

1.1 A bill for an act

1.2 relating to retirement; St. Paul Teachers Retirement Fund Association;
1.3 administrative provisions; making changes of a technical nature; amending
1.4 Minnesota Statutes 2014, sections 354A.093, subdivision 4; 354A.38, as
1.5 amended; Minnesota Statutes 2015 Supplement, sections 354A.093, subdivision
1.6 6; 354A.096; 356.50, subdivision 2; 356.551, subdivision 2.

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

1.8 Section 1. Minnesota Statutes 2014, section 354A.093, subdivision 4, is amended to
1.9 read:

1.10 Subd. 4. **Eligible payment period.** (a) To receive service credit under this section,
1.11 the contributions specified in this section must be transmitted to the ~~applicable first class~~
1.12 ~~city~~ St. Paul Teachers Retirement Fund Association during the period which begins with
1.13 the date the individual returns to teaching service and which has a duration of three times
1.14 the length of the uniformed service period, but not to exceed five years.

1.15 (b) Notwithstanding paragraph (a), if the payment period determined under
1.16 paragraph (a) is less than one year, the contributions required under this section to receive
1.17 service credit may be made within one year from the discharge date.

1.18 **EFFECTIVE DATE.** This section is effective July 1, 2016.

1.19 Sec. 2. Minnesota Statutes 2015 Supplement, section 354A.093, subdivision 6, is
1.20 amended to read:

1.21 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent
1.22 employee and employer contribution amounts payable under this section. ~~Interest must~~
1.23 ~~be computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
1.24 ~~compounded annually~~ from the end of each fiscal year of the leave or break in service to the

2.1 end of the month in which payment is received at the annual compound rate of 8.5 percent
 2.2 for any period, or portion thereof, through June 30, 2015, and eight percent thereafter.

2.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.

2.4 Sec. 3. Minnesota Statutes 2015 Supplement, section 354A.096, is amended to read:

2.5 **354A.096 MEDICAL LEAVE.**

2.6 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
 2.7 Association who is on an authorized medical leave of absence and subsequently returns to
 2.8 teaching service is entitled to receive allowable service credit, not to exceed one year, for
 2.9 the period of leave, upon making the prescribed payment to the fund. This payment must
 2.10 include the required employee and employer contributions at the rates specified in section
 2.11 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly
 2.12 salary rate on the date the leave of absence commenced plus ~~annual~~ interest compounded
 2.13 annually from the end of the fiscal year during which the leave terminates to the end of
 2.14 the month during which payment is made at the rate of 8.5 percent for any period, or
 2.15 portion thereof, until through June 30, 2015, and eight percent thereafter ~~per year from the~~
 2.16 ~~end of the fiscal year during which the leave terminates to the end of the month during~~
 2.17 ~~which payment is made.~~ The member must pay the total amount required unless the
 2.18 employing unit, at its option, pays the employer contributions. The total amount required
 2.19 must be paid by the end of the fiscal year following the fiscal year in which the leave of
 2.20 absence terminated or before the member retires, whichever is earlier. Payment must be
 2.21 accompanied by a copy of the resolution or action of the employing authority granting the
 2.22 leave and the employing authority, upon granting the leave, must certify the leave to the
 2.23 association in a manner specified by the executive director. A member may not receive
 2.24 more than one year of allowable service credit during any fiscal year by making payment
 2.25 under this section. A member may not receive disability benefits under section 354A.36
 2.26 and receive allowable service credit under this section for the same period of time.

2.27 **EFFECTIVE DATE.** This section is effective July 1, 2016.

2.28 Sec. 4. Minnesota Statutes 2014, section 354A.38, as amended by Laws 2015, chapter
 2.29 68, article 2, section 15, is amended to read:

2.30 **354A.38 EFFECT OF REFUND; REPAYMENT OF REFUND.**

2.31 Subdivision 1. **Effect of refund; termination of service credit.** If a coordinated
 2.32 member or former coordinated member applies for and ~~accepts~~ is issued a refund pursuant

3.1 to section 354A.37, all allowable service which was credited to the member or former
3.2 member shall be terminated.

3.3 Subd. 2. **Repayment of refund.** A coordinated member with at least two years of
3.4 allowable service credited subsequent to the member's last application for and ~~acceptance~~
3.5 payment of a refund pursuant to section 354A.37 shall be entitled to repay the refund. The
3.6 amount of the refund repayment shall be calculated pursuant to subdivision 3. If the
3.7 member has ~~previously applied for and accepted~~ taken more than one refund, ~~and the~~
3.8 ~~previous refund or all refunds have not been~~ must be repaid pro rata, ~~then the member~~
3.9 ~~shall be entitled only to repay all outstanding refunds and shall not be entitled to repay~~
3.10 ~~only the most recent refund.~~

3.11 Subd. 3. **Computation of refund repayment amount.** If the coordinated member
3.12 elects to repay a refund under subdivision 2, the repayment to the fund must be in an
3.13 amount equal to the refunds the member has ~~accepted~~ been issued plus interest ~~at the rate~~
3.14 ~~of 8.5 percent until June 30, 2015, and eight percent thereafter~~ compounded annually
3.15 from the date that the refund was ~~accepted~~ issued to the date that the refund is repaid at a
3.16 rate of 8.5 percent for any period, or portion thereof, through June 30, 2015, and eight
3.17 percent thereafter.

3.18 **EFFECTIVE DATE.** This section is effective July 1, 2016.

3.19 Sec. 5. Minnesota Statutes 2015 Supplement, section 356.50, subdivision 2, is
3.20 amended to read:

3.21 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan
3.22 allowable service credit, the eligible person under subdivision 1 shall pay the required
3.23 member contribution amount. The required member contribution amount is the member
3.24 contribution rate or rates in effect for the pension plan during the period of service covered
3.25 by the back pay award, applied to the unpaid gross salary amounts of the back pay award
3.26 including unemployment insurance, workers' compensation, or wages from other sources
3.27 which reduced the back award. No contributions may be made under this clause for
3.28 compensation covered by a public pension plan listed in section 356.30, subdivision 3,
3.29 for employment during the removal period. The person shall pay the required member
3.30 contribution amount within 60 days of the date of receipt of the back pay award or within
3.31 60 days of a billing from the retirement fund, whichever is later.

3.32 (b) The public employer who wrongfully discharged the public employee must pay
3.33 an employer contribution on the back pay award. The employer contribution must be based
3.34 on the employer contribution rate or rates in effect for the pension plan during the period of
3.35 service covered by the back pay award, applied to the salary amount on which the member

4.1 contribution amount was determined under paragraph (a). ~~Interest~~ The employer must pay
4.2 the interest on both the required member and employer contribution amount must be paid
4.3 by the employer amounts from the date the contribution amount would have been paid
4.4 to the date of actual payment at the annual compound rate of 8.5 percent for any period
4.5 for the Teachers Retirement Association and 8.5 percent until for any period, or portion
4.6 thereof, through June 30, 2015, and eight percent thereafter, for any other retirement plan
4.7 listed in section 356.30, subdivision 3, per year, expressed monthly, between the date the
4.8 contribution amount would have been paid to the date of actual payment. The employer
4.9 payment must be made within 30 days of the payment under paragraph (a).

4.10 **EFFECTIVE DATE.** This section is effective July 1, 2016.

4.11 Sec. 6. Minnesota Statutes 2015 Supplement, section 356.551, subdivision 2, is
4.12 amended to read:

4.13 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in
4.14 paragraph (c) applies, the prior service credit purchase amount is an amount equal to the
4.15 actuarial present value, on the date of payment, as calculated by the chief administrative
4.16 officer of the pension plan and reviewed by the actuary retained under section 356.214,
4.17 of the amount of the additional retirement annuity obtained by the acquisition of the
4.18 additional service credit in this section.

4.19 (b) Calculation of this amount must be made using the preretirement interest rate
4.20 applicable to the public pension plan specified in section 356.215, subdivision 8, and
4.21 the mortality table adopted for the public pension plan. The calculation must assume
4.22 continuous future service in the public pension plan until, and retirement at, the age at
4.23 which the minimum requirements of the fund for normal retirement or retirement with an
4.24 annuity unreduced for retirement at an early age, including section 356.30, are met with
4.25 the additional service credit purchased. The calculation must also assume a full-time
4.26 equivalent salary, or actual salary, whichever is greater, and a future salary history that
4.27 includes annual salary increases at the applicable salary increase rate for the plan specified
4.28 in section 356.215, subdivision 4d.

4.29 (c) The prior service credit purchase amount may not be less than the amount
4.30 determined by applying, for each year or fraction of a year being purchased, the sum of the
4.31 employee contribution rate, the employer contribution rate, and the additional employer
4.32 contribution rate, if any, applicable during that period, to the person's annual salary during
4.33 that period, or fractional portion of a year's salary, if applicable, plus interest ~~at the annual~~
4.34 ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ compounded annually
4.35 from the end of the year in which contributions would otherwise have been made to

5.1 the date on which the payment is received at the rate of 8.5 percent for any period for
5.2 the Teachers Retirement Association and 8.5 percent for any period, or portion thereof,
5.3 through June 30, 2015, and eight percent thereafter, for any other retirement plan listed
5.4 in section 356.30, subdivision 3.

5.5 (d) Unless otherwise provided by statutes governing a specific plan, payment must
5.6 be made in one lump sum within one year of the prior service credit authorization or prior
5.7 to the member's effective date of retirement, whichever is earlier. Payment of the amount
5.8 calculated under this section must be made by the applicable eligible person.

5.9 (e) However, the current employer or the prior employer may, at its discretion, pay
5.10 all or any portion of the payment amount that exceeds an amount equal to the employee
5.11 contribution rates in effect during the period or periods of prior service applied to the
5.12 actual salary rates in effect during the period or periods of prior service, plus interest ~~at the~~
5.13 ~~rate of 8.5 percent a year~~ compounded annually from the date on which the contributions
5.14 would otherwise have been made to the date on which the payment is made at the rate of
5.15 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent for any
5.16 period, or portion thereof, through June 30, 2015, and eight percent thereafter, for any other
5.17 retirement plan listed in section 356.30, subdivision 3. If the employer agrees to payments
5.18 under this subdivision, the purchaser must make the employee payments required under
5.19 this subdivision within 90 days of the prior service credit authorization. If that employee
5.20 payment is made, the employer payment under this subdivision must be remitted to the
5.21 chief administrative officer of the public pension plan within 60 days of receipt by the
5.22 chief administrative officer of the employee payments specified under this subdivision.

5.23 **EFFECTIVE DATE.** This section is effective July 1, 2016.