	\$10,326,272,000	82.97%	\$11,498,604,000	92.41%
PERA-General	\$21,282,504,000	\$15,644,540,000	73.51	17,404,822,000	81.78
TRA	\$23,427,654,000	\$18,181,932,000	77.61	20,889,594,000	89.17
MSRS-Correctional	\$1,122,474,000	\$790,304,000	70.41	877,056,000	78.14
State Patrol	\$800,421,000	\$597,870,000	74.69	667,340,000	83.37
PERA-P&F	\$8,151,328,000	\$6,525,019,000	80.05	7,273,100,000	89.23
PERA-Correctional	\$426,506,000	\$410,489,000	96.24	453,232,000	106.27
Judges	\$298,233,000	\$157,528,000	52.82	175,556,000	58.87
SPTRFA	\$1,533,603,000	\$8,947,972,000	61.81	1,045,400,000	68.17

- **Amendment H0566-4A** amends Minnesota Statutes, Section 356.215, Subdivision 1, to implement the use of market value of assets instead of the actuarial value of assets in retirement plan actuarial reporting.

5. Need to Address Current Significant Contribution Deficiencies. The policy issue is the current funding requirement situation of the various Minnesota defined benefit public employee retirement plans and the need to address the contributions of those retirement plans that have the most significant deficiencies under the current actuarial assumptions. All of the retirement plans, other than the Local Government Correctional Service Retirement Plan (PERA-Correctional), have contribution deficiencies (actuarial funding requirements that are greater than its current total member and employer contributions). If the actuarial funding requirements are reassessed using the market value of retirement plan assets rather than the actuarial value of retirement plan assets, only the Correctional State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional), the State Patrol Retirement Plan, and the Judges Retirement Plan continue to have contribution rate deficiencies. In other proposed legislation supported by several of the retirement plan administrations, the interest rate actuarial assumption, the salary increase rate actuarial assumption, and the payroll growth rate actuarial assumption are modified, with the likely result that the applicable pension plans will have greater funding deficiencies. The following sets forth the actuarial condition of the Judges Retirement Plan, the MSRS-Correctional Plan, and the State Patrol Retirement Plan based both on the actuarial value of assets and on the market value of assets, as of July 1, 2014:

	Judges Plan – FY2014				MSRS-Correctional – FY2014				State Patrol Plan – FY2014			
<u>Membership</u>												
Active Members	316				4,504				858			
Service Retirees	227				2,075				776			
Disabilitants	24				268				54			
Survivors	84				174				155			
Deferred Retirees	16				1,232				44			
Nonvested Former Memb.	0				384				17			
Total Membership	667				8,637				1,904			
	<u>Market Value</u>		<u>Actuarial Value</u>		<u>Market Value</u>		<u>Actuarial Value</u>		<u>Market Value</u>		<u>Actuarial Value</u>	
	%	\$,000	%	\$,000	%	\$,000	%	\$,000	%	\$,000	%	\$,000
<u>Funded Status</u>												
Accrued Liability	298,233		298,233		1,122,474		1,122,474		800,421		800,421	
Current Assets	157,528		175,528		790,304		877,056		597,870		667,340	
Unfunded Accr. Liability	140,705		122,705		332,170		245,418		202,551		133,081	
Funding Ratio	52.82		58.86		70.41		78.14		74.69		83.37	
<u>Financing Requirements</u>												
Covered Payroll	43,527		43,527		227,008		227,008		67,386		67,386	
Benefits Payable	20,802		20,802		50,842		50,842		53,697		53,697	
Normal Cost	17.92	7,800	17.92	7,800	16.10	36,548	16.10	36,548	22.74	15,324	22.74	15,324
Administrative Expenses	0.14	61	0.14	61	0.31	704	0.31	704	0.23	155	0.23	155
Amortization	23.20	10,098	20.23	8,806	10.02	22,746	7.40	16,805	20.59	13,875	13.53	9,116,217
Total Requirements	41.26	17,959	38.29	16,667	26.43	59,998	23.81	54,057	43.56	29,354	36.50	24,595,217
Employee Contributions	8.52	3,709	8.52	3,709	9.10	20,658	9.10	20,658	13.40	9,030	13.40	9,030
Employer Contributions	22.50	9,794	22.50	9,794	12.85	29,171	12.85	29,171	20.10	13,545	20.10	13,545
Employer Add'l Cont.	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
Direct State Funding	0.00	0	0.00	0	0.00	0	0.00	0	1.48	1	1.48	1,000
Other Govt. Funding	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
Admin. Assessment	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
Total Contributions	31.02	13,503	31.02	13,503	21.95	49,829	21.95	49,829	34.98	23,575	34.98	23,575
Total Requirements	41.26	17,959	38.29	16,667,191	26.43	59,998	23.81	54,057,485	43.56	29,354	36.50	24,595,217
Total Contributions	31.02	13,503	31.02	13,503	21.95	49,829	21.95	49,829	34.98	23,575	34.98	23,575
Deficiency (Surplus)	10.24	4,456	7.27	3,164,191	4.48	10,169	1.86	4,228,485	8.58	5,779	1.52	1,020,217

- If the Commission desires to address these funding problems, **Amendment H0566-5A** increases the member and employer contribution rates by the amount sufficient to eliminate the market value of assets based funding requirements contribution deficiency, effective July 1, 2015, for MSRS-Correctional, effective July 1, 2017, when the current contribution increase phase-in ends, for the State Patrol Retirement Plan, and effective July 1, 2015 for the employer contribution to the Judges Retirement Plan and for the member contribution to the Judges Retirement Plan for judges appointed or elected after July 1, 2015, and upon the effective date of any judicial salary increase occurring on or after July 1, 2015.

Section-by-Section Summary of H.F. 566 (O'Driscoll); S.F. 518 (Pappas)

Sec.	Pg.Ln	Stat. Provision	Plan	Summary
1	1.9	352.045	MSRS Plans	Makes the contribution rate revision permissive rather than mandatory, removes the specific increase or decrease increments, and specifies the criteria to be employed to determine any adjustment.
2	4.25	353.27, Subd. 3b	PERA-General	Makes the contribution rate revision permissive rather than mandatory, removes the specific increase or decrease increments, and specifies the criteria to be employed to determine any adjustment.
3	7.25	354.42, Subd. 4b	TRA	Makes the contribution rate revision permissive rather than mandatory.
4	8.21	354.42, Subd. 4d	TRA	Makes change to rate revision reporting requirement conforming to shift to permissive adjustment.

Background Information on Minnesota Public Pension Plans: Member and Employer Retirement Plan Contributions

1. Contributory and Non-Contributory Minnesota Public Retirement Plans. With the exception of most Minnesota volunteer firefighter relief associations, Minnesota public pension plans are contributory retirement plans, meaning that retirement plan members are required to make member contributions to the retirement plan to offset a portion of the actuarial costs of the plan. Nationwide, among defined benefit pension plans, most public sector pension plans are contributory plans and most private sector pension plans are non-contributory plans. Most defined contribution pension plans, public sector or private sector, are contributory plans. For contributory pension plans, the funding burden must be allocated in some fashion between the employers and the plan members. The member contributions represent mandatory savings and the employer contributions represent a cost of conducting business and operations.
2. Development of Pension Commission Policy on Setting Contribution Rates. When Minnesota public pension plans were not subject to any regular actuarial reporting, typically before 1957, member contributions were set without any real basis for comparison and without any discernible policy for the allocation of the relevant cost or value between members and employers.

In Minnesota, public pension plan actuarial costs under the Entry Age Normal Actuarial Cost Method are made up of three component parts, the normal cost of the benefit plan, the administrative expenses of the retirement plan, and the amortization requirement/supplemental contribution related to the retirement plan unfunded actuarial accrued liability.

During the pre-1957 period of absent or minimal actuarial reporting, employer contributions were also minimal or nonexistent, leading the 1957-1959 predecessor to the Legislative Commission on Pensions and Retirement to decide to make the various employers responsible for amortizing the amassed unfunded actuarial accrued liabilities at that time.

Sole employer responsibility for amortizing existing unfunded actuarial accrued liabilities was Commission policy until the mid-1970s, after the major benefit increases that were enacted in 1973, when the Commission concluded that the employer contribution levels then in existence were sufficient to meet the employer's responsibility for past unfunded actuarial accrued liabilities. At that time, in 1977, the Commission's Principles of Pension Policy provided that members and employers in general employee plans should allocate the amortization contribution requirement for unfunded actuarial accrued liabilities created after January 1, 1977.

The result of the 1977 policy change, with some refinement from 1996, Policy Principle II.D.3 of the Commission's Principles of Pension Policy indicates that retirement benefits should be financed on a shared basis between members and employers, with the member and employer share for normal cost and administrative expenses and some portion of the amortization requirement shared on a matching basis for general employee plans, with the member and employer share of total cost on a 40%/60% basis for statewide public safety plans, and with the member and employer share of pension cost to be determined on a case-by-case basis for local public safety plans. Specifically, the principle states:

II.D.3. Allocation of Funding Burden Between Members and Employers

- a. Retirement benefits should be financed on a shared basis between the public employee and the public employer.
- b. For general public employees, the employee and employer should make matching contributions to meet the normal cost and the administrative expenses of the defined benefit pension plan and both the employee and the employer may be required to share some financial responsibility for funding the amortization requirement of the defined benefit pension plan.
- c. For protective and public safety employees covered by a statewide public pension plan, the employee should pay forty percent of the total actuarial costs of the defined benefit pension plan and the employer should pay sixty percent of the total actuarial costs of the defined benefit pension plan.
- d. For protective and public safety employees covered by a local relief association, employee and employer contributions should be considered in light of the special circumstances and history unique to that association. Employees should pay an appropriate portion of the normal cost and administrative expenses of the relief association.

Although Commission policy changed the manner for allocating amortization contributions in 1977, Minnesota Statutes, Section 356.21 5, was not amended to require an actuarial separation of pre-1977 and post-1976 unfunded actuarial accrued liabilities and no clear implementation of the policy occurred. The unfunded actuarial accrued liabilities attributable to the major benefit increases in 1984, 1989, and 1997 tended to roll to employers and, consequently, the taxpayers. Benefit increases granted to the Teachers Retirement Association (TRA), to the State Patrol Retirement Plan, and to the Duluth Teachers Retirement Fund Association (DTRFA) in 1994 and 1995, respectively, were required to be amortized wholly by the members, but the 1997 benefit increase legislation reset the funding requirements of all three plans, essentially washing out that member funded amortization requirement.

With the various post-1995-1996 benefit increases and contribution changes, resulting in the varied pattern of the level of funding burden allocation set forth in the chart below, the actual underlying policy on the allocation of a pension plan’s funding burden between members and employers is unclear. Numerous times during the period 1997-2010, pension plan contributions were established or revised.

3. Summary of the Current Minnesota Defined Benefit Retirement Plan Member and Employer Contribution Rate Provisions.

Retirement Plan:	Member Contribution	Employer Contribution	Provision:
MSRS-General	<ul style="list-style-type: none">• 5.50% of salary Potential additional 0.25% of salary increase if the retirement plan has a deficiency.	<ul style="list-style-type: none">• 5.50% of salary Potential additional 0.25% of salary increase if the retirement plan has a deficiency.	352.04, Subd. 2 & 3; 352.045
MSRS-Correctional	<ul style="list-style-type: none">• 9.10% of salary	<ul style="list-style-type: none">• 12.85% of salary	352.92, Subd. 1 & 2
State Patrol Plan	<ul style="list-style-type: none">• 13.40% of salary through June 30, 2016• 14.40% of salary June 30, 2016	<ul style="list-style-type: none">• 20.10% of salary through June 30, 2016• 21.60% of salary after June 30, 2016	352B.02, Subd. 1a & 1c
Judges Plan	<ul style="list-style-type: none">• 9.0% of salary for pre-July 1, 2013 judges• 7.0% of salary for post-June 30, 2013, judges	<ul style="list-style-type: none">• 22.5% of salary	490.123, Subd. 1a & 1b
Legislators Plan	<ul style="list-style-type: none">• 9.0% of salary	<ul style="list-style-type: none">• The amount of annuities and benefits payable in excess of the Legislator’s Retirement Fund balance.	3A.02, Subd. 3; 3A.03, Subd. 1, 3; 3A.04, Subd. 3, 5; 3A.115
PERA-General	<ul style="list-style-type: none">• 6.50% of salary for Coordinated members• 9.10% of salary for Basic members Potential additional 0.25%, 0.50%, or 0.75% of salary increase if the plan has a deficiency.	<ul style="list-style-type: none">• 7.50% of salary for Coordinated members• 11.68% of salary for Basic members Potential additional 0.25%, 0.50%, or 0.75% of salary increase if the plan has a deficiency.	353.27, Subd. 2, 3, & 3b
PERA-Correctional	<ul style="list-style-type: none">• 5.83% of salary	<ul style="list-style-type: none">• 8.75% of salary	353E.03, Subd. 1 & 2
PERA-P&F	<ul style="list-style-type: none">• 10.80% of salary and 8.00% of the defined unit value, expressed in the applicable payroll period amount, for members who were members of the former Minneapolis firefighters or police relief associations	<ul style="list-style-type: none">• 16.20% of salary and an amount equal to the member contribution by the city of Minneapolis for members who were members of the former Minneapolis firefighters or police relief associations	353.65, Subd. 2 & 3
TRA	<u>Coordinated Members:</u> <ul style="list-style-type: none">• 7.5% of salary <u>Basic Members:</u> <ul style="list-style-type: none">• 11.0% of salary Potential additional 0.25% 0.50%, or 0.75% of salary increase if the plan has a deficiency.	<u>For Coordinated Members:</u> <ul style="list-style-type: none">• 7.5% of salary <u>For Basic Members:</u> <ul style="list-style-type: none">• 11.0% of salary Potential additional 0.25% 0.50%, or 0.75% of salary increase if the plan has a deficiency.	354.42, Subd. 2, 3, 4a-4d
SPTRFA	<u>Coordinated Members:</u> <ul style="list-style-type: none">• 6.50% of salary until July 1, 2015• 7.00% of salary until July 1, 2016• 7.50% of salary after June 30, 2016 <u>Basic Members:</u> <ul style="list-style-type: none">• 9.0% of salary until July 1, 2015• 9.5% of salary until July 1, 2016• 10.0% of salary after June 30, 2016	<u>For Coordinated Members:</u> <ul style="list-style-type: none">• 9.34% of salary until July 1, 2015• 9.84% of salary until July 1, 2016• 10.09% of salary until July 1, 2017• 10.59% of salary after June 30, 2017 <u>For Basic Members:</u> <ul style="list-style-type: none">• 12.64% of salary until July 1, 2015• 13.14% of salary until July 1, 2016• 13.39% of salary until July 1, 2017• 13.64% of salary after June 30, 2017	354A.12, Subd. 1, 2a

4. Summary of the Development of the Current Minnesota Retirement Plan Member and Employer Contribution Rate Provisions.

a. Legislators Retirement Plan.

- In 1965 (Laws 1965, Ch. 896, Sec. 2, Subd. 3; Sec. 3, Subd. 1; Sec. 4, Subd. 3), when the retirement plan was established, the member contribution was set at 7.0% of salary and the employer contribution was set at the amounts of retirement allowances or survivor benefits payable from the plan each year.
- In 1973 (Laws 1973, Ch. 653, Sec. 4, 7), the member contribution was increased to 8.0% of salary and the employer contribution to the retirement plan was changed from solely the current disbursements obligation to the payment of the full actuarial required reserves for retirement allowances deposited in the Minnesota Adjustable Fixed Benefit Fund for legislators retiring after July 30, 1973, and the current disbursements obligation for pre-July 1, 1973, retirement allowances and all survivor benefits.
- In 1975 (Laws 1975, Ch. 368, Sec. 4), the employer contribution current disbursements obligation for retirement allowances for legislators who retired before July 1, 1973, was ended, with all retirement allowances payable from the required reserves in the Minnesota Adjustable Fixed Benefit Fund.
- In 1978 (Laws 1978, Ch. 796, Sec. 7), the member contribution was increased to 9.0% of total salary.
- In 1980 (Laws 1980, Ch. 614, Sec. 38), the current disbursements obligation employer contribution requirement for survivor benefits was ended, with survivor benefits made payable in the same manner as retirement allowances from the Minnesota Adjustable Fixed Benefit Fund.
- In 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and July 1, 1983, the member contribution was increased by 2.0% of salary.
- In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months and the special additional member contribution for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
- In 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
- In 2003 (1st Spec. Sess. Laws 2003, Ch. 1, Art. 2, Sec. 3, 136), participation in the Minnesota Post Retirement Investment Fund, the renamed former Minnesota Adjustable Fixed Benefit Fund, for post-June 30, 2003, retiring legislators ended and the employer contribution returned to the current disbursements obligation for retirement allowances for post-June 30, 2003, retiring legislators and for survivor benefits.
- In 2009 (Laws 2009, Ch. 169, Art. 1, Sec. 3, 5), a legislators retirement fund was created from the Legislators Retirement Plan participation in the former Minnesota Post Retirement Investment Fund, became the source for the payment of retirement allowances for legislators retiring before July 1, 2003, and the current disbursements obligation became the employer contribution for all other Legislators Retirement Plan retirement allowances for benefits.

b. General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General).

- In 1929 (Laws 1929, Ch. 191, Sec. 2, 4), in the legislation creating the State Employees Retirement Plan, state employees who became plan members before January 1, 1930, were charged a membership fee of \$1 and those who became plan members after December 31, 1929, were charged a membership fee of \$10 and all plan members were required to contribute 3.5% of the member's regular salary, with no employer contribution.
- In 1939 (Laws 1939, Ch. 432, Sec. 2), the member contribution rate was set based on the person's age upon becoming a plan member at:
 - 3.5% of total compensation under age 30;
 - 4.0% of total compensation between ages 30 and 40;
 - 4.5% of total compensation between ages 40 and 45;
 - 5.0% of total compensation between ages 45 and 50;
 - 5.5% of total compensation between ages 50 and 55; and
 - 6.0% of total compensation age 55 and over.

The maximum on total compensation was \$300 per month.

An employer contribution requirement was instituted for the first time, beginning with Fiscal Year 1939, set at one-half of the total amount of superannuation annuities paid during the fiscal year to employees who retired from each financially self-sustaining unit of state government, payable in a lump sum within 60 days of the end of the fiscal year, or one-half of the total amount of the remaining superannuation annuities paid during the fiscal year for all other state government retirees, payable from the general fund within 60 days of the end of the fiscal year.

- In 1941 (Laws 1941, Ch. 391, Sec. 2), the membership fee initiated in 1929 was eliminated, the age-dependent member contribution rates were made applicable for the age at reentry into state service if a member had an interruption of state service, and the source for the employer contribution was specified as being based on retirement plan secretary's computation of annuity amounts between financially self-sustaining state government units and other state government units.
- In 1945 (Laws 1945, Ch. 603, Sec. 1), the age-specific member contribution rates were replaced, effective July 1, 1945, with a single 5.0% rate.
- In 1947 (Laws 1947, Ch. 631, Sec. 10), the member contribution rate was reset at 5.0%, effective July 1, 1945, for all current members as of that date other than members paying a 5.5% or 6.0% member contribution, which continue for current members, and for all new members, on salary up to \$3,600 annually, and the employer contribution was reset at an amount equal to 56% of the amount of member contribution deductions, with the amount related to state government units not financially self-sustaining paid from the general fund and funded from a four-tenths of one mill statewide property tax levy for calendar year 1947.
- In 1949 (Laws 1949, Ch. 644, Sec. 9), the maximum compensation from which member contributions are deducted was increased to \$4,800 per fiscal year and the employer contribution was reset as the amount in excess of member contributions, investment income, and other fund income was necessary to equal the accumulated contributions of all active members plus, after giving offset to annuitants' accumulated deductions, was sufficient to pay annuities and benefits at the end of any year for a period of ten years from the end of that year, with any excess returned to the general fund and departments under an equitable distribution method determined by the retirement board.
- In 1951 (Laws 1951, Ch. 441, Sec. 13), the member contribution was reset at 6.0% of compensation, including overtime, effective July 1, 1951.
- In 1955 (Laws 1955, Ch. 239, Sec. 7), the \$4,800 maximum covered salary was to be determined on a calendar year basis.
- In 1957 (Laws 1957, Ch. 928, Sec. 8), the member contribution rate remained 6.0% of compensation, with the \$4,800 salary limit reset on a calendar year basis, and the employer contribution was reset, as an amount equal to the member contribution rate plus 1.0% additional employer contribution, with the fund and contribution section divided into subdivisions.
- In 1961 (Laws 1961, Ch. 633, Sec. 1), the additional employer contribution obligation between July 1, 1957, and December 31, 1958, was cancelled. Also in 1961 (Ex. Sess. Laws 1961, Ch. 67, Sec. 3-6, 18), the additional employer contribution was restated as one-sixth of the amount of the member contribution deductions unless the member contribution rate was 3.0% of covered salary, where the additional employer contribution is two-thirds of the member contribution rate.
- In 1963 (Laws 1963, Ch. 383, Sec. 12-13, 15), the member contribution was set at 3.0% of covered salary up to \$4,800 in a calendar year for members covered by the federal Social Security Act and at set at 6.0% of covered salary up to \$4,800 in a calendar year for members not covered by the federal Social Security Act, the employer contribution rate was set as an amount equal to the member contribution rate, and the additional employer contribution was set at two-thirds of the member contribution rate for members covered by the federal Social Security Act and at one-sixth of the member contribution rate for members not covered by the federal Social Security Act.
- In 1965 (Laws 1965, Ch. 861, Sec. 1), the salary maximum was increased from \$4,800 to \$7,200 per calendar year.
- In 1967 (Laws 1967, Ch. 571, Sec. 1; Ex. Sess. Laws 1967, Ch. 57, Sec. 11, Subd. 2), the salary maximum was eliminated.
- In 1969 (Laws 1969, Ch. 893, Sec. 4), the additional employer contribution was revised, set at one-half of the amount of the deductions for employees paying 3.0% contribution from July 1, 1969, until June 30, 1970, set at one-third of the amount of the deductions for employees paying 3.0% contributions after June 30, 1970, and unchanged for employees paying 6.0% contributions.
- In 1971 (Laws 1971, Ch. 194, Sec. 1), the specific employer additional contribution for quasi-state agencies was revised by cross-citation to the general additional employer contribution provision.
- In 1973 (Laws 1973, Ch. 653, Sec. 26, 27), the member contribution was reset at 4.0% of salary, the employer regular contribution was retained as an amount equal to member deductions, and the employer additional contribution was reset at 2.0% of salary.
- In 1981 (3rd Spec. Sess. Laws 1981, Ch. 2, Art. 1, Sec. 64, 65), the member contribution rate was reduced to 3.46% of salary for the period December 31, 1981, to July 1, 1982, and was reset at 3.73% of salary after June 30, 1982. The employer regular contribution was reduced to 3.46% of salary for the period December 31, 1981, to July 1, 1982, and was reset at 3.73% of salary after June 30, 1982. The employer additional contribution was reduced to 1.74% of salary for the period December 31, 1981, to July 1, 1982, and was reset at 1.87% of salary after June 30, 1982.

- In 1982 (Laws 1982, Ch. 641, Art. 1, Sec. 9, 10), the member contribution was reduced to 3.46% of salary effective April 1, 1982, and the employer additional contribution was set at 1.58% effective July 1, 1982. Also in 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and July 1, 1983, the employer contribution was reduced by 4.0% of salary, and for the period between December 28, 1982, and January 1, 1984, the member contribution was increased by 2.0% of salary.
 - In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months, and the special additional member contributions for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
 - In 1984 (Laws 1984, Ch. 564, Sec. 4, 5), the member contribution was increased to 3.73% of salary, effective June 30, 1984. A single employer contribution rate replaced the prior employer regular contribution and the prior employee additional contribution. The employer contribution rate was reset at 3.90% of salary, beginning June 30, 1984. Also in 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
 - In 1987 (Laws 1987, Ch. 229, Art. 6), the language style and usage of the provisions were upgraded without apparent substantive change.
 - In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 3, 4), the member contribution was increased to 4.34% of salary effective June 30, 1989, and the employer contribution was increased to 4.51% of salary effective June 30, 1989.
 - In 1990 (Laws 1990, Ch. 591, Art. 2, Sec. 1, 2), the member contribution was reduced to 4.15% of salary effective July 1, 1990, and the employer contribution was reduced to 4.29% of salary effective July 1, 1990.
 - In 1992 (Laws 1992, Ch. 513, Art. 4, Sec. 38, 39), the member contribution was reduced to 3.99% of salary effective April 30, 1992, and the employer contribution was reduced to 4.12% of salary effective April 30, 1992.
 - In 1994 (Laws 1994, Ch. 528, Art. 1, Sec. 4, 5), the member contribution rate was increased to 4.07% of salary effective January 1, 1995, and the employer contribution was increased to 4.2% of salary effective April 28, 1994.
 - In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 17, 18), the member contribution was reduced to 4.0% of salary and the employer contribution was reduced to 4.0% of salary, effective on June 30, 1997.
 - In 2006 (Laws 2006, Ch. 271, Art. 1, Sec. 1, 3), the member contribution was increased by 1.0% over a four-year period, at 0.25% of salary per fiscal year over the period fiscal year 2008 to fiscal year 2011. The employer contribution was increased by the same amount over the same period, and potential increases in member and employer contribution rates of 0.25% after July 1, 2011, were provided for if the actuarial valuations of the retirement plan indicate a contribution deficiency compared to the full actuarial requirements of the retirement plan under a retirement funding stabilizer mechanism.
 - In 2014 (Laws 2014, Ch. 296, Art. 3, Sec. 1-2), the member contribution rate was increased to 5.50% of salary, effective on July 1, 2014, and the employer contribution was increased by the same amount, effective also on July 1, 2015.
- c. Military Affairs Department Personnel Retirement Plan.
- In 1980 (Laws 1980, Ch. 607, Art. 15, Sec. 22), as part of the legislation establishing the retirement plan, the member contribution rate was set at 5.0% of covered salary (4.0% of covered salary MSRS-General member contribution rate plus a 1.0% of covered salary additional member contribution rate) and the employer contribution rate was set at 7.0% of covered salary (4.0% of covered salary MSRS-General employer contribution rate and 2.0% of covered salary MSRS-General employer additional contribution rate, plus a 1.0% of covered salary special additional employer contribution).
 - In 1982 (Laws 1982, Ch. 575, Sec. 2), the additional member contribution rate was increased to 1.6% of covered salary and the special additional member contribution rate was increased to 1.6% of covered salary.
- d. Transportation Department Pilots Retirement Plan.
- In 1982 (Laws 1982, Ch. 575, Sec. 3, Subd. 2), as part of the legislation establishing the retirement plan, the member contribution rate was set at 5.06% of covered salary (3.46% of covered salary MSRS-General member contribution rate plus a 1.6% of covered salary additional member contribution rate) and the employer contribution rate was set at 6.64% of covered salary (3.46% of covered salary MSRS-General employer contribution rate and a 1.58% of covered salary MSRS-General additional employer contribution plus a 1.6% of covered salary special additional employer contribution).

- e. State Fire Marshal Division Fire/Arson Investigator Retirement Plan.
- In 1999 (Laws 1999, Ch. 222, Art. 15, Sec. 1), as part of the legislation establishing the retirement plan, the member contribution rate was set at 6.78% of covered salary (4.0% of covered salary MSRS-General member contribution rate plus a 2.78% of covered salary additional member contribution rate) and the employer contribution rate was set at 8.20% of covered salary (4.0% of covered salary MSRS-General employer contribution plus a 4.20% of covered salary additional member contribution rate).
- f. Correctional Employees Retirement Plan of the Minnesota State Retirement System (MSRS-Correctional).
- In 1973 (Laws 1973, Ch. 653, Sec. 41), as part of the legislation establishing the retirement plan, the member contribution rate was set at 6.0% of salary, the employer regular contribution rate was set at 9.0% of salary (1.5 times the member contribution rate), and the employer additional contribution rate was set at 5.0% of salary.
 - In 1981 (3rd Spec. Sess. Laws 1981, Ch. 2, Art. 1, Sec. 66, 67), the member contribution rate was reduced to 3.78% of salary for the period December 31, 1981, to July 1, 1982, and was reset at 4.89% of salary for the period after June 30, 1982. The employer regular contribution rate was reduced to 5.66% of salary for the period December 31, 1981, to July 1, 1982, and the employer additional contribution rate was reduced to 3.16% of salary for the period December 31, 1981, to July 1, 1982, and was reset at 4.08% of salary after June 30, 1982.
 - In 1982 (Laws 1982, Ch. 641, Art. 1, Sec. 11, 12), the member contribution rate was reset at 4.5% of salary and the employer additional contribution rate was reset at 1.32% of salary, both effective on July 1, 1982. Also in 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and July 1, 1983, the employer contribution was reduced by 4.0% of salary, and for the period between December 28, 1982, and January 1, 1984, the member contribution was increased by 2.0% of salary.
 - In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months and the special additional member contribution for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
 - In 1984 (Laws 1984, Ch. 564, Sec. 13), the member contribution rate was increased to 4.9% of salary. The employer regular and additional contribution rates were consolidated into a single employer contribution rate, and the employer contribution rate was set at 8.7% of salary, with both rate changes effective on July 1, 1984. Also in 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
 - In 1987 (Laws 1987, Ch. 229, Art. 6, Sec. 1), the provision was revised to conform to more current language usage and style conventions without apparent substantive change.
 - In 1990 (Laws 1990, Ch. 591, Art. 2, Sec. 3), the employer contribution rate was reduced to 6.27% of salary.
 - In 1996 (Laws 1996, Ch. 408, Art. 8, Sec. 18), the employer contribution rate was increased to 6.75% of salary, effective January 1, 1997.
 - In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 21, 22), the member contribution rate was increased to 5.5% of salary and the employer contribution rate was increased to 7.7% of salary, both effective on June 30, 1997.
 - In 1999 (Laws 1999, Ch. 222, Art. 13, Sec. 3, 4), the member contribution rate was increased to 5.69% of salary and the employer contribution rate was increased to 7.98% of salary, both effective on July 1, 1999.
 - In 2006 (Laws 2006, Ch. 271, Art. 1, Sec. 4, 5), the member contribution rate was increased by 2.91% of salary, to 8.6% of salary, in four fiscal year annual increments. The employer contribution rate was increased by 4.12% of salary, to 12.1% of salary, in four fiscal year annual increments, effective each July 1, beginning July 1, 2007.
 - In 2014 (Laws 2014, Ch. 296, Art. 3, Sec. 3-4), the member contribution was increased to 9.10% of salary, effective July 1, 2014, and the employer contribution was increased to 12.85% of salary, effective July 1, 2014.

g. State Patrol Retirement Plan.

- In 1943 (Laws 1943, Ch. 637, Sec. 1), when the State Patrol Retirement Plan was created to replace the State Employees Retirement Association for State Patrol troopers, the member contribution rate was set at 6.0% of salary up to \$3,000 per year. The employer contribution was set as the same dollar amount as the total monthly member contribution deductions each month.
- In 1949 (Laws 1949, Ch. 627, Sec. 2), the member contribution rate was increased to 8.0% of salary, with the covered salary maximum remaining at \$3,000 per year.
- In 1957 (Laws 1957, Ch. 869, Sec. 1), the member contribution was reset at 7.0% of the member's total salary, not to exceed in amount 7.0% of the highest paid patrol officer.
- In 1961 (Laws 1961, Ch. 493, Sec. 1), the limit on the member contribution was reset at \$4,800 per annum and the employer contribution was reset to 10.5% of the salary upon which deductions were made.
- In 1965 (Laws 1965, Ch. 889, Sec. 1), the member contribution was increased to 7.4% of salary, with a salary limit of \$6,000 per year. The employer regular contribution was increased to 11.2% of the total salaries on which deductions were made, and an employer additional contribution was added, set at 9.0% of the total salaries on which deductions were made.
- In 1967 (Laws 1967, Ch. 244, Sec. 1), the member contributions were reduced to 7.0% of salary, limited to \$6,000 per year.
- In 1969 (Laws 1969, Ch. 693, Sec. 1), the salary limit on contributions was eliminated and the employer additional contribution rate was reduced to 8.0% of salary.
- In 1973 (Laws 1973, Ch. 178, Sec. 2; Ch. 755, Sec. 1), the provision in which the contribution rates are specified was divided into subdivisions, the member contribution was increased to 8.0% of salary, the employer regular contribution was increased to 12.0% of salary, and the employer additional contribution was increased to 10.0% of salary.
- In 1978 (Laws 1978, Ch. 646, Sec. 1), the member contribution was decreased to 7.0% of salary and the employer contribution was reduced to 9.0% of salary.
- In 1982 (Laws 1982, Ch. 397, Sec. 1), the member contribution rate was increased to 8.5% of salary, effective July 1, 1982. Also in 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and July 1, 1983, the employer contribution was reduced by 4.0% of salary, and for the period between December 28, 1982, and January 1, 1984, the member contribution was increased by 2.0% of salary.
- In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months, and the special additional member contributions for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
- In 1984 (Laws 1984, Ch. 564, Sec. 17), the employer regular contribution and the employer supplemental contribution were unified into a single employer contribution and that employer contribution rate was reset at 18.9% of salary. Also in 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
- In 1987 (Laws 1987, Ch. 229, Art. 7, Sec. 1), the language style and usage of the provision was revised without apparent substantive impact. Also in 1987 (Laws 1987, Ch. 259, Sec. 22), the contribution, retirement fund, and audit provision was divided into five subdivisions.
- In 1990 (Laws 1990, Ch. 591, Art. 2, Sec. 4), the employer contribution rate was reduced to 14.88% of salary effective July 1, 1990.
- In 1995 (Laws 1995, Ch. 262, Art. 3, Sec. 1), the member contribution rate was increased to 8.92% of salary effective July 1, 1995.
- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 29, 30), the member contribution was decreased to 8.4% of salary, and the employer contribution was decreased to 12.6% of salary, both effective June 30, 1997.
- In 2006 (Laws 2006, Ch. 271, Art. 1, Sec. 6, 7), the member contribution rate was increased to 10.4% of salary in three fiscal year annual increments over the period July 1, 2007, to July 1, 2009, and the employer contribution rate was increased to 15.6% of salary in three fiscal year annual increments over the period July 1, 2007, to July 1, 2009.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 16, Subd. 1a, 1c), the member contribution was increased to 12.4% of salary and the employer contribution was increased to 18.6% of salary, both effective July 1, 2011.
- In 2013 (Laws 2013, Ch. 111, Art. 9, Sec. 2-3), the member contribution rate was increased to 13.4% of salary, effective July 1, 2014, and to 14.4% of salary, effective July 1, 2016, and the employer contribution rate was increased to 20.1% of salary, effective July 1, 2014, and to 21.6% of salary, effective July 1, 2016. Also in 2013 (Laws 2013, Ch. 143, Art. 2, Sec. 6), the Police and Firefighter Retirement Supplemental Aid program was created, with 6.452% of the \$15.5 million open and standing General Fund appropriation allocated to the State Patrol Retirement Plan.

h. Elective State Officers Retirement Plan.

- In 1967 (Laws 1967, Ch. 700, Sec. 9, Subd. 1), as part of the legislation enacting the retirement plan for constitutional officers, the member contribution was set at 7.0% of covered pay. The employer contribution (Laws 1967, Ch. 700, Sec. 3, Subd. 2, and Sec. 4, Subd. 3), was set as an open and standing appropriation from the state general fund of the retirement allowances and survivor benefits payable annually.
- In 1976 (Laws 1976, Ch. 329, Sec. 9), the member contribution was increased to 8.0% of covered salary.
- In 1978 (Laws 1978, Ch. 796, Sec. 20), the member contribution was increased to 9.0% of total salary.

i. Unclassified State Employees Retirement Program (MSRS-Unclassified).

- In 1971 (Laws 1971, Ch. 604, Sec. 8), as part of the enactment legislation for the retirement program, the member and employer contributions were set equal to the MSRS-General member and employer contribution rates, or 4.0% of covered salary by the member and 4.0% of covered salary by the employer.
- In 1973 (Laws 1973, Ch. 624, Sec. 5, Subd. 2; Sec. 13), the contribution provision was moved within the chapter and the disposition of the MSRS-General additional employer contribution was clarified as not being payable to the program until the MSRS-General unfunded actuarial accrued liability as of June 30, 1971, was amortized. Beginning in Fiscal Year 1974, the MSRS-General employer additional contribution for MSRS-Unclassified Program members was payable to the program, making the contribution rates 4.0% of covered salary by the members and 6.0% of covered salary by the employers.
- In 1980 (Laws 1980, Ch. 607, Art. 14, Sec. 38), the provision retaining the employer additional contribution in the MSRS-General Retirement Fund was eliminated.
- In 1981 (Laws 1981, Ch. 224, Sec. 70, 276), the contribution provision was clarified to include the employer additional contribution, the 2.0% of covered salary, and the provision making the retention of the employer additional contribution retention contingent on post-1971 legislation increasing the MSRS-General unfunded actuarial accrued liability was repealed. Also in 1981 (3rd Spec. Sess. Laws 1981, Ch. 2, Art. 1, Sec. 68), in legislation that reset the MSRS-General member and employer contribution rates, the member contribution rate was set at 4.0% of covered salary and the employer contribution was set at 6.0% of covered salary.
- In 1994 (Laws 1994, Ch. 528, Art. 1, Sec. 12), the member contribution was changed from a specific covered salary percentage to a cross-reference to the MSRS-General member contribution rate, which was 3.99% of covered salary in 1993 and was reset at 4.07% of covered salary in 1994 (Laws 1994, Ch. 528, Art. 1, Sec. 4).
- In 1997 (Laws 1997, Ch. 233, Art. 2, Sec. 6), the language style and usage of the provision was revised, the provision was divided into lettered paragraphs, and the salary base for contribution for legislators newly covered by the program was specified as that identical to the salary amount covered by the Legislators Retirement Plan.
- In 2000 (Laws 2000, Ch. 461, Art. 18, Sec. 2), as part of legislation covering certain long-service judges by the program, an 8.0% of covered salary member contribution, without an employer contribution, was specified.
- In 2006 (Laws 2006, Ch. 271, Art. 1, Sec. 8), as part of the contribution revisions sponsored by MSRS, the member contribution rate indexation to the MSRS-General member contribution rate was replaced by the specification of a 4.0% of covered salary member contribution rate.
- In 2010 (Laws 2010, Art. 4, Sec. 10), indexation of the program member contribution rate was reinstituted to the MSRS-General member contribution rate, set at 5.0% of covered salary after July 1, 2010, under Minnesota Statutes, Section 352.04, Subdivision 2, or potentially revised under Minnesota Statutes, Section 352.045.

j. General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General).

- In 1931 (Laws 1931, Ch. 307, Sec. 4), as part of the creation of the General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General), the membership fee was \$10, the member contribution rate was set at 3.5% of regular salary, and there was no employer contribution.
- In 1933 (Laws 1933, Ch. 374, Sec. 1), the member contribution was set against the person's salary as a public employee or the person's prior regular salary if the person's salary had been reduced.
- In 1943 (Laws 1943, Ch. 167, Sec. 1), the member contribution was increased to 4.0% of salary, of which 0.5% was not refundable if the person became a non-employee member, effective July 1, 1943.

- In 1949 (Laws 1949, Ch. 84, Sec. 3), the salary on which member contributions were payable was limited to \$4,800 annual salary and, effective July 1, 1949, the non-employee member contribution rate was set at 6.0% of the person's salary when the person was a public employee.
- In 1951 (Laws 1951, Ch. 22, Sec. 17), the membership fee was eliminated for persons becoming members after July 1, 1957, and the non-employee member membership and special contribution rate was eliminated.
- In 1957 (Laws 1957, Ch. 935, Sec. 7, Subd. 2, 3, 5), the member contribution was reset at 6.0% of salary up to \$4,800 annually, effective July 1, 1957. An employer contribution was first implemented as of July 1, 1956, set at:
 - 4.0% of salary up to \$4,800 annually until July 1, 1957;
 - 5.0% of salary up to \$4,800 annually until July 1, 1958; and
 - 6.0% of salary up to \$4,800 annually after June 30, 1958.

An employer additional contribution was first implemented as of July 1, 1959, set at 2.5% of salary up to \$4,800 annually.

Also in 1957 (Ex. Sess. Laws 1957, Ch. 20, Sec. 2), for employees covered by the federal Social Security program and the PERA-General Coordinated Program, the member contribution as set at 3.0% of salary; all salary was limited to \$4,800 annually.

The employer regular contribution was set at 3.0% of salary, limited to \$4,800 annually. The employer additional contribution was set at:

- 3.5% of salary for calendar years 1958 and 1959;
- 3.0% of salary for calendar years 1960 to 1964;
- 2.5% of salary for calendar years 1965 to 1969;
- 2.0% of salary for calendar years 1970 to 1974; and
- 1.5% of salary for calendar years after 1974.
- In 1959 (Laws 1959, Ch. 650, Sec. 37), the employer additional contribution was made applicable for salaries after June 30, 1958.
- In 1963 (Laws 1963, Ch. 793, Sec. 13), as part of the extension of federal Social Security coverage to public hospital employees in public hospitals where a Social Security coverage referendum was successful and had PERA-General Coordinated Program coverage as supplemental coverage, the member contribution rate was 3.0% of salary up to \$4,800 annually, the employer regular contribution rate was 3.0% of salary up to \$4,800 annually, and the employer additional contribution rate was 2.0% of salary up to \$4,800 annually from 1963 to 1965 and was 1.5% of salary up to \$4,800 annually after 1966.
- In 1965 (Laws 1965, Ch. 714, Sec. 1-3; Ch. 716, Sec. 1-3), the maximum salary subject to member, employer regular, and employer additional contributions was increased to \$6,000 per annum effective July 1, 1965.
- In 1967 (Laws 1967, Ch. 687, Sec. 2), the salary maximum on member contributions, employer regular contributions, and employer additional contributions to the PERA Coordinated Program for public hospital employees covered by the federal Social Security System was eliminated and the employer additional contributions to the PERA Coordinated Program were reset at 1.5% effective August 1, 1967. Also in 1967 (Ex. Sess. Laws 1967, Ch. 53, Sec. 1-3, 11-13), the maximum salary subject to member, employer regular, and employer additional contributions was increased to total salary effective July 1, 1967.
- In 1973 (Laws 1973, Ch. 753, Sec. 28-30), the member contribution rates for PERA-General were consolidated into a single provision and were set at 8.0% for the Basic Program and 4.0% for the Coordinated Program. The employer regular contribution rates for PERA-General were consolidated into a single provision and were set at the identical amounts as the member contribution rates. The employer additional contribution rates for PERA-General were replaced by a single provision and set at 2.5% for the Basic Program and 1.5% for the Coordinated Program.
- In 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Subd. 1, Para. (v), Cl. (4)), for the period from December 28, 1982, until January 1, 1984, member contributions were increased by 2.0%, and for the period from December 28, 1982, until July 1, 1983, 4.0% of employer contributions were made payable to the state general fund.
- In 1983 (Laws 1983, Ch. 301, Sec. 225), the temporary member contribution increase was refunded from the state general fund.
- In 1984 (Laws 1984, Ch. 564, Sec. 21), the employer additional contribution for the Coordinated Program was reduced to 0.25% of salary.
- In 1989 (Laws 1989, Ch. 319, Art. 13, Sec. 30), the member contribution rate was increased to 8.23% for the Basic Program and was increased to 4.23% for the Coordinated Program.

- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 38, 39), the member contribution rate was increased to 8.75% of salary for the Basic Program and to 4.75% of salary for the Coordinated Program. The employer regular contribution rate increased identically automatically. The employer additional contribution rate was increased to 2.68% of salary for the Basic Program and to 0.43% of salary for the Coordinated Program, with the employer additional contribution repealed as of the March 31 following the date on which the actuarial valuation disclosing that the plan is fully funded is issued.
- In 1998 (Laws 1998, Ch. 390, Art. 9, Sec. 1, 2), the member contribution for correctional service employees covered by the PERA-General Coordinated Program was set at 4.96% of salary and the employer regular contribution for correctional service employees covered by the PERA-General coordinated Program was set at 5.06% of salary.
- In 1999 (Laws 1999, Ch. 222, Art. 2, Sec. 5, 6), the 1998 special member and employer contributions for correctional service employees covered by the PERA-General Coordinated Program were eliminated with the creation of the Local Government Correctional Service Retirement Plan.
- In 2001 (1st Spec. Sess. Laws 2001, Ch. 10, Art. 11, Sec. 13, 14), the member contribution rates were increased to 9.10% of salary for the Basic Program and to 5.10% of salary for the Coordinated Program effective January 1, 2002. The employer regular contribution rates were increased to 9.10% of salary for the Basic Program and to 5.10% of salary for the Coordinated Program effective January 1, 2002.
- In 2005 (1st Spec. Sess. Laws 2005, Ch. 8, Sec. 1-3), the member contribution rate for the Coordinated Program was increased to:
 - 5.50% of salary effective January 1, 2006;
 - 5.75% of salary effective January 1, 2007; and
 - 6.0% of salary effective January 1, 2008.

The employer regular contribution rate for the coordinated Program was increased to:

- 5.50% of salary effective January 1, 2006;
- 5.75% of salary effective January 1, 2007; and
- 6.00% of salary effective January 1, 2008.

The employer additional contribution rate for the Coordinated Program was increased to:

- 0.50% of salary effective January 1, 2006;
- 0.75% of salary effective January 1, 2009; and
- 1.00% of salary effective January 1, 2010.

A mechanism was added for potential increases in the member and employer regular contribution rates of 0.25% of salary each after July 1, 2010, if the most recent actuarial valuation of the retirement plan indicates a contribution deficiency of at least 0.50% of salary.

- In 2009 (Laws 2009, Ch. 169, Art. 4, Sec. 9-11), the Coordinated Program member and employer regular contribution rates were simplified to eliminate the expired 2006 phased-in contribution rate increases.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 24-26), the Coordinated Program member contribution rate was increased to 6.25% of salary effective December 31, 2010. The Coordinated Program employer regular contribution rate was increased to 6.25% of salary effective December 31, 2010. The 2006 potential contribution rate increase mechanism was modified, specifying 0.25% of salary, 0.50% of salary, or 0.75% of salary, depending on the extent of the contribution deficiency disclosed in the most recent actuarial valuation of the retirement plan.
- In 2014 (Laws 2014, Ch. 296, Art. 3, Sec. 5-6), the member contribution rate for the Coordinated Program was increased to 6.50% of salary, effective January 1, 2015, and the employer contribution rate was increased to 6.50% of salary, effective January 1, 2015.

k. Public Employees Police and Fire Retirement Plan (PERA-P&F).

- In 1959 (Laws 1959, Ch. 650, Sec. 33), as part of the creation of the retirement plan to cover public safety employees previously covered by PERA-General, the member contribution was set at 6.0% of salary up to \$4,800 annually, the employer regular contribution was set at 9.0% of salary up to \$4,800 annually, and the employer additional contribution was set at 2.5% of salary up to \$4,800 annually.
- In 1965 (Laws 1965, Ch. 714, Sec. 6-8), the maximum salary for member, employer regular, and employer additional contribution rates was increased to \$6,000 effective June 30, 1965.
- In 1967 (Ex. Sess. Laws 1967, Ch. 53, Sec. 6-8), the maximum salary for member, employer regular, and employer additional contribution rates was increased to full salary.
- In 1971 (Laws 1971, Ch. 297, Sec. 5, Subd. 2, 3, 5), the member contribution rate was increased to 7.0% of salary effective July 1, 1971. The employer regular contribution rate was increased to 10.5% of salary effective July 1, 1971. The employer additional contribution rate was reduced to 1.5% of salary effective July 1, 1971.

- In 1973 (Laws 1973, Ch. 753, Sec. 69, 70, 85), the member contribution rate was increased to 8.0% of salary, the employer regular contribution was increased to 12.0% of salary, and the employer additional contribution was repealed, all effective July 1, 1973.
- In 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and July 1, 1983, the employer contribution was reduced by 4.0% of salary, and for the period between December 28, 1982, and January 1, 1984, the member contribution was increased by 2.0% of salary.
- In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months, and the special additional member contributions for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
- In 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
- In 1993 (Laws 1993, Ch. 352, Sec. 1-3), the member contribution rate was decreased to 7.6% of salary effective July 1, 1993. The employer contribution rate was decreased to 11.4% of salary effective July 1, 1993. A mechanism was established for changing member and employer contribution rates if there was a contribution sufficiency or deficiency of at least 0.5% for at least three consecutive fiscal years effective July 1, 1993.
- In 1994 (Laws 1994, Ch. 528, Art. 2, Sec. 12), the length of time for the 1993 automatic contribution rate change mechanism was extended to four consecutive fiscal years beginning after fiscal year 1994.
- In 1999 (Laws 1999, Ch. 222, Art. 4, Sec. 8, 9, 20), the member contribution rate was reduced to 6.2% of salary, the employee contribution rate was reduced to 9.3% of salary, and the 1993 automatic contribution rate change mechanism was repealed effective June 30, 1999.
- In 2005 (1st Spec. Sess. Laws 2005, Ch. 8, Art. 5, Sec. 7-8), the member contribution rate was increased to:
 - 7.0% of salary for calendar year 2006;
 - 7.8% of salary for calendar year 2007;
 - 8.6% of salary for calendar year 2008; and
 - 9.4% of salary after calendar year 2008.

The employer contribution rate was increased to:

- 10.5% of salary for calendar year 2006;
- 11.7% for salary for calendar year 2007;
- 12.9% of salary for calendar year 2008; and
- 14.1% after calendar year 2008.
- In 2009 (Laws 2009, Ch. 169, Art. 4, Sec. 17, 18), the member and employer contribution rate provisions were simplified by eliminating the prior contribution phase-in.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 39), the member contribution was increased to 9.6% of salary after calendar year 2010 and the employer contribution was increased to 14.4% of salary after calendar year 2010.
- In 2011 (1st Spec. Sess. Laws 2011, Ch. 8, Art. 6, Sec. 5-6, and Art. 7, Sec. 5-6), as part of the consolidation of the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association into the retirement plan, the member contribution rate for former relief association members was set at 8.0% of the unit value defined for the applicable former relief association and expressed in a whole payroll basis, and an equal employer contribution was also required.
- In 2013 (Laws 2013, Ch. 111, Art. 11, Sec. 6-7), the member contribution rate was increased to 10.2% of salary, effective January 1, 2014, and to 10.5% of salary, effective January 1, 2015, and the employer contribution rate was increased to 15.3% of salary, effective January 1, 2014, and to 16.2% of salary, effective January 1, 2015. Also in 2013 (Laws 2013, Ch. 143, Art. 2, Sec. 6), the Police and Firefighter Retirement Supplemental Aid program was created, with 58.065% of the \$15.5 million open and standing General Fund appropriation allocated to the Public Employees Police and Fire Retirement Plan.

1. Local Government Correctional Service Retirement Plan (PERA-Correctional).

- In 1999 (Laws 1999, Ch. 222, Art. 2, Sec. 9), the member contribution rate was set at 5.83% of salary and the employer contribution rate was set at 8.75% of salary effective June 30, 1999.
- In 2000 (Laws 2000, Ch. 461, Art. 10, Sec. 2), the member contribution was increased to 6.01% of salary and the employer contribution was increased to 9.02% of salary effective January 1, 2002.
- In 2001 (1st Spec. Sess. Laws 2001, Ch. 10, Sec. 28), the effective date of the 2000 contribution rate increases was delayed from January 1, 2002, to January 1, 2003.
- In 2002 (Laws 2002, Ch. 392, Art. 4, Sec. 3), the member contribution rate was reduced to 5.83% of salary and the employer contribution rate was reduced to 8.75% of salary effective July 1, 2002.

m. Public Employees Defined Contribution Retirement Plan.

- In 1987 (Laws 1987, Ch. 372, Art. 5, Sec. 3, 4), as part of the legislation establishing the retirement plan for ambulance service personnel, a member contribution rate was required as a percentage of covered salary to be set by the ambulance service for paid personnel, but not in excess of the employer contribution rate, and an employer contribution rate to be set by the ambulance service.
- In 1990 (Laws 1990, Ch. 570, Art. 8, Sec. 4), as part of the legislation expanding the retirement plan to local government elected officials other than elected county sheriffs, the elected local government official member contribution rate was set at 5.0% of covered salary and the employer contribution rate was set at 5.0% of covered salary.
- In 1991 (Laws 1991, Ch. 341, Sec. 37), a deduction in error provision was added to the contribution requirement.
- In 1992 (Laws 1992, Ch. 432, Art. 2, Sec. 38), the authority for former plan members to make contributions after termination was limited to prior service purchases.
- In 1993 (Laws 1993, Ch. 307, Art. 4, Sec. 48), the deduction in error provision was replaced by a procedure delegation to the PERA executive director.
- In 1996 (Laws 1996, Ch. 438, Art. 6, Sec. 3, 4), the member contribution rate for physicians covered by the plan was set at 5.0% of covered salary.
- In 2006 (Laws 2006, Ch. 271, Art. 3, Sec. 34, 35), the member contribution rate for city managers electing exclusion from PERA-General was set at the PERA-General member contribution rate, the member contribution for volunteer firefighters who are excluded from PERA-P&F and who elect plan coverage was set at 7.5% of covered salary, the employer contribution rate on behalf of participating city managers was set equal to the PERA-General employer regular contribution rate, and the employer contribution rate for participating volunteer firefighters is the balance of 7.50% of covered salary not paid by the volunteer firefighter.
- In 2010 (Laws 2010, Ch. 359, Art. 5, Sec. 14-16), the language style and usage was revised.

n. Teachers Retirement Association (TRA).

- In 1915 (Laws 1915, Ch. 199, Sec. 2), as part of the enactment establishing the predecessor to the Teachers Retirement Association (TRA), the Teachers' Insurance and Retirement Fund, the member contribution was set at \$5 per year during each of the first five years of teaching service, at \$10 per year during each of the second five years of teaching service, at \$20 per year during each of years 11 through 20 of teaching service, and at \$30 per year during each of years 21 through 25 of teaching service, but when the annual salary of a teacher reached at least \$1,500, the member contribution rate was set at 1.5% of annual salary, not to exceed \$20 per year of teaching service during each of the first ten years of teaching service, and at 2.0% of annual salary not to exceed \$40 per year of teaching service during each of the second ten years of teaching service, but not less than the applicable initial dollar amount annual contribution amount, and no member contributions for teaching service in excess of 25 years of service. The employer contribution was set as 1/20th of one mill statewide property tax levy.
- In 1931 (Laws 1931, Ch. 406, Sec. 5), as part of the legislation that created the TRA to replace the Teachers' Insurance and Retirement Fund, the member contribution was set at 5.0% of annual salary, but not to exceed \$100 annually, and the state contribution was set as a property tax levy of 15/100th of one mill on property outside of the cities of the first class, against which the State Auditor was permitted to sell tax anticipation certificates.
- In 1935 (Laws 1935, Ch. 301, Sec. 1), a limit on the statewide property tax levy for TRA was added, set at an annual amount of \$250,000.
- In 1949 (Laws 1949, Ch. 708, Sec. 6), the statewide TRA tax levy was required to be adjusted by the deficit or surplus from the preceding year.
- In 1951 (Laws 1951, Ch. 481, Sec 3; and Ch. 696, Sec. 1), a limit of 40 years was placed on making member contributions to the retirement plan and the 1931 limit of \$100 annually on member contributions was increased to \$175 annual contribution limit.
- In 1953 (Laws 1953, Ch. 750, Sec. 3), the member contribution rate was increased to 6.0% of salary and the annual dollar amount limit was increased to \$216 annually.
- In 1957 (Laws 1957, Ch. 818, Sec. 1), the maximum annual member contribution was increased to \$288 annually. Also in 1957 (Ex. Sess. Laws 1957, Ch. 15, Sec. 2; Ch. 16, Sec. 4, Subd. 2-3, 5; Sec. 5), as part of a total revision of TRA law and the inclusion of teachers in coverage by the Social Security Act with the creation of the Coordinated Program, the Coordinated Program member contribution was set at 3.0% of salary up to \$4,800 annually. The Coordinated Program employer regular contribution was set at 3.0% of salary up to \$4,800 annually. The Coordinated Program employer additional contribution was set at:
 - 1.75% for fiscal years 1957, 1958, and 1959;

- 1.25% for fiscal years 1960 through 1964;
- 0.75% for fiscal years 1965 through 1969;
- 0.25% for fiscal years 1970 through 1974; and
- eliminated for fiscal years 1975 and thereafter.

All applied to salary up to \$4,800 annually.

The Basic Program member contribution rate was set at 6.0% of salary up to \$4,800 annually. The Basic Program employer regular contribution rate was set at 3.0% of salary up to \$4,800 annually for the period July 1, 1957, to June 30, 1959, and set at 6.0% of salary up to \$4,800 annually after June 30, 1959.

The Basic Program employer additional contribution rate was set at 1.0% of salary up to \$4,800 annually, with the employer contributions payable from a statewide property tax levy.

- In 1959 (Ex. Sess. Laws 1959, Ch. 50, Sec. 29), the Coordinated Program employer additional contribution rate was increased to 1.5% of salary up to \$4,800 annually, effective July 1, 1961.
- In 1965 (Laws 1965, Ch. 821, Sec. 3-5, 8-10), the maximum salary to which the various contribution rates are to be applied was increased to \$7,200 per fiscal year.
- In 1967 (Laws 1967, Ch. 834, Sec. 2, 4-6), the maximum salary to which the Coordinated Program and the Basic Program member, employer regular, and employer additional contribution rates are to be applied was eliminated, effective July 1, 1967.
- In 1969 (Laws 1969, Ch. 485, Sec. 7, 13-15), the Coordinated Program member contribution rate was increased to 3.5% of salary and the Basic Program member contribution rate was increased to 7.0% of salary, effective July 1, 1969. The Coordinated Program employer regular contribution rate was increased to 3.5% of salary and the Basic Program employer regular contribution rate was increased to 7.0% of salary, effective July 1, 1969. The Coordinated Program and Basic Program employer additional contribution rates were increased to 2.0% of salary effective July 1, 1969.
- In 1973 (Laws 1973, Ch. 728, Sec. 7, 14-16), the Coordinated Program member contribution rate was increased to 4.0% of salary effective July 1, 1973. The Basic Program member contribution rate was increased to 8.0% of salary effective July 1, 1973. The Coordinated Program employer regular contribution rate was increased to 4.0% of salary effective July 1, 1975. The Basic Program employer regular contribution rate was increased to 8.0% of salary effective July 1, 1975. The Coordinated Program employer additional contribution rate was increased to 2.5% of salary effective July 1, 1975. The Basic Program employer additional contribution rate was increased to 2.5% of salary effective July 1, 1975.
- In 1974 (Laws 1974, Ch. 289, Sec. 20-22, 59), the member contribution rates and employer regular contribution rates were consolidated from four subdivisions into two subdivisions.
- In 1977 (Laws 1977, Ch. 313, Sec. 1), the employer additional contribution was increased to 3.0% of salary effective July 1, 1977.
- In 1978 (Laws 1978, Ch. 781, Sec. 3), the Coordinated Program member contribution rate was increased to 4.5% of salary and the Basic Program member contribution was increased to 8.5% of salary effective July 1, 1979.
- In 1979 (Laws 1979, Ch. 293, Sec. 1, 2), the employer regular contribution rate was increased to 4.5% of salary for the Coordinated Program and to 8.5% of salary for the Basic Program. The employer additional contribution rate was increased to 3.05% of salary.
- In 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and July 1, 1983, the employer contribution was reduced by 4.0% of salary and for the period between December 28, 1982, and January 1, 1984, the member contribution was increased by 2.0% of salary.
- In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months and the special additional member contribution for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
- In 1984 (Laws 1984, Ch. 564, Sec. 29), the employer additional contribution was increased to 4.48% of salary. Also in 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
- In 1990 (Laws 1990, Ch. 591, Art. 2, Sec. 5), the employer additional contribution rate was reduced to 3.64% of salary.
- In 1994 (Laws 1994, Ch. 524, Sec. 1), the member contribution rates were increased to 6.5% of salary for the Coordinated Program and to 10.5% of salary for the Basic Program.

- In 1997 (Laws 1997, Ch. 233, Art. 1, Sec. 48-50), the member contribution rate was reduced to 5.0% of salary for the Coordinated Program and to 9.0% of salary for the Basic Program, the employer regular contribution rate was reduced to 5.0% of salary for the Coordinated Program and to 9.0% of salary for the Basic Program, and the employer additional contribution rate was reduced to 1.64% of salary, effective July 1, 1997. The employer additional contribution was repealed effective July 1, 1998.
 - In 2006 (Laws 2006, Ch. 277, Art. 3, Sec. 6, 7), the member contribution rate for teachers in Special School District No. 1, Minneapolis, and for all other teachers was increased to 5.5% of salary for the Coordinated Program effective July 1, 2006. The employer regular contribution rate for the Coordinated Program was increased to 5.5% of salary for both Special School District No. 1, Minneapolis, teachers and all other teachers, and for the Basic Program was set at 9.0% of salary for teachers in Special School District No. 1, Minneapolis, and 9.0% of salary for all other teachers, effective July 1, 2007. An employer additional contribution rate was reinstated for teachers in Special School District No. 1, Minneapolis, and was set at 3.64% of salary, effective July 1, 2006.
 - In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 48-53), the member contribution rate was increased to 11.0% of salary for the Basic Program and to 7.5% of salary for the Coordinated Program in 0.5% increments per fiscal year over the period July 1, 2011, until July 1, 2014, plus potential additional member contribution rate increases of 0.25%, 0.50%, or 0.75% per year under a funding stabilizer mechanism if the retirement plan has a contribution deficiency in the most recent actuarial valuation report. The employer regular contribution rate was increased to 11.0% of salary for the Basic Program and to 7.5% of salary for the Coordinated Program in 0.5% increments per fiscal year over the period July 1, 2011, until July 1, 2014, plus additional employer contribution rate increases of 0.25%, 0.50%, or 0.75% per year if the retirement plan has a contribution deficiency in the most recent actuarial valuation report.
 - In 2012 (Laws 2012, Ch. 286, Art. 8, Sec. 3, 6, 9-10,) the special direct state aid matching aid provisions, which require the City of Minneapolis and the Minneapolis school district to each contribute \$1.25 million to TRA on behalf of the former Minneapolis Teachers Retirement Fund Association (MTRFA), to be matched by the state; and the additional contribution provision which requires the city and school district to pay an additional \$1 million annually was moved from other statutory provisions into TRA's chapter. These aid provisions will be repealed when TRA becomes fully funded. Various sections or subdivisions where these aid provisions had appeared were revised by striking the aid language or by repeal. Also in 2012 (Laws 2012, Ch. 286, Art. 8, Sec. 4-5) recovery of deficient payment was moved from Section 354.54, Subdivision 5, to new Section 354.512 and is made more general. In addition to any other remedies in law, the new provision states that if an employing unit fails to pay in full within 60 days any aid or contributions required to be remitted to TRA, the executive director may certify amount to the Commissioner of Management and Budget, who will withhold needed amounts from aid to the employing unit and transmit those amounts to TRA.
- o. Duluth Teachers Retirement Fund Association (DTRFA).
- In 1967 (Ex. Sess. Laws 1967, Ch. 32, Art. 3, Sec. 3), as part of the initial state sales tax legislation, the employer contribution obligation shifted from local school district property tax rolls to payment from the state's property tax relief fund equal to the average amount per teacher that the state paid to the Teachers Retirement Association (TRA).
 - In 1969 (Laws 1969, Ch. 399, Sec. 45; Ch. 485, Sec. 38), the state property tax relief fund was incorporated into the state's general fund and the employer contribution was set at an equivalent percentage of covered pay that the state contributed to TRA.
 - In 1971 (Laws 1971, Ch. 535, Sec. 2), the amount payable to a first class city teacher retirement fund association was reduced by the amount that the percentage of payroll of the retirement fund that is paid from other than normal school operating funds.
 - In 1973 (Laws 1973, Ch. 492, Sec. 14), the Commissioner of Finance replaced the State Auditor in disbursing the first class city teacher retirement fund associations state aid, and the state aid provision was moved to new Minnesota Statutes, Chapter 354A.
 - In 1974 (Laws 1974, Ch. 213, Sec. 1), the employer contribution from the state for teachers in Independent School District No. 709, Duluth, was divided into two parts, one for the Duluth Teachers Retirement Fund Association (DTRFA) and the other for the obligation of Independent School District No. 709, Duluth, to the federal Social Security System.
 - In 1975 (Laws 1975, Ch. 306, Sec. 30), the local DTRFA retirement levy was disallowed, the restated state payments to DTRFA were made the sole employer support of DTRFA, and the member contribution to DTRFA was set at 4.0% of salary.
 - In 1979 (Laws 1979, Ch. 217, Sec. 11, Subd. 1, 2), as part of the law codifying the first class city teacher retirement fund associations' Coordinated Retirement Program, set the DTRFA member contribution rate at 4.0% of salary and set the DTRFA employer contribution rate as the amount equal to the combined rate that the state contributed to the statewide TRA and on behalf of state

teachers covered by Social Security. Also in 1979 (Laws 1979, Ch. 293, Sec. 3), the employer contribution rate for DTRFA was specified as 5.79% of salary, paid from the state general fund.

- In 1981 (Laws 1981, Ch. 269, Sec. 4), the DTRFA member contribution rate was increased to 4.5% of salary.
 - In 1982 (Laws 1982, Ch. 578, Art. 3, Sec. 7), the 4.5% of salary DTRFA member contribution rate was specified for both the Old Law Coordinated Program and the New Law Coordinated Program. Also in 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and July 1, 1983, the employer contribution was reduced by 4.0% of salary and the member contribution was increased by 2.0% of salary.
 - In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months and the special additional member contribution for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
 - In 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
 - In 1985 (1st Spec. Sess. Laws 1985, Ch. 12, Art. 11, Sec. 13), the obligation to pay the DTRFA employer contribution shifted from a direct state general fund payment to a school district payment when the categorical retirement state aid to school districts program was created.
 - In 1992 (Laws 1992, Ch. 598, Art. 5, Sec. 1), the DTRFA employer contribution rate was broken into two parts, an employer regular contribution and an employer additional contribution.
 - In 1995 (Laws 1995, Ch. 262, Art. 2, Sec. 2), the DTRFA Old Law Coordinated and New Law Coordinated Programs member contribution rate was increased to 5.5% of salary.
 - In 1997 (Laws 1997, Ch. 233, Art. 3, Sec. 4), a special annual direct state aid for DTRFA of \$486,000 was established.
 - In 2008 (Laws 2008, Ch. 349, Art. 8, Sec. 1), special direct state aid to DTRFA, which had ended when DTRFA became fully funded, was reinstated at \$346,000 annually.
 - In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 57), the DTRFA member contribution rate for both the New Law and Old Law Coordinated Programs were increased by 1.0% in two fiscal year increments over the period July 1, 2011, to July 1, 2012, and a single Coordinated Program employer contribution replaced the employer regular and additional contribution rates and increased by 1.0% in two fiscal year increments over the period July 1, 2011, to July 1, 2012.
 - In 2013 (Laws 2013, Ch. 111, Art. 13, Sec. 3), the member contribution rate was increased to 7.0% of salary, effective July 1, 2013, and to 7.5% of salary, effective July 1, 2014, and the employer contribution rate was increased to 7.29% of salary, effective July 1, 2013, and to 7.5% of salary, effective July 1, 2014. Also in 2013 (Laws 2013, Ch. 111, Art. 13, Sec. 23), a \$6 million State General Fund appropriation was made to the DTRFA in 2013 and again in 2014.
 - In 2014 (Laws 2014, Ch. 296, Art. 6, Sec. 8), as part of the consolidation of the Duluth Teachers Retirement Fund Association (DTRFA) into the Teachers Retirement Association (TRA), an ongoing annual State General Fund appropriation to the TRA on account of the DTRFA of \$14,031,000 was provided.
- p. St. Paul Teachers Retirement Fund Association (SPTRFA).
- In 1967 (Ex. Sess. Laws 1967, Ch. 32, Art. 3, Sec. 3), as part of the initial state sales tax legislation, the employer contribution obligation shifted from local school district property tax rolls to payment from the state's property tax relief fund equal to the average amount per teacher that the state paid to the Teachers Retirement Association (TRA).
 - In 1969 (Laws 1969, Ch. 399, Sec. 45; Ch. 485, Sec. 38), the state property tax relief fund was incorporated into the state's general fund and the employer contribution was set at an equivalent percentage of covered pay that the state contributed to TRA.
 - In 1971 (Laws 1971, Ch. 535, Sec. 2), the amount payable to a first class city teacher retirement fund association was reduced by the amount that the percentage of payroll of the retirement fund that is paid from other than normal school operating funds.
 - In 1973 (Laws 1973, Ch. 492, Sec. 14), the Commissioner of Finance replaced the State Auditor in disbursing the first class city teacher retirement fund associations state aid and the state aid provision was moved to new Minnesota Statutes, Chapter 354A.
 - In 1979 (Laws 1979, Ch. 217, Sec. 11, Subd. 1, 2), as part of the codification of the first class city teacher retirement fund association coordinated retirement program, the SPTRFA member contribution rates were set at 8.0% of salary for the Basic Program and at 4.5% of salary for the Coordinated Program and the SPTRFA employer contribution rate was set as the amount equal to the combined rate that the state contributed to the statewide TRA and on behalf of state teachers

covered by Social Security. Also in 1979 (Laws 1979, Ch. 293, Sec. 3, Subd. 2), the employer contribution rate for SPTRFA was specified as 4.50% of salary for the Coordinated Program and 12.63% of salary for the Basic Program.

- In 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and January 1, 1984, the employer contribution was reduced by 4.0% of salary and the member contribution was increased by 2.0% of salary.
- In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months and the special additional member contribution for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
- In 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
- In 1985 (1st Spec. Sess. Laws 1985, Ch. 12, Art. 11, Sec. 13), the obligation to pay the SPTRFA employer contribution shifted from a direct state general fund payment to a school district payment when the categorical retirement state aid to school districts program was created.
- In 1992 (Laws 1992, Ch. 598, Art. 5, Sec. 1), the SPTRFA employer contribution rate was broken into two parts, an employer regular contribution and an employer additional contribution, with the total Basic Program employer contribution rate remaining unchanged and with the total Coordinated Program employer contribution increased by 1.0% of salary.
- In 1993 (Laws 1993, Ch. 357, Sec. 2), the SPTRFA Basic Program employer additional contribution was reduced to 3.64% of salary. The SPTRFA Coordinated Program employer additional contribution rate was:
 - reduced from 1.0% to 0.50% for fiscal year 1994,
 - increased to 1.50% for fiscal year 1995, and
 - increased to 3.64% for fiscal year 1996 and thereafter.

Special direct state aid to SPTRFA was enacted at \$500,000 initially and increased by the same as any general education revenue formula increase.

- In 1996 (Laws 1996, Ch. 438, Art. 4, Sec. 9), a portion of reallocated amortization or supplementary amortization state aid was directed to SPTRFA at \$200,000 for fiscal year 1998, \$400,000 for fiscal year 1999, \$600,000 for fiscal year 2000, and \$800,000 for fiscal year 2001 and thereafter.
- In 1997 (Laws 1997, Ch. 233, Art. 3, Sec. 3, 4), the SPTRFA Coordinated Program member contribution rate was increased from 4.30% of salary to 5.50% of salary and the SPTRFA Coordinated Program employer additional contribution rate was increased to 3.84% of salary for fiscal year 1998 and thereafter and the 1993 special direct state aid for SPTRFA was increased to \$4,827,000 for fiscal year 1998 and to \$2,827,000 for fiscal year 1999 and thereafter.
- In 2010 (Laws 2010, Ch. 359, Art. 1, Sec. 57, 58), the member contribution rates for the Basic Program and the Coordinated Program were increased by 1.0% of salary in four annual 0.25% of salary increases over fiscal years 2012 to 2015, and the employer regular contribution rates for the Basic Program and the Coordinated Program were increased by 1.0% of salary in four annual 0.25% of salary increases over fiscal years 2012 to 2015.
- In 2013 (Laws 2013, Ch. 111, Art. 13, Sec. 3-4), the member contribution rate was increased to 9.5% of salary for Basic Program members and to 7.0% of salary for Coordinated Program members, effective July 1, 2015, and to 10.0% of salary for Basic Program members and to 7.5% of salary for Coordinated Program members, effective July 1, 2016, and the employer contribution rates were increased to 13.14% for Basic Program members and to 9.84% of salary for Coordinated Program members, effective July 1, 2015, to 13.39% of salary for Basic Program members and to 10.09% of salary for Coordinated Program members, effective July 1, 2016, and to 13.64% of salary for Basic Program members and to 10.59% of salary for Coordinated Program members, effective July 1, 2017. Also in 2013 (2013, Ch. 111, Art. 13, Sec. 23), a \$7 million State General Fund appropriation was made to the SPTRFA in 2013 and again in 2014.
- In 2014 (Laws 2014, Ch. 296, Art. 7, Sec. 1), the 2013-2014 temporary \$7 million State General Fund appropriation to the SPTRFA was made an open and standing appropriation.

q. MnSCU Individual Retirement Account Plan (IRAP).

- In 1988 (Laws 1988, Ch. 709, Art. 11, Sec. 4), as part of the legislation establishing the retirement plan, the member contribution was set at an amount equal to the TRA member contribution (4.5% of covered salary) and the employer contribution was set at an amount equal to the TRA employer matching contribution (4.5% of covered salary).
- In 1989 (Laws 1989, Ch. 319, Art. 18, Sec. 7), the requirement that the employer contribution be paid to the retirement plan was clarified.

- In 1991 (Laws 1991, Ch. 340, Sec. 30; and Ch. 341, Sec. 42), the requirement that the TRA additional employer contribution continue to be made to TRA for IRAP participants was eliminated.
 - In 1992 (Laws 1992, Ch. 446, Sec. 15, 16), the TRA equivalent member and employer matching contributions to the plan were made attributable to members who otherwise would be eligible for TRA coverage if not covered by IRAP and MSRS-Unclassified equivalent member and employer contributions to the plan were added for members who otherwise would be eligible for MSRS-Unclassified coverage if not covered by IRAP.
 - In 1993 (Laws 1993, Ch. 239, Art. 2, Sec. 1, 2), the member contribution rate for otherwise TRA eligible participants was set at 4.50% of covered salary and the employer contribution rate for otherwise TRA eligible participants was set at 6.0% of covered salary.
 - In 1995 (Laws 1995, Ch. 141, Art. 4, Sec. 11), as part of a recodification of the plan provisions, the member contribution rate was specified as 4.50% of covered salary unless the participant would otherwise be eligible for MSRS-Unclassified membership, where it would be equal to the MSRS-Unclassified member contribution rate (4.0% of covered salary) and the employer contribution rate was set at 6.0% of covered salary.
 - In 2004 (Laws 2004, Ch. 267, Art. 5, Sec. 3), the member contribution rate for otherwise MSRS-Unclassified coverage eligible participants was eliminated.
- r. Higher Education Supplemental Retirement Plan.
- In 1967 (Laws 1967, Ch. 807, Sec. 2, Subd. 1), as part of the legislation enacting the supplemental retirement plan, the member contribution rate was set at 5.0% of salary in excess of \$6,000 and less than \$15,001 and the employer contribution rate was set at 5.0% of the same salary amount.
 - The rates were unchanged in the recodification of the plan in 1991 (Laws 1991, Ch. 269, Art. 4, Sec. 2-4) and its recodification in 1995 (Laws 1995, Ch. 141, Art. 4, Sec. 16-25).
- s. Judges Retirement Plan.
- Before 1961, the various judges' retirement plans were non-contributory and were funded by biennial state general fund appropriations.
 - In 1961 (Ex. Sess. Laws 1961, Ch. 15, Sec. 3), the surviving spouse benefit added to the District Court Judges Retirement Plan and the Supreme Court Justices Retirement Plan in 1959 was modified to include pre-retirement judicial deaths, with the addition of an initial 2.0% of salary member contribution, subject to periodic contribution review and adjustment.
 - In 1967 (Ex. Sess. Laws 1967, Ch. 38, Sec. 2, 3), active member survivor benefit coverage was added to the probate court judges retirement plan, with a 4.0% of salary member contribution, subject to periodic contribution review and adjustment.
 - In 1973 (Laws 1973, Ch. 744, Sec. 3, Subd. 1-3), as part of the creation of the Uniform Retirement and Survivor's Annuities Plan to replace the prior judges' retirement plans for judges newly appointed or elected after December 31, 1973, and for pre-January 1, 1974, judges who elected coverage by the uniform retirement plan, the member contribution rate was set at the Federal Insurance Contributions Act (federal Social Security and Medicare) percentage applied to full salary and the employer contribution was set at the balance of money needed to administer the retirement plan and fund and pay retirement and survivor benefits, annually appropriated from the state general fund, including transfers of the full actuarial reserves for annuities and disability benefits payable from the uniform plan to the Minnesota Adjustable Fixed Benefit Plan.
 - In 1975 (Laws 1975, Ch. 418, Sec. 1, 2, 5), following the decision in *Sylvestre v. State*, 298 Minn. 142 (1973), and its resolution, the annuities of retired judges were indexed to the Minnesota Adjustable Fixed Benefit Fund and benefit deficiencies in the Fiscal Year 1974-Fiscal Year 1975 were funded if judges affected by the *Sylvestre* decision agreed to waive any rights under that decision.
 - In 1980 (Laws 1980, Ch. 607, Art. 15, Sec. 16), the member contribution rate was increased by 0.50% of salary, with the increase plus the FICA-based rate contribution not to be less than 7.0% of salary.
 - In 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and January 1, 1984, the employer contribution was reduced by 4.0% of salary and for the period between December 28, 1982, and January 1, 1984, the member contribution was increased by 2.0% of salary.
 - In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months and the special additional member contribution for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
 - In 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
 - In 1988 (Laws 1988, Ch. 709, Art. 10, Sec. 1), the member contribution rate for judges covered by Social Security was increased by 0.75% of salary.

- In 1991 (Laws 1991, Ch. 345, Art. 1, Sec. 103), the member contribution rate for judges in the uniform retirement plan covered by Social Security was reset at 4.0% of salary, exclusive of any FICA contribution and the member contribution rate for judges not covered by Social Security was set at 8.15% of salary, and the prior terminal funding (Minnesota Post Retirement Investment Fund reserve balance payment from the state general fund) was replaced by concurrent employer contributions at the rate of 22.0% of salary.
- In 1992 (Laws 1992, Ch. 363, Art. 1, Sec. 18), an additional employer contribution of a state general fund payment of any Minnesota Post Retirement Investment Fund transfer balance due and owing if the assets of the Judges Retirement Fund are insufficient. Also in 1992 (Laws 1992, Ch. 492, Sec. 2), the member contribution rate for judges covered by Social Security was increased to 6.27% of salary. Again in 1992 (Laws 1992, Ch. 513, Art. 4, Sec. 45), for retired judges not participating in the Minnesota Post Retirement Investment Fund, a separate state general fund standing appropriation of the amount to pay their benefits was provided.
- In 1998 (Laws 1998, Ch. 390, Art. 5, Sec. 4, 5), the member contribution rate for judges covered by Social Security was increased to 8.0% of salary and the employer contribution rate was reduced to 20.5% of salary.
- In 2000 (Laws 2000, Ch. 461, Art. 18, Sec. 7), the member contribution rate provision was amended to clarify that the member contribution obligation continues after a judge reaches the service credit limit applicable to the retirement plan.
- In 2006 (Laws 2006, Ch. 271, Art. 11, Sec. 24-26), the member, employer regular, and employer additional contribution provisions were revised without apparent substantive change as part of the recodification and language style and usage revision of the statutory chapter.
- In 2013 (Laws 2013, Ch. 111, Art. 14, Sec. 10-11), the Tier I (pre-7/1/2013 entry into judicial service) member contribution rate was increased to 9.0% of salary, effective with any judicial pay increase occurring in calendar year 2013 or later, and the Tier II (post-6/30/2013 entry into judicial service) member contribution rate was set at 7.0% of salary, effective July 1, 2013, and the employer contribution was increased to 22.5% of salary.

t. Hennepin County Supplemental Retirement Plan

- In 1969 (Laws 1969, Ch. 950, Sec. 1), as part of the legislation enacting the supplemental defined contribution retirement plan, the member contribution rate for members with at least five years of employment with Hennepin County was set at 1.0% of salary and a matching employer contribution as set at 1.0% of salary.
- In 1982 (Laws 1982, Ch. 450, Sec. 1), participation in the supplemental retirement plan was made optional and was limited to employees hired before April 14, 1982.

5. Summary of the Contribution Provisions of Former Minnesota Retirement Plans.

a. Game Wardens Retirement Plan.

- In 1955 (Laws 1955, Ch. 679, Sec. 2), as part of the retirement plan enactment legislation, the member contribution rate for the plan was set at 6.0% of covered salary and the employer contribution rate for the plan was set at 1.0% of the annual license receipts of the game and fish funds.
- In 1957 (Laws 1957, Ch. 881, Sec. 1), the member contribution rate was increased to 7.0% of covered salary.
- In 1961 (Laws 1961, Ch. 736), the retirement plan was merged with the State Police Retirement Plan.

b. State Police Retirement Plan.

- In 1961 (Laws 1961, Ch. 736, Sec. 5), as part of the retirement plan enactment legislation, the member contribution rate for the plan was set at 6.0% of covered salary, the employer contribution rate for the plan was set at 9.0% of covered salary, and the employer additional contribution rate for the plan was set at 2.0% of covered salary.
- In 1965 (Laws 1965, Ch. 890, Sec. 1), the covered salary figure subject to deductions or contributions was increased to \$7,200 annually and the employer additional contribution rate was increased to 3.5% of covered salary.
- In 1967 (Laws 1967, Ch. 739, Sec. 1), the covered salary figure subject to deduction or contribution was increased to full salary and the employer additional contribution rate was increased to 6.5% of covered salary.
- In 1969 (Laws 1969, Ch. 693, Sec. 7-18), retirement coverage for former members of the State Police Retirement Plan was transferred to the State Patrol Retirement Plan.
- In 1973 (Laws 1973, Ch. 178, Sec. 22), Minnesota Statutes 1971, Sections 352A.01 to 352A.29, the State Police Retirement Plan law, was repealed.

- c. Attorney General's Retirement Plan.
 - The retirement plan, established in 1953 (Laws 1953, Ch. 455, Sec. 1), required no member contribution and required no employer contribution.
 - In 1967 (Laws 1967, Ch. 700), the plan was replaced by the Elective State Officers Retirement Plan.
- d. State Auditor's Retirement Plan.
 - In 1955 (Laws 1955, Ch. 648, Sec. 1), a retirement plan was established for the State Auditor, but required no member contribution and required no employer contribution.
 - In 1967 (Laws 1967, Ch. 700), the plan was replaced by the Elective State Officers Retirement Plan.
- e. Supreme Court Clerk Retirement Plan.
 - In 1953 (Laws 1953, Ch. 455, Sec. 2), a retirement plan for the Clerk of the Supreme Court was established. The retirement plan was non-contributory on the part of the member. No employer contribution was made during the period of active service, but retirement benefits under the plan were payable from the state general fund through a standing appropriation.
 - In 1980 (Laws 1980, Ch. 614, Sec. 191, Subd. 1), the retirement plan law was repealed and was replaced by MSRS-Unclassified Program coverage in 1981 (Laws 1981, Ch. 224, Sec. 68).
- f. Teachers Insurance and Retirement Fund.
 - In 1915 (Laws 1915, Ch. 199, Sec. 2), as part of the legislation enacting the retirement plan, the member contribution rate to the retirement plan was \$5 per year for each of the first five years, \$10 per year for each of the years six through ten, \$20 per year for each of the years 11 through 20, and \$30 per year for each of the years 21 through 25 if the teacher earned less than \$1,500 annually or 1.5% per year of covered salary, not to exceed \$20 per year, for each of the initial ten years of service and 2.0% per year of covered salary, not to exceed \$40 per year, for each year of service in excess of ten years of service through 25 years of service and the employer contribution rate, payable from the state general fund, was 1/20th of one mill levied on all taxable property in the state.
- g. Supreme Court Justices and District Court Judges Retirement Plan.
 - In 1913 (Laws 1913, Ch. 269), when a disability benefit plan for district court judges and Supreme Court justices was established, no member or employer contribution rates were specified.
 - In 1927 (Laws 1927, Ch. 337), the 1923 District Court Judges Retirement Plan was expanded to constitute an age and service retirement plan for Supreme Court Justices and district court judges, but specified no member or employer contribution rate.
 - In 1961 (Ex. Sess. Laws 1961, Ch. 15, Sec. 3), a member contribution to the Supreme Court Justices and District Court Judges Survivor Account was imposed, set at 2.0% of the salary of Supreme Court justices and district court judges. No employer contribution to the survivor account was imposed and the legislation included a policy statement that the member contribution was intended to wholly fund the survivors account.
 - In 1963 (Laws 1963, Ch. 844, Sec. 2, 3), the survivor account member contribution was increased to 4.0% of the salary of every justice and judge and a procedure for a review of the adequacy of the funding of the account by the State Auditor was added, with the State Auditor empowered to adjust the member contribution up or down in subsequent years but never less than 4.0% of judicial salaries.
 - In 1965 (Laws 1965, Ch. 762, Sec. 6), to pay for unfunded survivor benefits paid under the 1963 law, an \$87,000 appropriation was paid from the state general fund to the survivor account.
 - The retirement plan was supplanted for judges taking office after December 31, 1973, by the Uniform Judicial Retirement Plan in 1973 (Laws 1973, Ch. 744) and the prior judges retirement plans were folded into the Judges Retirement Plan and fund in 1975 (Laws 1975, Ch. 418) and in 1978 (Laws 1978, Ch. 720, Sec. 18).
- h. District Court Judges Retirement Plan.
 - In 1923 (Laws 1923, Ch. 79), when the Supreme Court Justices and District Court Judges Retirement Plan was expanded to include age and service retirement benefits for certain district court judges, no member contribution rate and no employer contribution rate was specified.
 - In 1925 (Laws 1925, Ch. 281), a disability plan for district court judges was created, but specified no member contribution rate or employer contribution rate.
 - The retirement plan was supplanted by the Uniform Judicial Retirement Plan in 1973 (Laws 1973, Ch. 744) and was folded into the retirement fund in 1975 (Laws 1975, Ch. 418) and in 1978 (Laws 1978, Ch. 720, Sec. 18).

i. Probate and County Court Judges Retirement Plan.

- In 1931 (Laws 1931, Ch. 253), an age and service retirement plan was established for probate court judges, but no member contribution rate and no employer contribution rate was specified.
- In 1967 (Laws 1967, Ch. 38, Sec. 1-3), a survivors account for the retirement plan was established, intended to be funded wholly by a member contribution rate of 4.0% of salary, which was intended to be the full funding of the account and which was subject to the procedure for the member contribution to be revised upward or downward, but never less than 4.0% of judicial salaries.
- The retirement plan was supplanted by the Uniform Judicial Retirement Plan in 1973 (Laws 1973, Ch. 744), and was folded into the retirement fund in 1975 (Laws 1975, Ch. 418) and in 1978 (Laws 1978, Ch. 720, Sec. 18).

j. St. Paul Board of Health Retirement Plan.

- In 1919 (Laws 1919, Ch. 430, Sec. 6), as part of the initial legislation establishing the plan, no member contribution beyond member dues set by the pension plan board and an employer contribution of 1/20th of one mill of taxable property in the city was required.
- In 1929 (Laws 1929, Ch. 224, Sec. 1), a statutory member contribution rate of 1.0% of covered salary was required.
- In 1947 (Laws 1947, Ch. 465, Sec. 1), the member contribution was increased from 1.0% to 2.0% of covered salary and the employer contribution was increased from 1/20th of one mill of taxable property in the city to 1/10th of one mill of taxable property of the city for 1948, 1949, 1950, and 1951.
- In 1951 (Laws 1951, Ch. 271, Sec. 3), the member contribution was increased to 3.0% of covered salary, not to exceed 3.0% of the current maximum salary of the health department sanitarian and the employer contribution was set at 1/10th of one mill of taxable property of the city.
- In 1957 (Laws 1957, Ch. 905, Sec. 4), the maximum member contribution employment position was clarified as a health sanitarian employed by the department.
- In 1971 (Laws 1971, Ch. 578, Sec. 1), the member contribution was increased to 6.0% of covered pay, but not to exceed 6.0% of the current maximum salary payable to a health department sanitarian I position and the employer contribution was set not to exceed 4/10th of one mill of the taxable property of the city.

k. Minneapolis Municipal Employee Retirement Plan/Minneapolis Employees Retirement Plan.

- In 1919 (Laws 1919, Ch. 522, Sec. 11, 14), as part of the original statutory enactment of the retirement plan, the member contribution for the first 30 years of covered employment was set at \$2.00 per month plus 3.0% of covered salary for members who entered covered service before age 21, or 8.0% of covered salary for members who entered covered service after age 44, or 3.0% plus 0.2% for each year of age over age 20 for members who entered covered service at an age older than age 20 for members who entered covered service at an age older than age 20 but younger than age 45, and set the employer contribution as the sum of the estimated administrative expenses of the retirement plan, the amount of the present value of all annuities and benefits granted during the most recent 12 months in excess of the accumulated contributions attributable to those members, and the amount of any net actuarial experience loss incurred by the retirement plan during the preceding 12 months.
- In 1925 (Laws 1925, Ch. 335, Sec. 1), the \$2.00 per month member contribution increment was eliminated and the member contribution was clarified as being applicable to each person in the contributing class of the retirement plan.
- In 1945 (Laws 1945, Ch. 181, Sec. 4; Ch. 580, Sec. 1), the member contribution provision was amended to provide for equivalent contributions by plan members serving in the U.S. Armed Forces and the employer contribution provision was modified to set the employer contribution for public corporations operating within the city.
- In 1951 (Laws 1951, Ch. 169, Sec. 1), the member contribution rate was reset at 5.0% of covered salary, except for plan members who were contributing at less than 5.0% under the prior law, and the governing board of the plan was allowed to set an additional member contribution rate to fund on an actuarial basis an insurance, a survivor benefit, or another benefit plan established by the governing board.
- In 1955 (Laws 1955, Ch. 317, Sec. 3), the employer contribution requirement was revised, with the city and any public corporations obligated to pay the administrative expenses of the plan, plus 4.0% of covered salary, plus the estimated payment amount of benefits paid from the contingent fund, plus a portion of any actuarial deficit disclosed in the most recent actuarial valuation of the plan.
- In 1959 (Laws 1959, Ch. 503, Sec. 5), the employer percentage of covered salary portion of the city and public corporation obligation was increased from 4.0% to 6.0% of covered salary.
- In 1963 (Laws 1963, Ch. 374, Sec. 4), the member contribution rate was increased from 5.0% of covered pay to 6.0% of covered pay and the grandparenting of a lower pre-1951 law contribution rate was eliminated.
- In 1969 (Laws 1969, Ch. 914, Sec. 6), the employer contribution requirement was revised to make it more actuarial, including the requirement that normal cost in excess of the member contribution,

interest on any unfunded actuarial accrued liability at the rate of 3.5%, and a principal payment on any unfunded actuarial accrued liability sufficient to amortize it by 1997.

- In 1973 (Laws 1973, Ch. 133, Sec. 8, 10), the retirement plan provisions were completely recodified, with the member contribution increased from 6.0% to 7.25% of covered pay, plus any additional member contribution for any additional insurance, survivor benefit, or other benefit plan established by the governing board, and the employer contribution requirement was reset, with the actuarial requirements calculated using a 5.0% interest rate and assuming amortization of any unfunded actuarial accrued liability based on 5.0% interest.
- In 1974 (Laws 1974, Ch. 73, Sec. 1, 2), the member contribution rate was increased from 6.0% of covered salary to 7.25% of covered salary.
- In 1977 (Laws 1977, Ch. 399, Sec. 13, 14), the unfunded actuarial accrued liability amortization date was extended from 1997 to 2017.
- In 1979 (Laws 1979, Ch. 293, Sec. 7, 8; Ch. 303, Art. 6, Sec. 8, 9), the member contribution rate was increased from 7.25% of covered salary to 8.25% of covered salary for calendar year 1980 and to 9.25% of covered salary after calendar year 1981, the employer contribution by the City of Minneapolis was capped at the balance of normal cost of the retirement plan plus 2.5% of covered salary and \$3.9 million annually, the statutory employer contribution requirement calculation formula was revised and recodified, and state aid in the amount of the balance of the full actuarial funding requirements of the retirement plan beyond the required member contributions and the required employer contributions.
- In 1980 (Laws 1980, Ch. 607, Art. 16, Sec. 15), the interest payable on any employer contribution deficiency was increased from 4.0% to 6.0%.
- In 1981 (Laws 1981, Ch. 224, Sec. 186), the fund financial determination provision was moved to the employer contribution section.
- In 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Subd. 1, Para. (v), Cl. (4)), for the period from December 28, 1982, until January 1, 1984, member contributions were increased by 2.0%, and for the period from December 28, 1982, until July 1, 1983, 4.0% of employer contributions were made payable to the state general fund.
- In 1983 (Laws 1983, Ch. 301, Sec. 225), the temporary member contribution increase was refunded from the state general fund.
- In 1987 (Laws 1987, Ch. 259), the administrative expense portion of the employer contribution provision was clarified as the prior year's actual expenses increased by the factor of 1.035 and the valuation of the assets of the retirement benefit fund and of other internal funds was clarified.
- In 1988 (Laws 1988, Ch. 718, Art. 7, Sec. 56), the interest on late Special School District No. 1 employer contributions was clarified.
- In 1989 (Laws 1989, Ch. 329, Art. 9, Sec. 28), a 10% late school district employer contribution penalty imposed in 1988 was eliminated.
- In 1991 (Laws 1991, Ch. 345, Art. 4, Sec. 10), the employer contribution determination provision was modified to eliminate investment transaction expenses from inclusion in the financial requirements of the plan, the amortization date was increased from 2017 to 2020, the interest actuarial assumption was increased from 5.0% to 6.0%, a proportional share of an additional employer contribution was extended to the metropolitan agencies covered by the plan, the state contribution was capped at \$10,455,000, an additional employer contribution was added if actuarial requirements exceed the capped state aid amount, and a post-retirement fund liquidity employer contribution requirement was added as an employer contribution.
- In 1993 (Laws 1993, Ch. 307, Art. 10, Sec. 5), the 1987 administrative expense contribution requirement was returned to a fund administration-based expense estimate.
- In 1997 (Laws 1997, Ch. 202, Art. 2, Sec. 48), the state contribution to the retirement plan cap was reduced from \$10,455,000 to \$9,000,000, with the city obligation to pay the overage increased to any requirement in excess of \$11,910,000.
- In 1999 (Laws 1999, Ch. 222, Art. 17, Sec. 3), a penalty of 6.0% interest was added to any contribution deficiency.
- In 2007 (Laws 2007, Ch. 134, Art. 8, Sec. 7, 8), the trigger for the additional employer contribution above the capped state aid amount was reset from \$11,910,000 to \$9,000,000 and the retirement benefit fund liquidity additional employer contribution was repealed.
- In 2010 (Laws 2010, Ch. 359, Art. 11, 12), the administration of the retirement plan was transferred to the Public Employees Retirement Association (PERA), with the creation of the MERF Division of PERA, retaining the 9.75% member contribution, increasing state aid to \$22,750,000 in 2011 and 2012, and to \$24,000,000 after 2012, and resetting the employer contribution based on the actuarial requirements of the division, with a minimum benefits pay-as-you-go employer funding requirement.

1. Minneapolis Teachers Retirement Fund Association (MTRFA)

- In 1909 (Laws 1909, Ch. 343, Sec. 6), as part of the legislation authorizing the creation of the retirement plan, a member contribution in an unspecified amount was required and an employer contribution, not to exceed 1/10th of one mill on the taxable property of the applicable city, was required.
- In 1917 (Laws 1917, Ch. 300, Sec. 1), the limit on employer contributions for applicable cities not subject to a home rule charter was increased to 2/10th of one mill of the taxable property of the city.
- In 1919 (Laws 1919, Ch. 144, Sec. 1), the limit on employer contributions with respect to an applicable home rule charter city was increased to 3/10th of one mill of the taxable property of the city.
- In 1921 (Laws 1921, Ch. 303, Sec. 1), the limit on employer contributions for applicable home rule charter cities where the charter did not set a limit was set at 1.5 mills of the taxable property of the city.
- In 1945 (Laws 1945, Ch. 390, Sec. 2), the 1.5 mill employer contribution limit was eliminated, returning to the 1/10th or 3/10th of one mill employer contribution limits.
- In 1957 (Laws 1957, Ch. 655, Sec. 1), a 5.0% of covered salary employer contribution was provided with respect to any retirement plan members covered by Social Security.
- In 1967 (Ex. Sess. Laws 1967, Ch. 32, Art. 3, Sec. 3), state aid was provided for the retirement plan in an equal percentage of covered pay of the plan membership as the state aid for the Teachers Retirement Association (TRA).
- In 1973 (Laws 1973, Ch. 773, Sec. 1), the mill rates in the employer contribution provision were adjusted downward to 0.333 of the maximum tax rate consistent with a 1971 tax law change.
- In 1975 (Laws 1975, Ch. 306, Sec. 30), local property tax levies for the retirement plan were disallowed and the state aid to the retirement plan was set as the employer contribution.
- In 1976 (Laws 1976, Ch. 238, Sec. 12), the coordinated program of the retirement plan was established, with a 4.0% of covered payroll member contribution.
- In 1979 (Laws 1979, Ch. 217, Sec. 11, Subd. 1, 2; Ch. 293, Sec. 3), as part of the codification of the first class city teacher retirement fund association coordinated retirement program, the MTRFA member contribution rates were set at 8.5% of salary for the Basic Program and 4.5% of salary for the Coordinated Program and the MTRFA employer contribution rates were set at 13.35% of salary for the Basic Program and 4.5% of salary for the Coordinated Program.
- In 1982 (3rd Spec. Sess. Laws 1982, Ch. 1, Art. 2, Sec. 2, Para. (v), Cl. (1)-(3)), for the period between December 28, 1982, and January 1, 1984, the employer contribution was reduced by 4.0% of salary and for the period between December 28, 1982, and January 1, 1984, the member contribution was increased by 2.0% of salary.
- In 1983 (Laws 1983, Ch. 301, Sec. 53, 224, 226), the duration period for the 1982 special member contribution rate increase was shortened from one year to six months and the special additional member contribution for retirees who retired between January 1, 1983, and June 30, 1985, were refunded.
- In 1984 (Laws 1984, Ch. 564, Sec. 45), the 1982 special member contribution rate increases were refunded.
- In 1985 (1st Spec. Sess. Laws 1985, Ch. 12, Art. 11, Sec. 13), the obligation to pay the MTRFA employer contribution shifted from a direct state general fund payment to a school district payment when the categorical retirement state aid to school districts program was created.
- In 1992 (Laws 1992, Ch. 598, Art. 5, Sec. 1), the MTRFA employer contribution rate was broken into two parts, an employer regular contribution and an employer additional contribution, with the total Basic Program employer contribution rate remaining unchanged and with the total Coordinated Program employer contribution increased by 1.0% of salary.
- In 1993 (Laws 1993, Ch. 357, Sec. 2), the MTRFA Basic Program employer additional contribution was reduced to 3.64% of salary. The MTRFA Coordinated Program employer additional contribution rate was:
 - reduced from 1.0% to 0.50% for fiscal year 1994, and
 - increased to 3.64% for fiscal year 1996 and thereafter.

Special matching direct state aid to MTRFA was enacted with a \$2.5 million maximum initially and increased by the same as any general education revenue formula increase, matching each \$1,000 contributed by the City of Minneapolis and by Special School District No. 1 in equal proportion.

- In 1996 (Laws 1996, Ch. 438, Art. 4, Sec. 9), 70% of the total reallocated amortization aid or supplementary amortization state aid was directed to MTRFA, if the City of Minneapolis and the Special School District No. 1 contributed the following:

Year	City Amount	School District Amount
1998	\$250,000	\$250,000
1999	\$400,000	\$400,000
2000	\$550,000	\$550,000
2001	\$700,000	\$700,000
2002	\$850,000	\$850,000
2003 and thereafter	\$1,000,000	\$1,000,000

- In 1997 (Laws 1997, Ch. 233, Art. 3, Sec. 3, 4), the MTRFA Coordinated Program member contribution rate was increased from 4.50% of salary to 5.50% of salary and the 1993 MTRFA direct state aid was increased to \$17,954,000 for fiscal year 1998 and \$12,954,000 for fiscal year 1999 and thereafter.
- In 2006 (Laws 2006, Ch. 277, Art. 3), the MTRFA was totally consolidated into the Teachers Retirement Association (TRA).

6. Comparison of Member and Employer Sharing of Retirement Plan Actuarial Costs. The following compares the member contribution as a percentage of covered salary to the public pension plan actuarial cost elements and in total, also expressed as a percentage of covered salary, for the 2009-2014 actuarial valuation results and incorporating any scheduled member contribution rate and employer contribution rate increases, expressing the member contribution as a percentage of the actuarial cost component or as a percentage of the total actuarial requirement.

Plan/Year	Retirement Plan Actuarial Cost Component					Contributions			Normal Cost/ Admin. Expense			Total Actuarial Requirements ³		
	Normal Cost ¹	Admin. Expense ¹	Normal Cost & Admin. Expense ¹	Amortization Requirement ²	Total Actuarial Requirements ²	Member Contri- bution Amount ¹	Employer Contri- bution Amount ¹	Contribution (Suffic./Defic. ²	Member Contri- bution Share	Employer Contri- bution Share	Contribution (Suffic./Defic.	Member Contrib. Share	Employer Contrib. Share	Contrib. Deficiency Portion
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
MSRS-General														
2009	7.86%	0.22%	8.08%	16.51%	24.59%	4.75%	4.75%	15.09%	58.8%	41.2%	--	19.3%	19.3%	61.4%
2010	7.77%	0.23%	8.00%	5.90%	13.90%	5.00%	5.00%	3.90%	62.5%	37.5%	--	36.0%	36.0%	28.0%
2011	7.14%	0.19%	7.33%	3.70%	11.03%	5.00%	5.00%	1.03%	68.21%	31.79%	--	45.33%	45.33%	9.34%
2012	7.17%	0.26%	7.43%	4.89%	12.32%	5.00%	5.00%	2.32%	67.29%	32.71%	--	40.58%	40.58%	18.83%
2013	6.95%	0.35%	7.30%	5.15%	12.45%	5.00%	5.00%	2.45%	68.49	31.51%	--	40.16%	40.16%	19.68%
2014	7.37%	0.32%	7.69%	5.13%	12.62%	5.50%	5.50%	1.82%	71.52	28.48%	--	43.58%	43.58%	12.84%
PERA- General														
2009	7.82%	0.20%	8.02%	11.59%	19.61%	6.00%	6.88%	6.73%	74.8%	15.2%	--	30.6%	35.1%	34.3%
2010	6.50%	0.18%	6.68%	9.89%	16.57%	6.13%	7.13%	3.34%	91.8%	8.2%	--	37.0%	43.0%	20.0%
2011	6.65%	0.19%	6.84%	6.63%	13.47%	6.25%	7.25%	(0.03%)	93.98%	6.02%	--	46.40%	53.82%	(0.22%)
2012	6.84%	0.19%	7.03%	7.43%	14.46%	6.25%	7.25%	0.96%	88.90%	11.10%	--	43.22%	50.14%	6.64%
2013	6.25%	0.19%	6.44%	8.14%	14.58%	6.25%	7.25%	1.08%	97.05%	2.95%	--	42.87%	49.73%	7.41%
2014	2.38%	0.19%	7.57%	8.23%	15.80%	6.38%	7.38%	2.05%	84.28%	15.72%	--	40.38%	46.71%	12.97%
TRA														
2009	8.88%	0.28%	9.16%	10.23%	19.39%	5.50%	5.69%	7.69%	60.0%	40.0%	--	28.4%	29.3%	42.3%
2010	8.36%	0.24%	8.60%	8.46%	17.06%	5.50%	5.68%	5.35%	64.0%	36.0%	--	32.2%	33.3%	34.5%
2011	8.17%	0.24%	8.41%	8.16%	16.57%	6.00%	6.69%	3.88%	71.34%	28.66%	--	36.21%	40.37%	23.42%
2012	8.53%	0.24%	8.77%	9.98%	18.75%	6.50%	7.21%	5.04%	74.12%	25.88%	--	34.67%	38.45%	26.88%
2013	8.40%	0.23%	8.63%	10.78%	19.41%	7.00%	7.19%	4.74%	81.11%	18.89%	--	36.06%	39.16%	24.42%
2014	8.70%	0.22%	8.92%	10.23%	19.15%	7.50%	7.70%	3.47%	84.05%	15.92%	--	39.16%	40.21%	18.12%
MSRS- Correctional														
2009	18.22%	0.20%	18.42%	10.15%	28.57%	7.70%	11.10%	9.77%	41.8%	58.2%	--	27.0%	38.9%	34.1%
2010	18.09%	0.22%	18.31%	9.38%	27.69%	8.60%	12.10%	6.99%	47.0%	53.0%	--	31.1%	43.7%	25.2%
2011	17.89%	0.17%	18.06%	7.94%	26.00%	8.60%	12.10%	5.30%	47.62%	52.38%	--	33.08%	46.54%	20.38%
2012	15.66%	0.27%	15.93%	9.35%	25.28%	8.60%	12.10%	4.58%	53.99%	46.01%	--	34.02%	47.86%	18.12%
2013	15.60%	0.33%	15.93%	10.18%	26.11%	8.60%	12.10%	5.41%	53.99%	46.01%	--	36.43%	46.34%	20.72%
2014	16.10%	0.31%	16.41%	10.02%	26.43%	9.10%	12.85%	4.48%	56.52%	43.48%	--	34.43%	48.62%	16.95%
State Patrol														
2009	25.37%	0.16%	25.53%	24.69%	50.21%	10.40%	15.60%	24.21%	40.7%	59.3%	--	20.7%	31.0%	48.3%
2010	22.98%	0.18%	23.16%	17.88%	41.04%	10.40%	15.60%	15.04%	44.9%	55.1%	--	25.3%	38.0%	36.7%
2011	22.91%	0.14%	23.05%	13.20%	36.25%	12.40%	18.60%	5.25%	53.80%	46.20%	--	34.21%	51.31%	14.48%
2012	21.63%	0.24%	21.87%	20.65%	42.52%	12.40%	18.60%	11.52%	56.70%	43.30%	--	29.16%	43.74%	27.09%
2013	20.78%	0.29%	21.07%	20.17%	41.24%	12.40%	18.60%	8.68%	58.85%	41.15%	--	30.07%	45.10%	21.04%
2013	22.74%	0.23%	22.97%	20.59%	43.56%	13.40%	20.10%	8.58%	58.34%	41.66%	--	30.76%	46.14%	19.70%

Plan/Year	Retirement Plan Actuarial Cost Component					Contributions			Normal Cost/ Admin. Expense			Total Actuarial Requirements ³		
	Normal Cost ¹	Admin. Expense ¹	Normal Cost & Admin. Expense ¹	Amortization Requirement ²	Total Actuarial Requirements ²	Member Contri- bution Amount ¹	Employer Contri- bution Amount ¹	Contribution (Suffic.)/Defic. ²	Member Contri- bution Share	Employer Contri- bution Share	Contribution (Suffic.)/Defic.	Member Contrib. Share	Employer Contrib. Share	Contrib. Deficiency Portion
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
PERA-P&F														
2009	22.07%	0.13%	22.20%	16.92%	39.13%	9.40%	14.10%	15.63%	42.3%	51.7%	--	24.0%	36.0%	40.0%
2010	19.65%	0.10%	19.75%	11.20%	30.95%	9.50%	14.25%	7.20%	48.1%	51.9%	--	30.7%	46.0%	23.3%
2011	19.77%	0.10%	19.87%	8.91%	28.78%	9.60%	14.40%	4.78%	48.31%	51.69%	--	33.36%	50.03%	16.61%
2012	20.56%	0.11%	20.67%	12.70%	33.37%	9.60%	15.83%	7.94%	46.44%	53.56%	--	28.77%	47.44%	23.79%
2013	18.90%	0.09%	18.99%	10.80%	28.89%	9.90	14.85%	2.64%	52.13%	47.87%	--	33.12%	49.68%	8.83%
2014	21.14%	0.10%	21.24%	12.61%	33.85%	10.50	15.75%	5.12%	49.44%	50.56%	--	31.0%	46.53%	15.13%
PERA-Correctional														
2009	13.26%	0.13%	13.39%	3.38%	16.76%	5.83%	8.75%	2.18%	43.5%	56.5%	--	34.8%	52.2%	13.0%
2010	12.68%	0.13%	12.81%	12.40%	25.21%	5.83%	8.75%	10.63%	45.5%	54.5%	--	23.1%	34.7%	42.2%
2011	12.68%	0.13%	12.81%	0.61%	13.42%	5.83%	8.75%	(1.16%)	45.5%	54.5%	--	43.44%	65.20%	(8.64%)
2012	12.64%	0.13%	12.77%	1.68%	14.45%	5.83%	8.75%	(0.13%)	45.65%	54.35%	--	40.35%	60.43%	(0.90%)
2013	12.60%	0.12%	12.72%	1.60%	14.32%	5.83%	8.75%	--	45.83%	54.17%	--	40.71%	59.29%	--
2014	12.61%	0.14%	12.75%	0.74%	13.49%	5.83%	8.75%	--	45.73%	54.27%	--	43.22%	56.78%	--
Judges														
2009	17.52%	0.08%	17.60%	18.70%	36.30%	7.30%	20.50%	8.50%	41.5%	58.5%	--	20.1%	56.5%	23.4%
2010	17.10%	0.10%	17.20%	17.26%	34.46%	7.22%	20.02%	7.22%	42.0%	58.0%	--	21.0%	58.1%	20.9%
2011	17.23%	0.08%	17.31%	15.84%	33.15%	7.48%	20.50%	5.17%	43.41%	56.59%	--	22.56%	61.84%	15.60%
2012	18.18%	0.17%	18.35%	23.17%	41.52%	7.52%	20.50%	13.50%	40.98%	59.02%	--	18.11%	49.37%	32.52%
2013	18.07%	0.18%	18.25%	24.17%	42.42%	8.46%	22.50%	11.48%	46.36%	53.64%	--	19.94%	53.04%	27.06%
2014	17.82%	0.14%	17.96%	23.20%	41.26%	8.52%	22.50%	10.24%	47.44%	52.56%	--	20.65%	54.53%	24.82%
Legislators														
2009	18.87%	1.21%	20.09%	318.15%	338.23%	8.98%	--	329.26%	44.7%	--	55.3%	2.7%	--	97.3%
2010	14.90%	1.34%	16.24%	343.19%	359.43%	9.00%	--	350.43%	55.4%	--	44.6%	2.5%	--	97.5%
2011	17.79%	1.10%	18.89%	492.62%	511.51%	9.00%	--	502.51%	50.59%	--	49.41%	1.76%	--	98.24%
2012	125.73%	2.21%	127.94%	1,212.06%	1,340.00%	9.00%	--	1,331.00%	7.03%	--	92.97%	0.67%	--	99.33%
2013	131.11%	2.78%	133.89%	1754.09%	1887.98%	9.00%	--	1878.98%	6.72%	--	93.28%	0.48%	--	99.52%
2014	137.69%	3.61%	141.30%	2146.18%	2287.47%	9.00%	--	2278.47%	6.37%	--	93.63%	0.39%	--	99.61%
SPTRFA														
2009	8.52%	0.24%	8.76%	15.52%	24.28%	5.58%	10.06%	8.64%	63.7%	36.3%	--	23.0%	41.4%	35.6%
2010	8.28%	0.24%	8.52%	15.80%	24.32%	5.56%	10.04%	8.72%	65.3%	34.7%	--	22.9%	41.3%	35.8%
2011	7.59%	0.29%	7.88%	10.49%	18.37%	5.78%	10.32%	2.27%	73.35%	26.65%	--	31.46%	56.18%	12.36%
2012	8.39%	0.31%	8.70%	14.17%	22.87%	6.02%	10.45%	6.40%	69.20%	30.80%	--	26.32%	45.69%	27.98%
2013	7.83%	0.29%	8.12%	14.01%	22.13%	6.27%	9.11%	2.80%	77.22%	22.78%	--	28.33%	41.17%	10.39%
2014	8.51%	0.27%	8.78%	13.15%	21.94%	6.51%	9.35%	2.19%	74.15%	25.85%	--	29.67%	42.62%	9.98%

¹ Number is expressed as a percentage of covered payroll of the applicable retirement plan.

² Number is based on the actuarial results using a market value of assets and is expressed as a percentage of covered payroll of the applicable retirement plan.

³ If the percentages of columns (13), (14), and (15) add to less than 100%, the difference is attributable to retirement plan funding from sources other than member contributions or employer contributions, generally state aid.

MSRS	PERA	TRA
<p>352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.</p> <p>Subdivision 1. Application. This section applies to the general state employees retirement plan and to the correctional state employees retirement plan under this chapter, and to the state patrol retirement plan under chapter 352B.</p> <p>Subd. 2. Determination. For purposes of this section, a contribution sufficiency exists if, for purposes of the applicable plan, the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement. For purposes of this section, a contribution deficiency exists if, for the applicable plan, the total employee contributions, employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.</p> <p>Subd. 3. [Repealed, 2013 c 111 art 2 s 33]</p> <p>Subd. 3a. Contribution rate revision; general state employees retirement plan. (a) Notwithstanding the contribution rates stated in plan law, the employee and employer contribution rates for the general state employees retirement plan must be adjusted:</p> <p>(1) if the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the employee and employer contribution rates must be decreased as determined under paragraph (b) to a level such that the sufficiency is no greater than one percent of covered payroll based on the most recent actuarial valuation; or</p> <p>(2) if the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the deficiency has existed for at least two consecutive years, the employee and employer contribution rates must be increased as determined under paragraph (c) to a level such that no deficiency exists based on the most recent actuarial valuation.</p>	<p>353.27</p> <p>Subd. 3b. Change in employee and employer contributions in certain instances. (a) For purposes of this section:</p> <p>(1) a contribution sufficiency exists if the total of the employee contribution under subdivision 2, the employer contribution under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement; and</p> <p>(2) a contribution deficiency exists if the total of the employee contributions under subdivision 2, the employer contributions under subdivision 3, the additional employer contribution under subdivision 3a, and any additional contribution previously imposed under this subdivision is less than the total of the normal cost, the administrative expenses, and the amortization contribution of the general employees retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.</p> <p>(b) Employee and employer contributions to the general employees retirement plan under subdivisions 2 and 3 must be adjusted:</p> <p>(1) if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicates that there is a contribution sufficiency under paragraph (a) greater than one percent of covered payroll and that the sufficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency is no greater than one percent of covered payroll based on the most recent actuarial valuation; or</p> <p>(2) if the regular actuarial valuation of the general employees retirement plan of the Public Employees Retirement Association under section 356.215 indicates that there is a contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the deficiency has existed for at least two consecutive years, the coordinated program employee and employer contribution rates must be increased as determined under paragraph (d) to a level such that no deficiency exists based on the most recent actuarial valuation.</p>	<p>354.42</p> <p>Subd. 4a. Determination. (a) For purposes of this section, a contribution sufficiency exists if the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.</p> <p>(b) For purposes of this section, a contribution deficiency exists if the total of the employee contributions, the employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.</p> <p>Subd. 4b. Contribution rate revision. Notwithstanding the contribution rate provisions under subdivisions 2 and 3, the employee and employer contribution rates may be adjusted as follows:</p> <p>(1) if, after June 30, 2015, the regular actuarial valuation of the plan under section 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or greater than one percent of covered payroll and the sufficiency has existed for at least two consecutive years, the employee and employer contribution rates for the plan may each be decreased to a level such that the sufficiency equals no more than one percent of covered payroll based on the most recent actuarial valuation; or</p>

MSRS	PERA	TRA
<p>(b) If the actuarially required contribution of the plan is less than the total support provided by the combined employee and employer contribution rates by more than one percent of covered payroll, the plan employee and employer contribution rates must be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer contribution rates to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this paragraph has been fully implemented.</p> <p>(c) If the actuarially required contribution exceeds the total support provided by the employee and employer contribution rates, the employee and employer contribution rates must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:</p> <p>(1) less than two percent, the incremental increase may be up to 0.25 percent each for the employee and employer contribution rates;</p> <p>(2) greater than 1.99 percent and less than 4.01 percent, the incremental increase may be up to 0.5 percent each for the employee and employer contribution rates; or</p> <p>(3) greater than four percent, the incremental increase may be up to 0.75 percent each for the employee and employer contribution.</p> <p>(d) Any recommended adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following receipt of the most recent annual actuarial valuation prepared under section 356.215. The report must include draft legislation to revise the employee and employer contributions stated in plan law. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective on the first day of the first full payroll period in the fiscal year following receipt of the most recent actuarial valuation that gave rise to the adjustment.</p> <p>(e) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions.</p> <p>(f) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the</p>	<p>(c) If the actuarially required contribution of the general employees retirement plan is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates under subdivisions 2 and 3 must be decreased incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching contribution rates to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this subdivision has been fully implemented.</p> <p>(d) If the actuarially required contribution exceeds the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, the employee and matching employer contribution rates must be increased equally to eliminate that contribution deficiency. If the contribution deficiency is:</p> <p>(1) less than two percent, the incremental increase may be up to 0.25 percent for the general employees retirement plan employee and matching employer contribution rates;</p> <p>(2) greater than 1.99 percent and less than 4.01 percent, the incremental increase may be up to 0.5 percent for the employee and matching employer contribution rates; or</p> <p>(3) greater than four percent, the incremental increase may be up to 0.75 percent for the employee and matching employer contribution.</p> <p>(e) The general employees retirement plan contribution sufficiency or deficiency determination under paragraphs (a) to (d) must be made without the inclusion of the contributions to, the funded condition of, or the actuarial funding requirements of the MERF division.</p> <p>(f) Any recommended adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following the receipt of the most recent annual actuarial valuation prepared under section 356.215. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, the recommended adjustment becomes effective for any salary paid on or after the January 1 next following the legislative session in which the Legislative Commission on Pensions and Retirement did not take any action to disapprove or modify the Public Employees Retirement Association Board of Trustees' recommendation to adjust the employee and employer rates.</p> <p>(g) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions under subdivisions 2, 3, and 3a.</p> <p>(h) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the</p>	<p>2) if, after June 30, 2015, the regular valuation of the plan under section 356.215 indicates that there is a deficiency equal to or greater than 0.25 percent of covered payroll and the deficiency has existed for at least two consecutive years, the employee and employer contribution rates for the applicable plan may each be increased by:</p> <p>(i) 0.25 percent if the deficiency is less than two percent of covered payroll;</p> <p>(ii) 0.5 percent if the deficiency is equal to or greater than two percent of covered payroll and less than or equal to four percent; and</p> <p>(iii) 0.75 percent if the deficiency is greater than four percent.</p> <p>Subd. 4d. Reporting; commission review. A contribution rate increase or decrease under subdivision 4b, as determined by the executive director of the Teachers Retirement Association, must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1 and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination by the executive director that a contribution deficiency or sufficiency exists based on the most recent actuarial valuation under section 356.215.</p> <p>Subd. 4c. Contribution sufficiency measures. (a) A contribution sufficiency of up to one percent of covered payroll must be held in reserve to be used to offset any future actuarially required contributions that are more than the total combined employee and employer contributions being collected.</p> <p>(b) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be recommended, the executive director must review any need for a change in actuarial assumptions, as recommended by the actuary retained under section 356.214 in the most recent experience study of the retirement plan, that may result in an increase in the actuarially required</p>

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<p>standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.</p> <p>(g) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an automatic adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.</p> <p>Subd. 3b. Contribution rate revision; correctional state employees retirement plan and State Patrol retirement plan. (a) Subdivision 3a applies to the correctional state employees retirement plan under this chapter and to the State Patrol retirement plan established under chapter 352B, except as stated in this subdivision.</p> <p>(b) Any limitations on the amount of contribution rate changes stated in subdivision 3a apply only to the amount of the employee contribution revision. The employer contribution for the correctional state employees retirement plan or the State Patrol retirement plan, whichever is applicable, must be adjusted so that the employer contribution is equal to 60 percent of the sum of employee plus employer contributions.</p> <p>(c) For the State Patrol retirement plan, a contribution sufficiency of up to two percent of covered payroll, rather than one percent, may be held in reserves without taking action to reduce employee and employer contributions.</p>	<p>standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially required contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.</p> <p>(i) No contribution sufficiency in excess of one percent of covered pay may be proposed to be used to increase benefits, and no benefit increase may be proposed that would initiate an automatic adjustment to increase contributions under this subdivision. Any proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement as provided under section 356.214, subdivision 4, on how the benefit modification will be funded.</p>	<p>contribution and must report to the Legislative Commission on Pensions and Retirement any recommendation by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.</p> <p>(c) A contribution sufficiency in excess of one percent of covered pay must not be used to increase benefits, and a benefit increase must not be proposed that would initiate an automatic adjustment under this section to increase contributions. A proposed benefit improvement must include a recommendation, prepared by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative Commission on Pensions and Retirement, as provided under section 356.214, subdivision 4, on the manner in which the benefit modification is to be funded.</p>

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- 1.1
- moves to amend H.F. No. 566; S.F. No. 518, as follows:
- 1.2
- Delete everything after the enacting clause and insert:
- 1.3
- "Section 1. **REPEALER.**
- 1.4
- Minnesota Statutes 2014, sections 352.045; 353.27, subdivision 3b; and 354.42,
- 1.5
- subdivisions 4a, 4b, 4c, and 4d, are repealed."
- 1.6
- Amend the title accordingly

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1.1 moves to amend H.F. No. 566; S.F. No. 518, as follows:

1.2 Page 1, line 14, strike "and "

1.3 Page 1, line 15, after "352B" insert ", and the judges retirement plan established
1.4 under chapter 490"

1.5 Page 4, line 32, after "plan" insert ", public employees police and fire retirement
1.6 plan, or local government correctional service retirement plan"

1.7 Page 5, lines 5, 11, and 13, after "plan" insert ", public employees police and fire
1.8 retirement plan, or local government correctional service retirement plan"

1.9 Page 6, line 5, after "3a, " insert "section 353.05, subdivisions 2 and 3, or section
1.10 353E.03, whichever applies, " and strike "matching"

1.11 Page 8, after line 30, insert:

1.12 "Sec. 5. **[354A.121] MEMBER AND EMPLOYER CONTRIBUTION**
1.13 **STABILIZER PROVISION.**

1.14 Subdivision 1. Definitions; contribution sufficiency and contribution deficiency.

1.15 For purposes of this section, a contribution sufficiency exists if, for the applicable
1.16 plan, the total of the employee contributions, the employer contributions, and any
1.17 additional employer contributions, if applicable, exceeds the total of the normal cost,
1.18 the administrative expenses, and the amortization contribution of the retirement plan as
1.19 reported in the most recent actuarial valuation of the retirement plan prepared by the
1.20 approved actuary retained under section 356.214 and prepared under section 356.215
1.21 and the standards for actuarial work of the Legislative Commission on Pensions
1.22 and Retirement. For purposes of this section, a contribution deficiency exists if, for
1.23 the applicable plan, the total employee contributions, employer contributions, and
1.24 any additional employer contributions are less than the total of the normal cost, the
1.25 administrative expenses, and the amortization contribution of the retirement plan as
1.26 reported in the most recent actuarial valuation of the retirement plan prepared by approved

the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 2. Contribution rate revision. (a) Notwithstanding the contribution rates as specified in the statutes governing the applicable retirement plan, the governing board of the retirement plan may adjust the employee and employer contribution rates for the general state employees retirement plan if the regular actuarial valuation of the plan prepared under section 356.215 indicates that there is a contribution sufficiency greater than one percent of covered payroll; or that there is a contribution deficiency under subdivision 2 equal to or greater than one-half of one percent of covered payroll.

(b) If the actuarially determined contribution of the plan is less than the total support provided by the combined employee and employer contribution rates by more than one percent of covered payroll, the plan employee and employer contribution rates may be decreased incrementally over one or more years to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. Any decrease in employee and employer contribution rates must not result in total contributions that are less than the sum of the normal cost and administrative expenses of the retirement plan.

(c) If the actuarially required contribution exceeds the total support provided by the employee and employer contribution rates, the governing board of the retirement plan may increase the employee and employer contribution rates equally to eliminate that contribution deficiency.

(d) To determine if an adjustment is to be made, the governing board of the retirement plan shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors which include, but are not limited to, (1) the contribution rates calculated based on the actuarial value of assets and calculated based on the market value of assets; (2) the funded ratio calculated based on the actuarial value of assets; (3) the funded ratio calculated based on the market value of assets; (4) the remaining number of years to the amortization target date; (5) the recent experience of the investment markets; and (6) the results of the 30-year funding, disbursements, and contribution projections prepared periodically as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

(e) Any adjustment to the contribution rates must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement by January 15 following receipt of the most recent annual actuarial valuation prepared under section 356.215. The report must include draft legislation to revise the employee and employer contributions stated in plan law. If the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a

modification in the rate change, the adjustment becomes effective on the first day of the first full payroll period in the fiscal year following receipt of the most recent actuarial valuation that gave rise to the adjustment.

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

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

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

EFFECTIVE DATE. This section is effective"

Amend the title accordingly

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1.1 moves to amend H.F. No. 566; S.F. No. 518, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2014, section 353.27, subdivision 2, is amended to read:

1.4 Subd. 2. **General employees retirement plan; employee contribution.** (a) For
1.5 a basic member of the general employees retirement plan of the Public Employees
1.6 Retirement Association, the employee contribution is 9.10 percent of salary. For a
1.7 coordinated member of the general employees retirement plan of the Public Employees
1.8 Retirement Association, the employee contribution is the following percentage of salary
1.9 plus any contribution rate adjustment under ~~subdivision 3b~~ section 356.235:

1.10 Effective after December 31, 2010 6.25

1.11 Effective January 1, 2015 6.5

1.12 (b) These contributions must be made by deduction from salary as defined in section
1.13 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
1.14 member's salary is paid from other than public funds, the member's employee contribution
1.15 must be based on the total salary received by the member from all sources.

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

1.17 Subd. 3. **General employees retirement plan; employer contribution.** (a) For
1.18 a basic member of the general employees retirement plan of the Public Employees
1.19 Retirement Association, the employer contribution is 9.10 percent of salary. For a
1.20 coordinated member of the general employees retirement plan of the Public Employees
1.21 Retirement Association, the employer contribution is the following percentage of salary
1.22 plus any contribution rate adjustment under ~~subdivision 3b~~ section 356.235:

1.23 Effective after December 31, 2010 6.25

1.24 Effective January 1, 2015 6.5

(b) This contribution must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

Sec. 3. Minnesota Statutes 2014, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the following percentage of the member's salary:

Period	Basic Program	Coordinated Program
from July 1, 2013, until June 30, 2014	10.5 percent	7 percent
after June 30, 2014	11 percent	7.5 percent

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

(c) After June 30, 2015, if a contribution rate revision is ~~required~~ made under ~~subdivisions 4a, 4b, and 4c~~ section 356.235, the employee contributions under paragraphs (a) and (b) must be adjusted accordingly.

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

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

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to the applicable following percentage of salary of each coordinated member and the applicable percentage of salary of each basic member specified in paragraph (c).

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

(b) The regular employer contribution to the fund by Independent School District No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or new law coordinated member specified for the coordinated program in paragraph (c).

(c) The employer contribution to the fund for every other employer is an amount equal to the applicable following percentage of the salary of each coordinated member and the applicable following percentage of the salary of each basic member:

Period	Coordinated Member	Basic Member
from July 1, 2013, until June 30, 2014	7 percent	11 percent
after June 30, 2014	7.5 percent	11.5 percent

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

(e) After June 30, 2015, if a contribution rate revision is made under subdivisions ~~4a, 4b, and 4e~~ section 356.235, the employer contributions under paragraphs (a), (b), and (c) must be adjusted accordingly.

Sec. 5. [356.235] MEMBER AND EMPLOYER CONTRIBUTION STABILIZER PROVISION.

Subdivision 1. Definitions; contribution sufficiency and contribution deficiency.

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

Subd. 2. Contribution rate revision. (a) Notwithstanding the contribution rates as specified in the statutes governing the applicable retirement plan, the governing board of the retirement plan may adjust the employee and employer contribution rates for the general state employees retirement plan if the regular actuarial valuation of the plan prepared under section 356.215 indicates that there is a contribution sufficiency greater than one percent of covered payroll; or that there is a contribution deficiency under subdivision 2 equal to or greater than one-half of one percent of covered payroll.

(b) If the actuarially determined contribution of the plan is less than the total support provided by the combined employee and employer contribution rates by more than one percent of covered payroll, the plan employee and employer contribution rates may be decreased incrementally over one or more years to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. Any decrease in

employee and employer contribution rates must not result in total contributions that are less than the sum of the normal cost and administrative expenses of the retirement plan.

(c) If the actuarially required contribution exceeds the total support provided by the employee and employer contribution rates, the governing board of the retirement plan may increase the employee and employer contribution rates equally to eliminate that contribution deficiency.

(d) To determine if an adjustment is to be made, the governing board of the retirement plan shall consult with the approved actuary retained under section 356.214 and shall take into consideration factors which include, but are not limited to, (1) the contribution rates calculated based on the actuarial value of assets and calculated based on the market value of assets; (2) the funded ratio calculated based on the actuarial value of assets; (3) the funded ratio calculated based on the market value of assets; (4) the remaining number of years to the amortization target date; (5) the recent experience of the investment markets; and (6) the results of the 30-year funding, disbursements, and contribution projections prepared periodically as required under the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement.

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

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

(g) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be made, the executive director must review any need for a change in actuarial assumptions, as recommended by the approved actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially determined contribution and must report to the Legislative Commission on Pensions and Retirement any decision by the board to use the sufficiency exceeding

one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

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

Subd. 3. Covered retirement plans. The contribution stabilizer in this section applies to the following:

(1) general state employees retirement plan of the Minnesota State Retirement System;

(2) correctional state employees retirement plan of the Minnesota State Retirement System

(3) State Patrol retirement plan;

(4) general employees retirement plan of the Public Employees Retirement Association; and

(5) Teachers Retirement Association.

EFFECTIVE DATE. This section is effective

Sec. 6. REPEALER.

Minnesota Statutes 2014, sections 352.045; 353.27, subdivision 3b; and 354.42, subdivisions 2, 4b, and 4d, are repealed."

Amend the title accordingly

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1.1 moves to amend H.F. No. 566; S.F. No. 518, as follows:

1.2 Page 8, after line 30, insert:

1.3 "Sec. 5. Minnesota Statutes 2014, section 356.20, subdivision 4, is amended to read:

1.4 Subd. 4. **Contents of financial report.** (a) The financial report required by
1.5 this section must contain financial statements and disclosures that indicate the financial
1.6 operations and position of the retirement plan and fund. The report must conform with
1.7 generally accepted governmental accounting principles, applied on a consistent basis. The
1.8 report must be audited.

1.9 (b) The report must include a statement that the actuarial valuation calculations
1.10 prepared by the actuary retained under section 356.214 or by the actuary retained by the
1.11 retirement fund or plan, whichever applies, comply with applicable actuarial requirements
1.12 enumerated in section 356.215, and specified in the most recent standards for actuarial
1.13 work adopted by the Legislative Commission on Pensions and Retirement. The ~~actuarial~~
1.14 market value of assets, the actuarial accrued liabilities, and the unfunded actuarial accrued
1.15 liability of the fund or plan must be disclosed. The report must contain a certification by
1.16 the actuary retained under section 356.214 or the actuary retained by the fund or plan,
1.17 whichever applies, specifying that normal cost and the actuarial accrued liabilities for all
1.18 benefits are computed in accordance with the entry age actuarial cost method and in
1.19 accordance with the most recent applicable standards for actuarial work adopted by the
1.20 Legislative Commission on Pensions and Retirement.

1.21 (c) The report must contain an itemized exhibit describing the administrative
1.22 expenses of the plan, including, but not limited to, the following items, classified on a
1.23 consistent basis from year to year, and with any further meaningful detail:

- 1.24 (1) personnel expenses;
1.25 (2) communication-related expenses;
1.26 (3) office building and maintenance expenses;
1.27 (4) professional services fees; and

2.1 (5) other expenses.

2.2 (d) The report must contain an itemized exhibit describing the investment expenses
2.3 of the plan, including, but not limited to, the following items, classified on a consistent
2.4 basis from year to year, and with any further meaningful detail:

2.5 (1) internal investment-related expenses; and

2.6 (2) external investment-related expenses.

2.7 (e) Any additional statements or exhibits or more detailed or subdivided itemization
2.8 of a disclosure item that will enable the management of the plan to portray a true
2.9 interpretation of the plan's financial condition must be included in the additional
2.10 statements or exhibits.

2.11 **EFFECTIVE DATE.** This section is effective June 28, 2015, and applies to all
2.12 actuarial reporting after that date.

2.13 Sec. 6. Minnesota Statutes 2014, section 356.215, subdivision 1, is amended to read:

2.14 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
2.15 356.23, each of the terms in the following paragraphs has the meaning given.

2.16 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
2.17 under section 356.214 if so required under section 3.85, or otherwise, by an approved
2.18 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
2.19 plan, according to the entry age actuarial cost method and based upon stated assumptions
2.20 including, but not limited to rates of interest, mortality, salary increase, disability,
2.21 withdrawal, and retirement and to determine the payment necessary to amortize over a
2.22 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
2.23 valuation of the benefit plan.

2.24 (c) "Approved actuary" means a person who is regularly engaged in the business of
2.25 providing actuarial services and who is a fellow in the Society of Actuaries.

2.26 (d) "Entry age actuarial cost method" means an actuarial cost method under which
2.27 the actuarial present value of the projected benefits of each individual currently covered
2.28 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
2.29 the service of the individual, if the benefit plan is governed by section 424A.093, or over
2.30 the earnings of the individual, if the benefit plan is governed by any other law, between the
2.31 entry age and the assumed exit age, with the portion of the actuarial present value which is
2.32 allocated to the valuation year to be the normal cost and the portion of the actuarial present
2.33 value not provided for at the valuation date by the actuarial present value of future normal
2.34 costs to be the actuarial accrued liability, with aggregation in the calculation process to be

the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(f) "Actuarial Value of assets" means the market value of all assets as of the preceding June 30, ~~reduced by:~~

~~(1) 20 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;~~

~~(2) 40 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;~~

~~(3) 60 percent of the difference between the actual net change in the market value of total assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and~~

~~(4) 80 percent of the difference between the actual net change in the market value of total assets between the most recent June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of total assets over that fiscal year period if the assets had earned a rate of return on assets equal to the annual percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.~~

(g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of the actuarial value of assets and the present value of future normal costs.

(h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be

4.1 payable in the future as a result of employee service attributing an equal benefit amount,
4.2 including the effect of projected salary increases and any step rate benefit accrual rate
4.3 differences, to each year of credited and expected future employee service.

4.4 **EFFECTIVE DATE.** This section is effective June 28, 2015, and applies to all
4.5 actuarial reporting after that date."

4.6 Amend the title accordingly

1.1

..... moves to amend H.F. No. 566; S.F. No. 518, as follows:

1.2

Page 4, after line 24, insert:

1.3

"Sec. 2. Minnesota Statutes 2014, section 352.92, subdivision 1, is amended to read:

1.4

Subdivision 1. **Employee contributions.** (a) Employee contributions of covered

1.5

correctional employees must be in an amount equal to the following percent of salary:

1.6

from July 1, 2010, to June 30, 2014

8.6

1.7

from July 1, 2014, and thereafter to June 30,

1.8

2015

9.1

1.9

from July 1, 2015, and thereafter

9.68

1.10

(b) These contributions must be made by deduction from salary as provided in

1.11

section 352.04, subdivision 4.

1.12

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

1.13

Sec. 3. Minnesota Statutes 2014, section 352.92, subdivision 2, is amended to read:

1.14

Subd. 2. **Employer contributions.** The employer shall contribute for covered

1.15

correctional employees an amount equal to the following percent of salary:

1.16

from July 1, 2010, to June 30, 2014

12.1

1.17

from July 1, 2014, and thereafter to June 30,

1.18

2015

12.85

1.19

from July 1, 2015, and thereafter

13.73

1.20

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

1.21

Sec. 4. Minnesota Statutes 2014, section 352B.02, subdivision 1a, is amended to read:

1.22

Subd. 1a. **Member contributions.** (a) The member contribution is the following

1.23

percentage of the member's salary:

2.1	(1) before the first day of the first pay period beginning	
2.2	after July 1, 2014	12.4 percent
2.3	(2) on or after the first day of the first pay period	
2.4	beginning after July 1, 2014, to June 30, 2016	13.4 percent
2.5	(3) after June 30, 2016, to June 30, 2017	14.4 percent
2.6	after June 30, 2017	<u>14.6</u> percent

2.7 (b) These contributions must be made by deduction from salary as provided in
 2.8 section 352.04, subdivision 4.

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

2.10 Sec. 5. Minnesota Statutes 2014, section 352B.02, subdivision 1c, is amended to read:

2.11 Subd. 1c. **Employer contributions.** (a) In addition to member contributions,
 2.12 department heads shall pay a sum equal to the specified percentage of the salary upon which
 2.13 deductions were made, which constitutes the employer contribution to the fund as follows:

2.14	(1) before the first day of the first pay period beginning	
2.15	after July 1, 2014	18.6 percent
2.16	(2) on or after the first day of the first pay period	
2.17	beginning after July 1, 2014, to June 30, 2016	20.1 percent
2.18	(3) after June 30, 2016, to June 30, 2017	21.6 percent
2.19	after June 30, 2017	<u>21.9</u> percent

2.20 (b) Department contributions must be paid out of money appropriated to departments
 2.21 for this purpose.

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

2.23 Page 8, after line 30, insert:

2.24 "Sec. 9. Minnesota Statutes 2014, section 490.123, subdivision 1a, is amended to read:

2.25 Subd. 1a. **Member contribution rates.** (a) A judge in the tier I program whose
 2.26 service does not exceed the service credit limit in section 490.121, subdivision 22, shall
 2.27 contribute to the fund from each salary payment a sum equal to ~~9.00~~ the following percent
 2.28 of salary:-

2.29	<u>before the effective date of any judicial salary</u>	
2.30	<u>increase occurring after January 1, 2015</u>	<u>9</u>
2.31	<u>on or after the effective date of any judicial</u>	
2.32	<u>salary increase occurring after January 1, 2015</u>	<u>12.63</u>

2.33 (b) A judge in the tier II program shall contribute to the fund from each salary
 2.34 payment a sum equal to ~~7.00~~ the following percent of salary:-

- 3.1 (1) for a judge who took office after June 30, 2013,
 3.2 and before the date of final enactment
 3.3 (A) before the effective date of any judicial
 3.4 salary increase occurring after January 1, 2015 7
 3.5 (B) on or after the effective date of any judicial
 3.6 salary increase occurring after January 1, 2015 10.63
 3.7 (2) for a judge who took office on or after the date
 3.8 of final enactment 10.63

3.9 (c) Contributions under this subdivision are payable by salary deduction. The
 3.10 deduction must be made by the state court administrator under section 352.04, subdivisions
 3.11 4, 5, and 8.

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

3.13 Sec. 10. Minnesota Statutes 2014, section 490.123, subdivision 1b, is amended to read:

3.14 Subd. 1b. **Employer contribution rate.** (a) The employer contribution rate to the
 3.15 fund on behalf of a judge is 22.5 percent of salary before July 1, 2015, and 26.14 after
 3.16 June 30, 2015. The employer obligation continues after a judge exceeds the service credit
 3.17 limit in section 490.121, subdivision 22.

3.18 (b) The employer contribution must be paid by the state court administrator. The
 3.19 employer contribution is payable at the same time as member contributions are made
 3.20 under subdivision 1a or as employee contributions are made to the unclassified program
 3.21 governed by chapter 352D for judges whose service exceeds the limit in section 490.121,
 3.22 subdivision 22, are remitted.

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

3.24 Renumber the sections in sequence

3.25 Amend the title accordingly

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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **566**

02/05/2015 Authored by O'Driscoll

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

1.1 A bill for an act
1.2 relating to retirement; general state employees retirement plan of the Minnesota
1.3 State Retirement System; general employees retirement plan of the Public
1.4 Employees Retirement Association; Teachers Retirement Association; modifying
1.5 provisions directing criteria for making recommendations to adjust employee
1.6 and employer contribution rates; amending Minnesota Statutes 2014, sections
1.7 352.045; 353.27, subdivision 3b; 354.42, subdivisions 4b, 4d.

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

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

1.10 **352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER**
1.11 **CONTRIBUTIONS IN CERTAIN INSTANCES.**

1.12 Subdivision 1. **Application.** This section applies to the general state employees
1.13 retirement plan ~~and to established under this chapter~~, the correctional state employees
1.14 retirement plan established under this chapter, and ~~to~~ the state patrol retirement plan
1.15 established under chapter 352B.

1.16 Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency
1.17 exists if, for ~~purposes of~~ the applicable plan, the total of the employee contributions, the
1.18 employer contributions, and any additional employer contributions, if applicable, exceeds
1.19 the total of the normal cost, the administrative expenses, and the amortization contribution
1.20 of the retirement plan as reported in the most recent actuarial valuation of the retirement
1.21 plan prepared by the approved actuary retained under section 356.214 and prepared under
1.22 section 356.215 and the standards for actuarial work of the Legislative Commission on
1.23 Pensions and Retirement. For purposes of this section, a contribution deficiency exists
1.24 if, for the applicable plan, the total employee contributions, employer contributions,
1.25 and any additional employer contributions are less than the total of the normal cost, the

administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the approved actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 3a. **Contribution rate revision; general state employees retirement plan.**

(a) Notwithstanding the contribution rates ~~stated in plan law~~ as specified in law governing the applicable retirement plan, the board of directors of the Minnesota State Retirement System may adjust the employee and employer contribution rates for the general state employees retirement plan ~~must be adjusted~~:

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

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

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

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

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

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

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

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

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

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

(~~f~~) (g) Before any reduction in contributions to eliminate a sufficiency in excess of one percent of covered pay may be ~~recommended~~ made, the executive director must review any need for a change in actuarial assumptions, as recommended by the approved actuary retained under section 356.214 in the most recent experience study of the general employees retirement plan prepared under section 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement that may result in an increase in the actuarially ~~required~~ determined contribution and must report to the Legislative Commission on Pensions and Retirement any ~~recommendation~~ decision

by the board to use the sufficiency exceeding one percent of covered payroll to offset the impact of an actuarial assumption change recommended by the actuary retained under section 356.214, subdivision 1, and reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

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

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

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

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

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

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

(a) For purposes of this section:

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

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

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

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

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

(c) If the actuarially required determined contribution of the general employees retirement plan is less than the total support provided by the combined employee and employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll, the general employees retirement plan coordinated program employee and employer contribution rates under subdivisions 2 and 3 ~~must~~ may be decreased ~~incrementally over one or more years by no more than 0.25 percent of pay each for employee and employer matching contribution rates to a level such that there remains a contribution sufficiency of at least one percent of covered payroll. No contribution rate decrease may be made until at least two years have elapsed since any adjustment under this subdivision has been fully implemented.~~ Any decrease in employee and employer

6.1 contribution rates may not result in total contributions that are less than the total of the
6.2 normal cost of the retirement plan and the administrative expenses of the retirement plan.

6.3 (d) If the actuarially ~~required~~ determined contribution exceeds the total support
6.4 provided by the combined employee and employer contribution rates under subdivisions
6.5 2, 3, and 3a, the board of trustees may increase the employee and matching employer
6.6 contribution rates ~~must be increased equally~~ to eliminate that contribution deficiency.
6.7 ~~If the contribution deficiency is:~~

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

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

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

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

6.26 (f) Any ~~recommended~~ adjustment to the contribution rates must be reported to
6.27 the chair and the executive director of the Legislative Commission on Pensions and
6.28 Retirement by January 15 following the receipt of the most recent annual actuarial
6.29 valuation prepared under section 356.215. If the Legislative Commission on Pensions
6.30 and Retirement does not recommend against the rate change or does not recommend
6.31 a modification in the rate change, the recommended adjustment becomes effective for
6.32 any salary paid on or after the January 1 next following the legislative session in which
6.33 the Legislative Commission on Pensions and Retirement did not take any action to
6.34 disapprove or modify the Public Employees Retirement Association Board of Trustees'
6.35 ~~recommendation to adjust~~ adjustment to the employee and employer rates.

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

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

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

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

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

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

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

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

- (i) ~~0.25 percent if the deficiency is less than two percent of covered payroll;~~
- (ii) ~~0.5 percent if the deficiency is equal to or greater than two percent of covered payroll and less than or equal to four percent; and~~
- (iii) ~~0.75 percent if the deficiency is greater than four percent.~~ Any decrease in employee and employer contribution rates must not result in the total of contribution rates that is less than the total of normal cost and administrative expenses.

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

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

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

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

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