

1.1 ..... moves to amend S.F. No. 431; H.F. No. 2088, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 " **ARTICLE 1**

1.4 **MINNESOTA POST RETIREMENT INVESTMENT FUND CHANGES**

1.5 Section 1. Minnesota Statutes 2004, section 11A.18, subdivision 9, is amended to read:

1.6 Subd. 9. **Calculation of postretirement adjustment.** (a) Annually, following June  
1.7 30, the state board shall use the procedures in paragraphs (b), (c), and (d) to determine  
1.8 whether a postretirement adjustment is payable and to determine the amount of any  
1.9 postretirement adjustment.

1.10 (b) If the Consumer Price Index for urban wage earners and clerical workers all  
1.11 items index published by the Bureau of Labor Statistics of the United States Department  
1.12 of Labor increases from June 30 of the preceding year to June 30 of the current year,  
1.13 the state board shall certify the percentage increase. The amount certified must not  
1.14 exceed the lesser of the difference between the preretirement interest assumption and  
1.15 postretirement interest assumption in section 356.215, subdivision 8, paragraph (a), or  
1.16 2.5 percent. For the Minneapolis Employees Retirement Fund, the amount certified must  
1.17 not exceed 3.5 percent.

1.18 (c) In addition to any percentage increase certified under paragraph (b), the board  
1.19 shall use the following procedures to determine if a postretirement adjustment is payable  
1.20 under this paragraph:

1.21 (1) The state board shall determine the market value of the fund on June 30 of  
1.22 that year;

1.23 (2) The amount of reserves required as of the current June 30 for the annuity or  
1.24 benefit payable to an annuitant and benefit recipient of the participating public pension  
1.25 plans or funds must be determined by the ~~commission-retained~~ actuary ~~as of the current~~  
1.26 ~~June 30~~ retained under section 356.214. An annuitant or benefit recipient who has been  
1.27 receiving an annuity or benefit for at least 12 full months as of the current June 30 is

2.1 eligible to receive a full postretirement adjustment. An annuitant or benefit recipient who  
2.2 has been receiving an annuity or benefit for at least one full month, but less than 12 full  
2.3 months as of the current June 30, is eligible to receive a partial postretirement adjustment.  
2.4 Each fund shall report separately the amount of the reserves for those annuitants and  
2.5 benefit recipients who are eligible to receive a full postretirement benefit adjustment. This  
2.6 amount is known as "eligible reserves." Each fund shall also report separately the amount  
2.7 of the reserves for those annuitants and benefit recipients who are not eligible to receive  
2.8 a postretirement adjustment. This amount is known as "noneligible reserves." For an  
2.9 annuitant or benefit recipient who is eligible to receive a partial postretirement adjustment,  
2.10 each fund shall report separately as additional "eligible reserves" an amount that bears the  
2.11 same ratio to the total reserves required for the annuitant or benefit recipient as the number  
2.12 of full months of annuity or benefit receipt as of the current June 30 bears to 12 full  
2.13 months. The remainder of the annuitant's or benefit recipient's reserves must be separately  
2.14 reported as additional "noneligible reserves." The amount of "eligible" and "noneligible"  
2.15 required reserves must be certified to the board by the commission-retained actuary as  
2.16 soon as is practical following the current June 30;

2.17 (3) The state board shall determine the percentage increase certified under paragraph  
2.18 (b) multiplied by the eligible required reserves, as adjusted for mortality gains and losses  
2.19 under subdivision 11, determined under clause (2);

2.20 (4) The state board shall add the amount of reserves required for the annuities or  
2.21 benefits payable to annuitants and benefit recipients of the participating public pension  
2.22 plans or funds as of the current June 30 to the amount determined under clause (3);

2.23 (5) The state board shall subtract the amount determined under clause (4) from the  
2.24 market value of the fund determined under clause (1);

2.25 (6) The state board shall adjust the amount determined under clause (5) by the  
2.26 cumulative current balance determined ~~pursuant to~~ under clause (8) and any negative  
2.27 balance carried forward under clause (9);

2.28 (7) A positive amount resulting from the calculations in clauses (1) to (6) is the  
2.29 excess market value. A negative amount is the negative balance;

2.30 (8) The state board shall allocate one-fifth of the excess market value or one-fifth  
2.31 of the negative balance to each of five consecutive years, beginning with the fiscal year  
2.32 ending the current June 30; and

2.33 (9) To calculate the postretirement adjustment under this paragraph based on  
2.34 investment performance for a fiscal year, the state board shall add together all excess  
2.35 market value allocated to that year and subtract from the sum all negative balances  
2.36 allocated to that year. If this calculation results in a negative number, the entire negative

3.1 balance must be carried forward and allocated to the next year. If the resulting amount is  
3.2 positive, a postretirement adjustment is payable under this paragraph. The board shall  
3.3 express a positive amount as a percentage of the total eligible required reserves certified to  
3.4 the board under clause (2).

3.5 (d) The state board shall determine the amount of any postretirement adjustment  
3.6 which is payable using the following procedure:

3.7 (1) The total "eligible" required reserves as of the first of January next following  
3.8 the end of the fiscal year for the annuitants and benefit recipients eligible to receive a full  
3.9 or partial postretirement adjustment as determined by clause (2) must be certified to the  
3.10 state board by the ~~commission-retained~~ actuary retained under section 356.214. The total  
3.11 "eligible" required reserves must be determined by the ~~commission-retained~~ actuary  
3.12 retained under section 356.214 on the assumption that all annuitants and benefit recipients  
3.13 eligible to receive a full or partial postretirement adjustment will be alive on the January  
3.14 1 in question; and

3.15 (2) The state board shall add the percentage certified under paragraph (b) to any  
3.16 positive percentage calculated under paragraph (c). The board shall not subtract from the  
3.17 percentage certified under paragraph (b) any negative amount calculated under paragraph  
3.18 (c). The sum of these percentages must be carried to five decimal places and must be  
3.19 certified to each participating public pension fund or plan as the full postretirement  
3.20 adjustment percentage. The full postretirement adjustment percentage certified to each  
3.21 participating public pension plan or fund must not exceed five percent. For the Minneapolis  
3.22 Employees Retirement Fund, no maximum percentage adjustment is applicable.

3.23 (e) A retirement annuity payable in the event of retirement before becoming eligible  
3.24 for Social Security benefits as provided in section 352.116, subdivision 3; 353.29,  
3.25 subdivision 6; or 354.35 must be treated as the sum of a period certain retirement annuity  
3.26 and a life retirement annuity for the purposes of any postretirement adjustment. The  
3.27 period certain retirement annuity plus the life retirement annuity must be the annuity  
3.28 amount payable until age 62 or 65, whichever applies. A postretirement adjustment  
3.29 granted on the period certain retirement annuity must terminate when the period certain  
3.30 retirement annuity terminates.

3.31 Sec. 2. **EFFECTIVE DATE.**

3.32 Section 1 is effective July 1, 2010.

3.33 **ARTICLE 2**  
3.34 **RECODIFICATION OF VARIOUS**  
3.35 **STATEWIDE SPECIALTY RETIREMENT PLANS**

3.36 Section 1. Minnesota Statutes 2004, section 3A.01, subdivision 1, is amended to read:

4.1 Subdivision 1. **Purposes.** Each of the terms defined in this section, for the purposes  
4.2 of this chapter shall be given has the meanings meaning ascribed to them.

4.3 Sec. 2. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to  
4.4 read:

4.5 Subd. 1a. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one  
4.6 allowance or benefit having an equal actuarial present value to another allowance or  
4.7 benefit, determined by the actuary retained under section 356.214 as of a given date at a  
4.8 specified age with each actuarial present value based on the mortality table applicable for  
4.9 the plan and approved under section 356.215, subdivision 18, and using the applicable  
4.10 preretirement or postretirement interest rate assumption specified in section 356.215,  
4.11 subdivision 8.

4.12 Sec. 3. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to  
4.13 read:

4.14 Subd. 1b. **Average monthly salary.** "Average monthly salary" means the average  
4.15 of the member's highest five successive years of salary that was received as a member  
4.16 of the legislature and upon which the member has made contributions under section  
4.17 3A.03, subdivision 1, or for which the member of the legislature has made payments for  
4.18 past service under Minnesota Statutes 2004, section 3A.02, subdivision 2, or has made,  
4.19 before July 1, 1994, payments in lieu of contributions under Minnesota Statutes 1992,  
4.20 section 3A.031.

4.21 Sec. 4. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to  
4.22 read:

4.23 Subd. 1c. **Constitutional officer.** "Constitutional officer" means a person who was  
4.24 duly elected, qualifies for, and serves as the governor, the lieutenant governor, the attorney  
4.25 general, the secretary of state, or the state auditor of the state of Minnesota.

4.26 Sec. 5. Minnesota Statutes 2004, section 3A.01, subdivision 2, is amended to read:

4.27 Subd. 2. **Dependent child.** (a) "Dependent child" means any natural or adopted  
4.28 child of a deceased member of the legislature or a former legislator who is under the age  
4.29 of 18, or who is under the age of 22 and is a full-time student, and who, in either case, is  
4.30 unmarried and was actually dependent for more than one-half of support upon ~~such~~ the  
4.31 legislator for a period of at least 90 days immediately ~~prior to~~ before the legislator's  
4.32 death. ~~It~~

4.33 (b) The term also includes any child of the member of the legislature or former  
4.34 legislator who was conceived during the lifetime of, and who was born after the death of,

5.1 the member or former legislator. ~~This subdivision shall be retroactive as to any dependent~~  
5.2 ~~child under the age of 22 years as of April 1, 1975.~~

5.3 Sec. 6. Minnesota Statutes 2004, section 3A.01, subdivision 6, is amended to read:

5.4 Subd. 6. **Director.** "Director" means the executive director of the Minnesota State  
5.5 Retirement System who was appointed under section 352.03, subdivision 5.

5.6 Sec. 7. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to  
5.7 read:

5.8 Subd. 6b. **Former legislator.** "Former legislator" means a legislator who has  
5.9 ceased to be a member of the legislature for any reason, including, but not limited to, the  
5.10 expiration of the term for which a member of the legislature was elected or the death  
5.11 of the member.

5.12 Sec. 8. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision to  
5.13 read:

5.14 Subd. 6c. **Member of the legislature.** "Member of the legislature" means a  
5.15 person who was a member of the house of representatives or of the senate of the state of  
5.16 Minnesota who has subscribed to the oath of office after July 1, 1965, and who was first  
5.17 elected to a legislative office before July 1, 1997, and retained coverage by the plan under  
5.18 Laws 1997, chapter 233, article 2, section 15.

5.19 Sec. 9. Minnesota Statutes 2004, section 3A.01, subdivision 8, is amended to read:

5.20 Subd. 8. **Normal retirement age.** "Normal retirement age" means the age of 60  
5.21 ~~years with regard to any member of the legislature whose service terminates prior to the~~  
5.22 ~~beginning of the 1981 legislative session, and the age of 62 years with regard to any~~  
5.23 ~~member of the legislature whose service terminates after the beginning of the 1981 session.~~

5.24 Sec. 10. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision  
5.25 to read:

5.26 Subd. 9. **Retirement.** "Retirement" means the period of time after which a former  
5.27 legislator is entitled to a retirement allowance.

5.28 Sec. 11. Minnesota Statutes 2004, section 3A.01, is amended by adding a subdivision  
5.29 to read:

5.30 Subd. 10. **Salary.** (a) "Salary" means the regular compensation payable under law  
5.31 to a member of the legislature and paid to the person for service as a legislator.

5.32 (b) The term includes the monthly compensation paid to the member of the  
5.33 legislature and the per diem payments paid during a regular or special session to the  
5.34 member of the legislature.

6.1 (c) The term does not include per diem payments paid to a member of the legislature  
6.2 other than during the regular or special session; additional compensation attributable to a  
6.3 leadership position under section 3.099, subdivision 3; living expense payments under  
6.4 section 3.101; and special session living expense payments under section 3.103.

6.5 Sec. 12. Minnesota Statutes 2004, section 3A.011, is amended to read:

6.6 **3A.011 ADMINISTRATION OF PLAN.**

6.7 The executive director and the board of directors of the Minnesota State Retirement  
6.8 System shall administer the legislators retirement plan in accordance with this chapter  
6.9 and chapter 356A.

6.10 Sec. 13. Minnesota Statutes 2004, section 3A.02, subdivision 1, is amended to read:

6.11 Subdivision 1. **Qualifications.** (a) A former legislator is entitled, upon written  
6.12 application to the director, to receive a retirement allowance monthly, if the person:

6.13 (1) has either served at least six full years, without regard to the application of  
6.14 section 3A.10, subdivision 2, or has served during all or part of four regular sessions as a  
6.15 member of the legislature, which service need not be continuous;

6.16 (2) has attained the normal retirement age;

6.17 (3) has retired as a member of the legislature; and

6.18 (4) has made all contributions provided for in section 3A.03, has made payments  
6.19 for past service under subdivision 2, or has made payments in lieu of contributions under  
6.20 Minnesota Statutes 1992, section 3A.031, ~~prior to~~ before July 1, 1994.

6.21 ~~(b) This paragraph applies to members of the legislature who terminate service as~~  
6.22 ~~a legislator before July 1, 1997. For service rendered before the beginning of the 1979~~  
6.23 ~~legislative session, but not to exceed eight years of service, the retirement allowance is~~  
6.24 ~~an amount equal to five percent per year of service of that member's average monthly~~  
6.25 ~~salary. For service in excess of eight years rendered before the beginning of the 1979~~  
6.26 ~~legislative session, and for service rendered after the beginning of the 1979 legislative~~  
6.27 ~~session, Unless the former legislator has legislative service before January 1, 1979, the~~  
6.28 ~~retirement allowance is an amount equal to 2-1/2 percent per year of service of that~~  
6.29 ~~member's average monthly salary:~~

6.30 ~~(c) This paragraph applies to members of the legislature who terminate service as~~  
6.31 ~~a legislator after June 30, 1997. The retirement allowance is an amount equal to the~~  
6.32 ~~applicable rate or rates under paragraph (b) per year of service of the member's average~~  
6.33 ~~monthly salary and adjusted for that person on an actuarial equivalent basis to reflect the~~  
6.34 ~~change in the postretirement interest rate actuarial assumption under section 356.215,~~  
6.35 ~~subdivision 8, from five percent to six percent. The adjustment must be calculated by or,~~  
6.36 ~~alternatively, the adjustment procedure must be specified by, the actuary retained by the~~

7.1 ~~Legislative Commission on Pensions and Retirement~~ under section 356.214. The purpose  
 7.2 of this adjustment is to ensure that the total amount of benefits that the actuary predicts  
 7.3 an individual member will receive over the member's lifetime under this paragraph will  
 7.4 be the same as the total amount of benefits the actuary predicts the individual member  
 7.5 would receive over the member's lifetime under the law in effect before enactment of this  
 7.6 paragraph. If the former legislator has legislative service before January 1, 1979, the  
 7.7 person's benefit must include the additional benefit amount in effect on January 1, 1979,  
 7.8 and adjusted as otherwise provided in this paragraph.

7.9 ~~(d)~~ (c) The retirement allowance accrues beginning with the first day of the month  
 7.10 of receipt of the application, but not before age 60, and for the remainder of the former  
 7.11 legislator's life, if the former legislator is not serving as a member of the legislature or as a  
 7.12 constitutional officer ~~or commissioner~~ as defined in section ~~352C.021, subdivisions 2 and~~  
 7.13 ~~3~~ 3A.01, subdivision 1c. The annuity does not begin to accrue ~~prior to~~ before the person's  
 7.14 retirement as a legislator. No annuity payment may be made retroactive for more than 180  
 7.15 days before the date that the annuity application is filed with the director.

7.16 ~~(e)~~ (d) Any member who has served during all or part of four regular sessions is  
 7.17 considered to have served eight years as a member of the legislature.

7.18 ~~(f)~~ (e) The retirement allowance ceases with the last payment that accrued to the  
 7.19 retired legislator during the retired legislator's lifetime, except that the surviving spouse, if  
 7.20 any, is entitled to receive the retirement allowance of the retired legislator for the calendar  
 7.21 month in which the retired legislator died.

7.22 Sec. 14. Minnesota Statutes 2004, section 3A.02, subdivision 1b, is amended to read:

7.23 Subd. 1b. **Reduced retirement allowance.** (a) Upon separation from service after  
 7.24 the beginning of the 1981 legislative session, a former member of the legislature who has  
 7.25 attained the age set by the board of directors of the Minnesota State Retirement System  
 7.26 and who is otherwise qualified ~~in accordance with~~ under subdivision 1 is entitled, upon  
 7.27 making written application on ~~forms supplied~~ a form prescribed by the director, to a  
 7.28 reduced retirement allowance in. The reduced retirement allowance is an amount equal  
 7.29 to the retirement allowance specified in subdivision 1, paragraph (b), that is reduced so  
 7.30 that the reduced annuity allowance is the actuarial equivalent of the annuity allowance  
 7.31 that would be payable if the former member of the legislature deferred receipt of the  
 7.32 annuity allowance and the annuity allowance amount were augmented at an annual  
 7.33 rate of three percent compounded annually from the date the annuity allowance begins to  
 7.34 accrue until age 62.

7.35 (b) The age set by the board of directors under paragraph (a) cannot be ~~less~~ an earlier  
 7.36 age than the early retirement age under section 352.116, subdivision 1a.

8.1 (c) If there is an actuarial cost to the plan of resetting the early retirement age under  
8.2 paragraph (a), the retired legislator is required to pay an additional amount to cover the  
8.3 full actuarial value. The additional amount must be paid in a lump sum within 30 days of  
8.4 the certification of the amount by the executive director.

8.5 (d) The executive director of the Minnesota State Retirement System shall report  
8.6 to the Legislative Commission on Pensions and Retirement on the utilization of this  
8.7 provision annually on or before September 1, ~~2000~~.

8.8 Sec. 15. Minnesota Statutes 2004, section 3A.02, subdivision 3, is amended to read:

8.9 Subd. 3. **Appropriation.** The amounts required for payment of retirement  
8.10 allowances provided by this section are appropriated annually to the director from the  
8.11 participation of the legislators retirement plan in the Minnesota postretirement investment  
8.12 fund ~~and shall~~. The retirement allowance must be paid monthly to the recipients entitled  
8.13 ~~thereto~~ to those retirement allowances.

8.14 Sec. 16. Minnesota Statutes 2004, section 3A.02, subdivision 4, is amended to read:

8.15 Subd. 4. **Deferred annuities augmentation.** (a) The deferred ~~annuity~~ retirement  
8.16 allowance of any former legislator must be augmented as provided herein.

8.17 (b) The required reserves applicable to the deferred annuity retirement allowance,  
8.18 determined as of the date the benefit begins to accrue using an appropriate mortality table  
8.19 and an interest assumption of six percent, must be augmented from the first of the month  
8.20 following the termination of active service, or July 1, 1973, whichever is later, to the  
8.21 first day of the month in which the annuity allowance begins to accrue, at the following  
8.22 annually compounded rate of five percent per annum compounded annually until January  
8.23 1, 1981, and thereafter at the rate of three percent per annum compounded annually until  
8.24 January 1 of the year in which the former legislator attains age 55. From that date to the  
8.25 effective date of retirement, the rate is five percent compounded annually. or rates:

8.26 (1) five percent until January 1, 1981;

8.27 (2) three percent from January 1, 1981, or from the first day of the month following  
8.28 the termination of active service, whichever is later, until January 1 of the year in which  
8.29 the former legislator attains age 55;

8.30 (3) five percent from the period end date under clause (2) to the effective date of  
8.31 retirement.

8.32 (b) ~~The retirement allowance of, or the survivor benefit payable on behalf of, a~~  
8.33 ~~former member of the legislature who terminated service before July 1, 1997, which is~~  
8.34 ~~not first payable until after June 30, 1997, must be increased on an actuarial equivalent~~  
8.35 ~~basis to reflect the change in the postretirement interest rate actuarial assumption under~~  
8.36 ~~section 356.215, subdivision 8, from five percent to six percent under a calculation~~

9.1 ~~procedure and tables adopted by the board of directors of the Minnesota State Retirement~~  
9.2 ~~System and approved by the actuary retained by the Legislative Commission on Pensions~~  
9.3 ~~and Retirement.~~

9.4 Sec. 17. Minnesota Statutes 2004, section 3A.02, subdivision 5, is amended to read:

9.5 Subd. 5. **Optional annuities.** (a) The board of directors shall establish an optional  
9.6 retirement annuity in the form of a joint and survivor annuity and an optional retirement  
9.7 annuity in the form of a period certain and life thereafter. Except as provided in paragraph  
9.8 (b), these optional annuity forms must be actuarially equivalent to the normal ~~annuity~~  
9.9 allowance computed under this section, plus the actuarial value of any surviving spouse  
9.10 benefit otherwise potentially payable at the time of retirement under section 3A.04,  
9.11 subdivision 1. An individual selecting an optional annuity under this subdivision ~~waives~~  
9.12 and the person's spouse waive any rights to surviving spouse benefits under section 3A.04,  
9.13 subdivision 1.

9.14 (b) If a retired legislator selects the joint and survivor annuity option, the retired  
9.15 legislator must receive a normal single-life ~~annuity~~ allowance if the designated optional  
9.16 annuity beneficiary dies before the retired legislator and no reduction may be made in the  
9.17 annuity to provide for restoration of the normal single-life ~~annuity~~ allowance in the event  
9.18 of the death of the designated optional annuity beneficiary.

9.19 (c) The surviving spouse of a legislator who has attained at least age 60 and who dies  
9.20 while a member of the legislature may elect an optional joint and survivor annuity under  
9.21 paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision 1.

9.22 Sec. 18. Minnesota Statutes 2004, section 3A.03, subdivision 1, is amended to read:

9.23 Subdivision 1. **Percentage.** (a) Every member of the legislature shall contribute  
9.24 nine percent of total salary;

9.25 (b) The contribution must be made by payroll deduction, to and must be paid into  
9.26 the state treasury and deposited in the general fund. It shall be the duty of

9.27 (c) The director to must record the periodic contributions of each member of the  
9.28 legislature and must credit such each contribution to the member's account.

9.29 Sec. 19. Minnesota Statutes 2004, section 3A.03, subdivision 2, is amended to read:

9.30 Subd. 2. **Refund.** (a) A former member who has made contributions under  
9.31 subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon  
9.32 written application to the executive director on a form prescribed by the executive director,  
9.33 a refund from the general fund of all contributions credited to the member's account with  
9.34 interest computed as provided in section 352.22, subdivision 2.

10.1 (b) The refund of contributions as provided in paragraph (a) terminates all rights  
 10.2 of a former member of the legislature and the survivors of the former member under  
 10.3 this chapter.

10.4 (c) If the former member of the legislature again becomes a member of the  
 10.5 legislature after having taken a refund as provided in paragraph (a), the member ~~must be~~  
 10.6 ~~considered is a new member of this plan~~ the unclassified employees retirement program of  
 10.7 the Minnesota State Retirement System.

10.8 (d) However, the member may reinstate the rights and credit for service previously  
 10.9 forfeited under this chapter if the member repays all refunds taken, plus interest at an  
 10.10 annual rate of 8.5 percent compounded annually from the date on which the refund was  
 10.11 taken to the date on which the refund is repaid.

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

10.13 Sec. 20. Minnesota Statutes 2004, section 3A.04, subdivision 1, is amended to read:

10.14 Subdivision 1. **Surviving spouse.** (a) Upon the death of a member of the legislature  
 10.15 while serving as ~~such a member after June 30, 1973,~~ or upon the death of a former member  
 10.16 of the legislature with at least ~~the number of six full~~ years of service ~~as required by section~~  
 10.17 ~~3A.02, subdivision 1, clause (1)~~ or service in all or part of four regular legislative sessions,  
 10.18 the surviving spouse ~~shall be paid~~ is entitled to a survivor benefit in the amount of .

10.19 (b) The surviving spouse benefit is one-half of the retirement allowance of the  
 10.20 member of the legislature computed as though the member were at least normal retirement  
 10.21 age on the date of death and based upon the member's allowable service or upon eight  
 10.22 years, whichever is greater. The augmentation provided in section 3A.02, subdivision 4, if  
 10.23 applicable, ~~shall~~ must be applied for the period up to, and including, the month of death.

10.24 (c) Upon the death of a former legislator receiving a retirement allowance, the  
 10.25 surviving spouse ~~shall be~~ is entitled to one-half of the amount of the retirement allowance  
 10.26 being paid to the legislator. ~~Such~~

10.27 (d) The surviving spouse benefit shall be paid during is payable for the lifetime  
 10.28 of the surviving spouse.

10.29 Sec. 21. Minnesota Statutes 2004, section 3A.04, subdivision 2, is amended to read:

10.30 Subd. 2. **Dependent children.** (a) Upon the death of a member of the legislature  
 10.31 while serving as a member, or upon the death of a former member of the legislature who  
 10.32 has rendered at least ~~the number of six full~~ years of service ~~as required by section 3A.02,~~  
 10.33 ~~subdivision 1, clause (1)~~ or service in all or part of four regular legislative sessions and  
 10.34 who was not receiving a retirement allowance, each dependent child of the member or  
 10.35 former legislator ~~shall be~~ is entitled to receive a survivor benefit in the following amount:

11.1 (1) for the first dependent child, a monthly allowance which equals benefit equal to  
11.2 25 percent of the monthly retirement allowance of the member of the legislature or the  
11.3 former legislator computed as though the member or the former legislator had attained at  
11.4 least the normal retirement age on the date of death and based upon the average monthly  
11.5 salary as of the date of death or as of the date of termination, whichever is applicable  
11.6 applies, and the member's allowable service or eight years, whichever is greater;

11.7 (2) for each additional dependent child, a monthly allowance which equals benefit  
11.8 equal to 12-1/2 percent of the monthly retirement allowance of the member or the former  
11.9 legislator computed as provided in the case of the first child clause (1); but and

11.10 (3) the total amount paid to the surviving spouse and to the dependent child or  
11.11 children shall may not exceed, in anyone month, 100 percent of the monthly retirement  
11.12 allowance of the member or of the former legislator computed as provided in the case of  
11.13 the first child clause (1).

11.14 (b) The augmentation provided in section 3A.02, subdivision 4, if applicable,  
11.15 shall be applied applies from the first day of the month next following the date of the  
11.16 termination of the person from service as a member of the legislature to the month of  
11.17 the death of the person.

11.18 (c) Upon the death of a former legislator who was receiving a retirement allowance,  
11.19 the a surviving dependent child shall be is entitled to the applicable percentage specified  
11.20 above in paragraph (a), clause (1) or (2), whichever applies, of the amount of the  
11.21 allowance which was paid to the former legislator for the month immediately prior to  
11.22 before the date of death of the former legislator.

11.23 (d) The payments for dependent children shall must be made to the surviving spouse  
11.24 or to the guardian of the estate of the dependent children, if there is one.

11.25 Sec. 22. Minnesota Statutes 2004, section 3A.04, subdivision 3, is amended to read:

11.26 Subd. 3. **Payment.** The surviving spouse's spouse and dependent children's child  
11.27 or children survivor benefits payable under this section shall be paid are payable by the  
11.28 director monthly in the same manner as retirement allowances are authorized to be paid  
11.29 by this chapter.

11.30 Sec. 23. Minnesota Statutes 2004, section 3A.04, subdivision 4, is amended to read:

11.31 Subd. 4. **Death refunds.** (a) Upon the death of a member of the legislature or  
11.32 of a former legislator who was not receiving a retirement allowance; without leaving  
11.33 either a surviving spouse or a dependent child or dependent children, the last designated  
11.34 beneficiary named on a form that was filed with the director before the death of the  
11.35 legislator, or if no designation is filed, the estate of the member or the former legislator,  
11.36 upon application, shall be is entitled to a refund.

12.1 (b) The refund is the amount of contributions credited to the person's account plus  
12.2 interest as provided in section 3A.03, subdivision 2, ~~clause (2)~~ paragraph (a).

12.3 Sec. 24. Minnesota Statutes 2004, section 3A.04, is amended by adding a subdivision  
12.4 to read:

12.5 Subd. 5. **Appropriation.** The survivor benefits and the death refunds authorized by  
12.6 this section are appropriated to the director from the general fund when they are due and  
12.7 payable.

12.8 Sec. 25. Minnesota Statutes 2004, section 3A.05, is amended to read:

12.9 **3A.05 APPLICATION FOR SURVIVOR BENEFIT.**

12.10 (a) Applications for survivor benefits ~~pursuant to~~ under section 3A.04 ~~shall~~ must be  
12.11 filed with the director by the surviving spouse and dependent child or children entitled  
12.12 to benefits ~~pursuant to~~ under section 3A.04, or by the guardian of the estate, if there is  
12.13 one, of the dependent child or children.

12.14 (b) Survivor benefits ~~shall~~ accrue as of the first day of the month following the death  
12.15 of the member of the legislature or former legislator and payments ~~shall~~ commence as  
12.16 of the first of the month next following the filing of the application, and ~~shall be~~ are  
12.17 retroactive to the date the benefit accrues, ~~provided, however, that no payment shall be~~  
12.18 ~~retroactive for more than~~ or the first of the month occurring 12 months ~~prior to~~ before the  
12.19 month in which the application is filed with the director, whichever is earlier.

12.20 Sec. 26. Minnesota Statutes 2004, section 3A.07, is amended to read:

12.21 **3A.07 APPLICATION.**

12.22 (a) Except as provided in paragraph (b), this chapter applies to members of the  
12.23 legislature in service after July 1, 1965, who otherwise meet the requirements of this  
12.24 chapter.

12.25 (b) Members of the legislature who were elected for the first time after June 30,  
12.26 1997, or members of the legislature who were elected before July 1, 1997, and who, after  
12.27 July 1, 1998, elect not to be members of the plan established by this chapter are covered  
12.28 by the unclassified employees retirement program governed by chapter 352D.

12.29 (c) The post-July 1, 1998, coverage election under paragraph (b) is irrevocable  
12.30 and must be made on a form prescribed by the director. The second chance referendum  
12.31 election under Laws 2002, chapter 392, article 15, also is irrevocable.

12.32 Sec. 27. Minnesota Statutes 2004, section 3A.10, subdivision 1, is amended to read:

12.33 Subdivision 1. **Service credit for legislative term.** (a) In the case of a member of  
12.34 the house of representatives, one full term of office ~~shall~~ must be considered two full years

13.1 of service, notwithstanding the fact that the oath of office ~~may be~~ was taken on different  
13.2 days each biennium.

13.3 (b) In the case of a member of the senate, one full term of office ~~shall~~ must be  
13.4 considered four full years of service, notwithstanding the fact that the oath of office ~~may~~  
13.5 ~~be~~ was taken on different days at the start of each term.

13.6 (c) For purposes of this chapter, a legislative term ~~shall~~ must be deemed to  
13.7 commence on January ~~1st~~ 1 and to end on December ~~31st~~ 31.

13.8 Sec. 28. Minnesota Statutes 2004, section 3A.12, is amended to read:

13.9 **3A.12 COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR**  
13.10 **ASSOCIATION.**

13.11 Subdivision 1. **Entitlement to annuity.** (a) Any legislator who has been an  
13.12 ~~employee covered by~~ a member of a retirement plan listed in paragraph (b) is entitled,  
13.13 when otherwise qualified, to a retirement allowance or annuity from each plan if the total  
13.14 allowable service in all plans or in any two of these plans totals ten or more years.

13.15 (b) This section applies to any retirement plan or program administered by the  
13.16 Minnesota State Retirement System, or a member of any retirement plan administered  
13.17 by the Public Employees Retirement Association, including the Public Employees  
13.18 Retirement Association police and fire fund, or the Teachers Retirement Association, or  
13.19 the Minneapolis employees retirement Fund plan, or the State Patrol retirement fund  
13.20 plan, or any other public employee retirement system in the state of Minnesota having a  
13.21 like provision but excluding all.

13.22 (c) This section does not apply to other funds retirement plans providing benefits for  
13.23 police or firefighters, shall be entitled when qualified to an annuity from each fund if the  
13.24 total allowable service for which the legislator has credit in all funds or in any two of these  
13.25 funds totals ten or more years, provided.

13.26 (d) No portion of the allowable service upon which the retirement annuity from one  
13.27 fund plan is based is again used in the computation for benefits from another fund plan.  
13.28 The annuity from each fund shall plan must be determined by the appropriate provisions  
13.29 of the law, except that the requirement that a person must have at least ten a minimum  
13.30 number of years of allowable service in the respective system or association shall does not  
13.31 apply for the purposes of this section provided if the combined service in two or more  
13.32 of these funds plans equals ten or more years. The augmentation of deferred annuities  
13.33 provided in section 3A.02, subdivision 4, shall apply applies to the annuities accruing  
13.34 hereunder under this section.

13.35 Subd. 2. **Refund repayment.** Any A former legislator who has received a refund as  
13.36 provided in section 3A.03, subdivision 2, who is a currently contributing member of a

14.1 retirement ~~fund~~ plan specified in subdivision 1, paragraph (b), may repay the refund as  
 14.2 provided in section 3A.03, subdivision 2. ~~Any~~ A member of the legislature who has  
 14.3 received a refund from any of the ~~funds~~ retirement plans specified in subdivision 1; may  
 14.4 repay the refund to the respective ~~fund~~ plan under such terms and conditions consistent  
 14.5 with the law governing ~~such fund~~ the retirement plan if the law governing ~~such fund~~ the  
 14.6 plan permits the repayment of refunds. If the total amount to be repaid, including principal  
 14.7 and interest exceeds \$2,000, repayment may be made in three equal installments over a  
 14.8 period of 18 months, with the interest accrued during the period of the repayment added  
 14.9 to the final installment.

14.10 Sec. 29. Minnesota Statutes 2004, section 3A.13, is amended to read:

14.11 **3A.13 EXEMPTION FROM PROCESS AND TAXATION; HEALTH**  
 14.12 **PREMIUM DEDUCTION.**

14.13 (a) The provisions of section 352.15 ~~shall~~ apply to the legislators retirement plan,  
 14.14 chapter 3A.

14.15 (b) The executive director of the Minnesota State Retirement System must, at the  
 14.16 request of a retired legislator who is enrolled in a health insurance plan covering state  
 14.17 employees, deduct the person's health insurance premiums from the person's annuity and  
 14.18 transfer the amount of the premium to a health insurance carrier covering state employees.

14.19 Sec. 30. **[352C.001] RETIREMENT PLAN; APPLICATION.**

14.20 (a) The retirement plan applicable to a former constitutional officer who was first  
 14.21 elected to a constitutional office after July 1, 1967, and before July 1, 1997, is the  
 14.22 applicable portions of this chapter and chapter 356 in effect on the date on which the  
 14.23 person terminated active service as a constitutional officer.

14.24 (b) Nothing in this section or section 31 or 84, subdivision 2, is intended to reduce  
 14.25 the benefits of former constitutional officers or to adversely modify their eligibility for  
 14.26 benefits in effect as of the day before the effective date of this section.

14.27 Sec. 31. Minnesota Statutes 2004, section 352C.091, subdivision 1, is amended to read:

14.28 Subdivision 1. **Administrative agency and standards.** ~~This chapter~~ (a) The elected  
 14.29 officers retirement plan must be administered by the board of directors and the executive  
 14.30 director of the Minnesota State Retirement System.

14.31 (b) The elected state officers retirement plan must be administered consistent with  
 14.32 ~~this chapter~~ the applicable statutory provisions governing the plan and chapters 356 and  
 14.33 356A.

14.34 Sec. 32. Minnesota Statutes 2004, section 352C.10, is amended to read:

14.35 **352C.10 BENEFIT ADJUSTMENTS.**

15.1 Retirement allowances payable to retired constitutional officers ~~pursuant to section~~  
15.2 ~~352C.031~~ and surviving spouse benefits payable ~~pursuant to section 352C.04~~, shall must  
15.3 be adjusted in the same manner, at the same times and in the same amounts as are benefits  
15.4 payable from the Minnesota postretirement investment fund to retirees of a participating  
15.5 public pension fund.

15.6 Sec. 33. Minnesota Statutes 2004, section 352D.02, subdivision 1, is amended to read:

15.7 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),  
15.8 (3), (4), and (6) to (14), if they are in the unclassified service of the state or Metropolitan  
15.9 Council and are eligible for coverage under the general state employees retirement plan  
15.10 under chapter 352, are participants in the unclassified plan under this chapter unless the  
15.11 employee gives notice to the executive director of the Minnesota State Retirement System  
15.12 within one year following the commencement of employment in the unclassified service  
15.13 that the employee desires coverage under the general state employees retirement plan.  
15.14 For the purposes of this chapter, an employee who does not file notice with the executive  
15.15 director is deemed to have exercised the option to participate in the unclassified plan.

15.16 (b) Persons referenced in paragraph (c), ~~clauses (1) and clause (5)~~, are participants  
15.17 in the unclassified program under this chapter unless the person ~~is~~ was eligible to elect  
15.18 different coverage under section 3A.07 ~~or 352C.011~~ and, ~~after July 1, 1998, elects~~ elected  
15.19 retirement coverage by the applicable alternative retirement plan. Persons referenced  
15.20 in paragraph (c), clause (15), are participants in the unclassified program under this  
15.21 chapter for judicial employment in excess of the service credit limit in section 490.121,  
15.22 subdivision 22.

15.23 (c) Enumerated employees and referenced persons are:

15.24 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,  
15.25 and the attorney general;

15.26 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary  
15.27 of State, State Auditor, Attorney General;

15.28 (3) an employee of the State Board of Investment;

15.29 (4) the head of a department, division, or agency created by statute in the unclassified  
15.30 service, an acting department head subsequently appointed to the position, or an employee  
15.31 enumerated in section 15A.0815 or 15A.083, subdivision 4;

15.32 (5) a member of the legislature;

15.33 (6) a full-time unclassified employee of the legislature or a commission or agency of  
15.34 the legislature who is appointed without a limit on the duration of the employment or a  
15.35 temporary legislative employee having shares in the supplemental retirement fund as a

16.1 result of former employment covered by this chapter, whether or not eligible for coverage  
16.2 under the Minnesota State Retirement System;

16.3 (7) a person who is employed in a position established under section 43A.08,  
16.4 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing  
16.5 a department or agency of the state, which is at the deputy or assistant head of department  
16.6 or agency or director level;

16.7 (8) the regional administrator, or executive director of the Metropolitan Council,  
16.8 general counsel, division directors, operations managers, and other positions as designated  
16.9 by the council, all of which may not exceed 27 positions at the council and the chair;

16.10 (9) the executive director, associate executive director, and not to exceed nine  
16.11 positions of the Higher Education Services Office in the unclassified service, as designated  
16.12 by the Higher Education Services Office before January 1, 1992, or subsequently  
16.13 redesignated with the approval of the board of directors of the Minnesota State Retirement  
16.14 System, unless the person has elected coverage by the individual retirement account  
16.15 plan under chapter 354B;

16.16 (10) the clerk of the appellate courts appointed under article VI, section 2, of the  
16.17 Constitution of the state of Minnesota;

16.18 (11) the chief executive officers of correctional facilities operated by the Department  
16.19 of Corrections and of hospitals and nursing homes operated by the Department of Human  
16.20 Services;

16.21 (12) an employee whose principal employment is at the state ceremonial house;

16.22 (13) an employee of the Minnesota Educational Computing Corporation;

16.23 (14) an employee of the State Lottery who is covered by the managerial plan  
16.24 established under section 43A.18, subdivision 3; and

16.25 (15) a judge who has exceeded the service credit limit in section 490.121,  
16.26 subdivision 22.

16.27 Sec. 34. **REPEALER; EFFECT ON BENEFIT COVERAGE.**

16.28 **Subdivision 1. Legislators retirement plan; repealed as obsolete.** Minnesota  
16.29 **Statutes 2004, sections 3A.01, subdivisions 3, 4, 6a, and 7; 3A.02, subdivision 2; 3A.04,**  
16.30 **subdivision 1a; and 3A.09, are repealed.**

16.31 **Subd. 2. Elective state officers retirement plan; repealed as obsolete.** Minnesota  
16.32 **Statutes 2004, sections 352C.01; 352C.011; 352C.021, subdivisions 1, 2, 3, 4, 5, 6, and**  
16.33 **7; 352C.031, subdivisions 1, 2, 4, 5, and 6; 352C.033; 352C.04; 352C.051; 352C.09;**  
16.34 **and 352C.091, subdivisions 2 and 3, and Minnesota Statutes 2005 Supplement, section**  
16.35 **352C.021, subdivision 1a, are repealed.**

17.1 Sec. 35. **EFFECTIVE DATE.**

17.2 Sections 1 to 34 are effective July 1, 2006.

17.3 **ARTICLE 3**

17.4 **MINNESOTA STATE RETIREMENT SYSTEM**

17.5 **CONTRIBUTION INCREASES**

17.6 Section 1. Minnesota Statutes 2004, section 352.04, subdivision 2, is amended to read:

17.7 Subd. 2. **Employee contributions.** The employee contribution to the fund must be  
17.8 equal to ~~4.0~~the following percent of salary:

17.9	<u>before July 1, 2007</u>	<u>4.00</u>
17.10	<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
17.11	<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
17.12	<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
17.13	<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

17.14 These contributions must be made by deduction from salary as provided in  
17.15 subdivision 4.

17.16 Sec. 2. Minnesota Statutes 2004, section 352.04, subdivision 3, is amended to read:

17.17 Subd. 3. **Employer contributions.** The employer contribution to the fund must be  
17.18 equal to ~~4.0~~the following percent of salary:

17.19	<u>before July 1, 2007</u>	<u>4.00</u>
17.20	<u>from July 1, 2007, to June 30, 2008</u>	<u>4.25</u>
17.21	<u>from July 1, 2008, to June 30, 2009</u>	<u>4.50</u>
17.22	<u>from July 1, 2009, to June 30, 2010</u>	<u>4.75</u>
17.23	<u>from July 1, 2010, and thereafter</u>	<u>5.00.</u>

17.24 Sec. 3. **[352.045] PROCEDURE FOR REVISING EMPLOYEE AND**  
17.25 **EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.**

17.26 Subdivision 1. **Application.** This section applies to the general employees plan and  
17.27 the correctional employees plan under this chapter, and to the state patrol plan under  
17.28 chapter 352B.

17.29 Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency  
17.30 exists if, for purposes of the applicable plan, the total of the employee contributions,  
17.31 the employer contributions, and any additional employer contributions, if applicable,  
17.32 exceeds the total of the normal cost, the administrative expenses, and the amortization  
17.33 contribution of the retirement plan as reported in the most recent actuarial valuation of the  
17.34 retirement plan prepared by the actuary retained under section 356.214 and prepared under  
17.35 section 356.215 and the standards for actuarial work of the Legislative Commission on  
17.36 Pensions and Retirement. For purposes of this section, a contribution deficiency exists  
17.37 if, for the applicable plan, the total employee contributions, employer contributions, and

18.1 any additional employer contributions are less than the total of the normal cost, the  
18.2 administrative expenses, and the amortization contribution of the retirement plan as  
18.3 reported in the most recent actuarial valuation of the retirement plan prepared by the  
18.4 actuary retained under section 356.214 and prepared under section 356.215 and the  
18.5 standards for actuarial work of the Legislative Commission on Pensions and Retirement.

18.6 Subd. 3. **Contribution rate revision.** Notwithstanding the contribution rate  
18.7 provisions stated in plan law, the employee and employer contribution rates must be  
18.8 adjusted:

18.9 (1) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under  
18.10 section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal  
18.11 to or greater than 0.5 percent of covered payroll for two consecutive years, the employee  
18.12 and employer contribution rates for the applicable plan must be decreased as determined  
18.13 under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of  
18.14 covered payroll based on the most recent actuarial valuation; or

18.15 (2) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under  
18.16 section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of  
18.17 covered payroll for two consecutive years, the employee and employer contribution rates  
18.18 for the applicable plan must be increased as determined under subdivision 4 to a level such  
18.19 that no deficiency exists based on the most recent actuarial valuation.

18.20 Subd. 4. **Reporting, commission review.** (a) The contribution rate increase or  
18.21 decrease must be determined by the executive director of the Minnesota State Retirement  
18.22 System, must be reported to the chair and the executive director of the Legislative  
18.23 Commission on Pensions and Retirement on or before the next February 1, and, if the  
18.24 Legislative Commission on Pensions and Retirement does not recommend against the  
18.25 rate change or does not recommend a modification in the rate change, is effective on the  
18.26 next July 1 following the determination by the executive director that a contribution  
18.27 deficiency or sufficiency has existed for two consecutive fiscal years based on the most  
18.28 recent actuarial valuations under section 356.215. If the actuarially required contribution  
18.29 exceeds or is less than the total support provided by the combined employee and employer  
18.30 contribution rates for the applicable plan by more than 0.5 percent of covered payroll, the  
18.31 applicable plan employee and employer contribution rates must be adjusted incrementally  
18.32 over one or more years to a level such that there remains a contribution sufficiency of no  
18.33 more than 0.25 percent of covered payroll.

18.34 (b) No incremental adjustment may exceed 0.25 percent of payroll for either the  
18.35 employee or employer contribution rates per year in which any adjustment is implemented.  
18.36 For an applicable plan, a contribution rate adjustment under this section must not be

19.1 made until at least two years have passed since fully implementing a previous adjustment  
 19.2 under this section.

19.3 Sec. 4. Minnesota Statutes 2004, section 352.92, subdivision 1, is amended to read:

19.4 Subdivision 1. **Employee contributions.** Employee contributions of covered  
 19.5 correctional employees must be in an amount equal to ~~5.69~~the following percent of salary-:

19.6	<u>before July 1, 2007</u>	<u>5.69</u>
19.7	<u>from July 1, 2007, to June 30, 2008</u>	<u>6.40</u>
19.8	<u>from July 1, 2008, to June 30, 2009</u>	<u>7.00</u>
19.9	<u>from July 1, 2009, to June 30, 2010</u>	<u>7.70</u>
19.10	<u>from July 1, 2010, and thereafter</u>	<u>8.60.</u>

19.11 These contributions must be made by deduction from salary as provided in section  
 19.12 352.04, subdivision 4.

19.13 Sec. 5. Minnesota Statutes 2004, section 352.92, subdivision 2, is amended to read:

19.14 Subd. 2. **Employer contributions.** The employer shall contribute for covered  
 19.15 correctional employees an amount equal to ~~7.98~~the following percent of salary-:

19.16	<u>before July 1, 2007</u>	<u>7.98</u>
19.17	<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
19.18	<u>from July 1, 2008, to June 30, 2009</u>	<u>10.10</u>
19.19	<u>from July 1, 2009, to June 30, 2010</u>	<u>11.10</u>
19.20	<u>from July 1, 2010, and thereafter</u>	<u>12.10.</u>

19.21 Sec. 6. Minnesota Statutes 2004, section 352B.02, subdivision 1a, is amended to read:

19.22 Subd. 1a. **Member contributions.** Each member shall pay a sum equal to ~~8.40~~the  
 19.23 following percent of the member's salary, which shall constitute the member contribution  
 19.24 to the fund-:

19.25	<u>before July 1, 2007</u>	<u>8.40</u>
19.26	<u>from July 1, 2007, to June 30, 2008</u>	<u>9.10</u>
19.27	<u>from July 1, 2008, to June 30, 2009</u>	<u>9.80</u>
19.28	<u>from July 1, 2009, and thereafter</u>	<u>10.40.</u>

19.29 These contributions must be made by deduction from salary as provided in section  
 19.30 352.04, subdivision 4.

19.31 Sec. 7. Minnesota Statutes 2004, section 352B.02, subdivision 1c, is amended to read:

19.32 Subd. 1c. **Employer contributions.** In addition to member contributions,  
 19.33 department heads shall pay a sum equal to ~~12.60~~the following percent of the salary upon  
 19.34 which deductions were made, which shall constitute the employer contribution to the fund-:

19.35	<u>before July 1, 2007</u>	<u>12.60</u>
19.36	<u>from July 1, 2007, to June 30, 2008</u>	<u>13.60</u>

20.1 from July 1, 2008, to June 30, 2009 14.60  
 20.2 from July 1, 2009, and thereafter 15.60.

20.3 Department contributions must be paid out of money appropriated to departments  
 20.4 for this purpose.

20.5 Sec. 8. Minnesota Statutes 2004, section 352D.04, subdivision 2, is amended to read:

20.6 Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this  
 20.7 section is the employee and employer contributions provided in this subdivision.

20.8 (b) The employee contribution is an amount equal to ~~the employee contribution~~  
 20.9 ~~specified in section 352.04, subdivision 2~~ four percent of salary.

20.10 (c) The employer contribution is an amount equal to six percent of salary.

20.11 (d) These contributions must be made in the manner provided in section 352.04,  
 20.12 subdivisions 4, 5, and 6.

20.13 (e) For members of the legislature, the contributions under this subdivision also must  
 20.14 be made on per diem payments received during a regular or special legislative session, but  
 20.15 may not be made on per diem payments received outside of a regular or special legislative  
 20.16 session, on the additional compensation attributable to a leadership position under section  
 20.17 3.099, subdivision 3, living expense payments under section 3.101, or special session  
 20.18 living expense payments under section 3.103.

20.19 (f) For a judge who is a member of the unclassified plan under section 352D.02,  
 20.20 subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent  
 20.21 of salary, and there is no employer contribution.

20.22 Sec. 9. **EFFECTIVE DATE.**

20.23 (a) Sections 1, 2, 3, and 8 are effective July 1, 2007.

20.24 (b) Sections 4, 5, 6, and 7 are effective July 1, 2006.

20.25 **ARTICLE 4**

20.26 **MSRS-CORRECTIONAL RETIREMENT PLAN INCLUSIONS**

20.27 Section 1. Minnesota Statutes 2004, section 352.91, subdivision 3g, is amended to read:

20.28 Subd. 3g. **Additional Corrections Department personnel.** (a) "Covered  
 20.29 correctional service" means service by a state employee in one of the employment  
 20.30 positions at the designated Minnesota correctional facility specified in paragraph (b) if at  
 20.31 least 75 percent of the employee's working time is spent in direct contact with inmates and  
 20.32 the fact of this direct contact is certified to the executive director by the commissioner  
 20.33 of corrections.

20.34 (b) The qualifying employment positions and the designated correctional facilities  
 20.35 are:

