

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 was 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:

21.1 (1) corrections discipline unit supervisor, at the Minnesota Correctional
 21.2 Facility-Faribault, the Minnesota Correctional Facility-Lino Lakes, the Minnesota
 21.3 Correctional Facility-Oak Park Heights, the Minnesota Correctional Facility-Rush City,
 21.4 and the Minnesota Correctional Facility-St. Cloud;

21.5 (2) dental assistant registered, at the Minnesota Correctional Facility-Faribault, the
 21.6 Minnesota Correctional Facility-Lino Lakes, the Minnesota Correctional Facility-Moose
 21.7 Lake, the Minnesota Correctional Facility-Oak Park Heights, and the Minnesota
 21.8 Correctional Facility-Red Wing;

21.9 (3) dental hygienist, at the Minnesota Correctional Facility-Shakopee and the
 21.10 Minnesota Correctional Facility-Rush City;

21.11 (4) psychologist 2, at the Minnesota Correctional Facility-Faribault, the Minnesota
 21.12 Correctional Facility-Lino Lakes, the Minnesota Correctional Facility-Moose Lake,
 21.13 the Minnesota Correctional Facility-Oak Park Heights, the Minnesota Correctional
 21.14 Facility-Red Wing, the Minnesota Correctional Facility-Rush City, the Minnesota
 21.15 Correctional Facility-St. Cloud, the Minnesota Correctional Facility-Shakopee, and the
 21.16 Minnesota Correctional Facility-Stillwater; ~~or~~

21.17 (5) sentencing to service crew leader involved with the inmate community work
 21.18 crew program, at the Minnesota Correctional Facility-Faribault and the Minnesota
 21.19 Correctional Facility-Lino Lakes;

21.20 (6) laundry coordinator-mending, at the Minnesota Correctional Facility-Faribault;

21.21 (7) laundry coordinator-washroom, at the Minnesota Correctional Facility-Faribault;

21.22 (8) laundry coordinator, at the Minnesota Correctional Facility-Faribault; and

21.23 (9) delivery van driver, at the Minnesota Correctional Facility-Faribault.

21.24 Sec. 2. **COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN PERSONS.**

21.25 Subdivision 1. Election of prior state coverage. (a) An employee who has future
 21.26 retirement coverage transferred to the correctional state employees retirement plan under
 21.27 section 1 is entitled to elect to obtain prior service credit for eligible correctional state
 21.28 service performed after June 30, 1997, and before July 1, 2006, with the Department
 21.29 of Corrections and an employee who had future retirement coverage transferred to the
 21.30 correctional state employees retirement plan under Laws 2004, chapter 267, article 1,
 21.31 section 1, is entitled to elect to obtain prior service credit for eligible correctional state
 21.32 service performed at the Minnesota Correctional Facility-Rush City before August 1,
 21.33 2004. All prior service credit in either instance must be purchased.

21.34 (b) Eligible correctional state service is either a prior period of continuous service
 21.35 after June 30, 1997, or a prior period of continuous service at the Minnesota Correctional
 21.36 Facility-Rush City before August 1, 2004, whichever applies, performed as an employee

22.1 of the Department of Corrections that would have been eligible for the correctional
22.2 state employees retirement plan coverage under section 1, if that prior service had been
22.3 performed after August 1, 2004, or June 30, 2006, rather than before August 1, 2004, or
22.4 July 1, 2006, whichever applies. Service is continuous if there has been no period of
22.5 discontinuation of eligible state service for a period greater than 30 calendar days.

22.6 (c) The commissioner of corrections shall certify eligible correctional state service
22.7 to the commissioner of employee relations and to the executive director of the Minnesota
22.8 State Retirement System.

22.9 (d) A correctional employee covered under section 1 is entitled to purchase the past
22.10 service if the department certifies that the employee met the eligibility requirements for
22.11 coverage. The employee must make additional employee contributions. Payment for past
22.12 service must be completed by June 30, 2007.

22.13 Subd. 2. **Payment for prior service.** (a) An employee electing to obtain prior
22.14 service credit under subdivision 1 must pay an additional employee contribution for
22.15 that prior service. The additional member contribution is the contribution differential
22.16 percentage applied to the actual salary paid to the employee during the period of the
22.17 prior eligible correctional state service, plus interest at the rate of 8.5 percent per annum,
22.18 compounded annually. The contribution differential percentage is the difference between
22.19 5.69 percent of salary and the applicable employee contribution rate of the general state
22.20 employees retirement plan during the period of the prior eligible correctional state service.

22.21 (b) The additional member contribution may be paid only in a lump sum. Payment
22.22 must accompany the election to obtain prior service credit. No election or payment may
22.23 be made by the person or accepted by the executive director of the Minnesota State
22.24 Retirement System after June 30, 2007.

22.25 Subd. 3. **Transfer of assets.** (a) Assets must be transferred from the general state
22.26 employees retirement plan to the correctional state employees retirement plan in an
22.27 amount equal to the present value of benefits earned under the general state employees
22.28 retirement plan for each employee transferring to the correctional state employees
22.29 retirement plan under this section, as determined by the actuary retained under Minnesota
22.30 Statutes, section 356.214, in accordance with Minnesota Statutes, section 356.215,
22.31 multiplied by the accrued liability funding ratio of active members as derived from the
22.32 most recent actuarial valuation prepared by the actuary retained under Minnesota Statutes,
22.33 section 356.214.. The transfer of assets must be made within 30 days after the employee
22.34 elects to transfer the coverage to the correctional state employees retirement plan.

22.35 (b) The Department of Corrections shall pay the cost of the actuarial work performed
22.36 by the actuary retained under Minnesota Statutes, section 356.214, under paragraph (a)

23.1 upon receipt of a billing from the executive director of the Public Employees Retirement
23.2 Association.

23.3 Subd. 4. **Effect of the asset transfer.** Upon the transfer of assets in subdivision
23.4 3, service credit in the general state employees retirement plan of the Minnesota State
23.5 Retirement System is forfeited and may not be reinstated. The service credit and
23.6 transferred assets must be credited to the correctional state employees retirement plan.

23.7 Sec. 3. **SERVICE CREDIT TRANSFER TO CORRECTIONAL PLAN.**

23.8 Subdivision 1. **Authorization.** If the review of the corrections program director
23.9 position of the eligible individual under Minnesota Statutes 2005 Supplement, section
23.10 352.91, subdivision 4a, results in the inclusion of the corrections program director position
23.11 in the correctional state employees retirement plan of the Minnesota State Retirement
23.12 System by legislative enactment during the 2006 or 2007 legislative sessions, an eligible
23.13 individual specified in subdivision 2 is authorized to have service credit in the Minnesota
23.14 State Retirement System general state employees retirement plan for employment as
23.15 a corrections program director from June 17, 1995, to June 5, 2001, transferred from
23.16 the Minnesota State Retirement System general state employees retirement plan to the
23.17 Minnesota State Retirement System correctional state employees retirement plan, if all
23.18 conditions required by this section are met.

23.19 Subd. 2. **Eligibility.** An eligible individual is an individual who:

23.20 (1) was born on November 14, 1956;

23.21 (2) is currently employed as a corrections lieutenant;

23.22 (3) was covered by the Minnesota State Retirement System correctional state
23.23 employees retirement plan for service provided from November 1, 1980, to June 16, 1995;

23.24 (4) was covered by the Minnesota State Retirement System general state employees
23.25 retirement plan for employment as a corrections program director from June 17, 1995, to
23.26 June 5, 2001; and

23.27 (5) is covered by the Minnesota State Retirement System correctional state
23.28 employees retirement plan for employment as a corrections lieutenant beginning June
23.29 6, 2001.

23.30 Subd. 3. **Employee equivalent contribution.** To receive the transfer of service
23.31 credit specified in subdivision 1, the individual must pay to the executive director of the
23.32 Minnesota State Retirement System the difference between the employee contribution rate
23.33 for the general state employees retirement plan and the employee contribution rate for
23.34 the correctional state employees retirement plan in effect during the period eligible for
23.35 transfer applied to the eligible individual's salary at the time each additional contribution

24.1 would have been deducted from pay if coverage had been provided by the correctional
24.2 state employees retirement plan. These amounts shall be paid in a lump sum by September
24.3 1, 2005, or prior to termination of service, whichever is earlier, plus 8.5 percent annual
24.4 compound interest from the applicable payroll deduction date until paid.

24.5 Subd. 4. **Employer equivalent.** The eligible individual shall also pay to the
24.6 executive director of the Minnesota State Retirement System the difference between
24.7 the employer contribution rate for the general state employees retirement plan and the
24.8 employer contribution rate for the correctional state employees retirement plan in effect
24.9 during the period eligible for transfer applied to the eligible individual's salary at the
24.10 time each additional contribution would have been deducted from pay if coverage had
24.11 been provided by the correctional state employees retirement plan. These amounts shall
24.12 be paid in a lump sum at the same time as the amount under subdivision 3, with interest
24.13 as specified in that subdivision.

24.14 Subd. 5. **Transfer of assets.** If payments under subdivisions 3 and 4 are made,
24.15 assets must be transferred from the general state employees retirement plan fund to the
24.16 correctional state employees retirement plan fund in an amount equal to the present value
24.17 of benefits earned by the eligible individual under the general state employees retirement
24.18 plan, as determined by the actuary retained under section 356.214 in accordance with
24.19 Minnesota Statutes, section 356.215. The transfer of assets must be made within 45 days
24.20 after the receipt of payments under subdivisions 3 and 4.

24.21 Subd. 6. **Effect of the asset transfer.** Upon transfer of assets in subdivision 5,
24.22 service credit in the general state employees retirement plan of the Minnesota State
24.23 Retirement System is forfeited and may not be reinstated. The service credit and
24.24 transferred assets must be credited to the correctional state employees retirement plan.

24.25 Subd. 7. **Payment of actuarial calculation costs.** The expense for the calculations
24.26 by the actuary under subdivision 5 must be paid by the Department of Corrections.

24.27 Sec. 4. **EFFECTIVE DATE.**

24.28 (a) This section is effective the day following final enactment.

24.29 (b) Section 3 is effective July 1, 2006, applies retroactively to permit a transfer by an
24.30 eligible individual of service credit before January 1, 2008, even if the eligible individual
24.31 has terminated active state employment before July 1, 2007, and, if the eligible individual
24.32 is in receipt of a retirement annuity from the correctional state employees retirement plan
24.33 of the Minnesota State Retirement System on or before July 1, 2007, allows the eligible
24.34 individual to have the retirement annuity recalculated on the basis of any transferred
24.35 service credit.

ARTICLE 5

DEFERRED ANNUITY AUGMENTATION RATE CHANGE

Section 1. Minnesota Statutes 2004, section 352.116, subdivision 1a, is amended to read:

Subd. 1a. **Actuarial reduction for early retirement.** This subdivision applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who retires before the normal retirement age shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (b), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at an annual rate of 2.5 percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee initially becomes an employee after June 30, 2006.

Sec. 2. Minnesota Statutes 2004, section 352.72, subdivision 2, is amended to read:

Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as provided in section 352.22, subdivision 3, on the basis of allowable service before termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity must be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent compounded annually until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former employee attains age 55; and from that date to the effective date of retirement, the rate is five percent compounded annually if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. If a person has more than one period of uninterrupted service, the required reserves

26.1 related to each period must be augmented by interest under this subdivision. The sum
26.2 of the augmented required reserves so determined is the present value of the annuity.
26.3 "Uninterrupted service" for the purpose of this subdivision means periods of covered
26.4 employment during which the employee has not been separated from state service for more
26.5 than two years. If a person repays a refund, the service restored by the repayment must be
26.6 considered continuous with the next period of service for which the employee has credit
26.7 with this system. The formula percentages used for each period of uninterrupted service
26.8 must be those applicable to a new employee. The mortality table and interest assumption
26.9 used to compute the annuity must be those in effect when the employee files application
26.10 for annuity. This section does not reduce the annuity otherwise payable under this chapter.

26.11 (b) The retirement annuity or disability benefit of, or the survivor benefit payable on
26.12 behalf of, a former state employee who terminated service before July 1, 1997, which is
26.13 not first payable until after June 30, 1997, must be increased on an actuarial equivalent
26.14 basis to reflect the change in the postretirement interest rate actuarial assumption under
26.15 section 356.215, subdivision 8, from five percent to six percent under a calculation
26.16 procedure and the tables adopted by the board and approved by the actuary retained by
26.17 the Legislative Commission on Pensions and Retirement.

26.18 Sec. 3. Minnesota Statutes 2004, section 352B.30, subdivision 2, is amended to read:

26.19 Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed
26.20 according to this chapter on the basis of allowable service before termination of service
26.21 and augmented as provided in this chapter. The required reserves applicable to a deferred
26.22 annuity must be augmented by interest compounded annually from the first day of the
26.23 month following the month in which the member terminated service, or July 1, 1971,
26.24 whichever is later, to the first day of the month in which the annuity begins to accrue. The
26.25 rates of interest used for this purpose shall be five percent per year compounded annually
26.26 until January 1, 1981, and after that date three percent per year compounded annually if
26.27 the employee became an employee before July 1, 2006, and at 2.5 percent compounded
26.28 annually if the employee becomes an employee after June 30, 2006. The mortality table
26.29 and interest assumption used to compute the annuity shall be those in effect when the
26.30 member files application for annuity.

26.31 Sec. 4. Minnesota Statutes 2004, section 353.30, subdivision 5, is amended to read:

26.32 Subd. 5. **Actuarial reduction for early retirement.** This subdivision applies to a
26.33 member who has become at least 55 years old and first became a public employee after
26.34 June 30, 1989, and to any other member who has become at least 55 years old and whose
26.35 annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in
26.36 conjunction with this subdivision than when calculated under section 353.29, subdivision

27.1 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who
27.2 retires before normal retirement age shall be paid the retirement annuity provided in
27.3 section 353.29, subdivision 3, paragraph (b), reduced so that the reduced annuity is the
27.4 actuarial equivalent of the annuity that would be payable to the employee if the employee
27.5 deferred receipt of the annuity and the annuity amount were augmented at an annual rate
27.6 of three percent compounded annually from the day the annuity begins to accrue until the
27.7 normal retirement age if the employee became an employee before July 1, 2006, and at 2.5
27.8 percent compounded annually from the day the annuity begins to accrue until the normal
27.9 retirement age if the employee initially becomes an employee after June 30, 2006.

27.10 Sec. 5. Minnesota Statutes 2004, section 353.71, subdivision 2, is amended to read:

27.11 Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred
27.12 annuity accruing under subdivision 1, or under sections 353.34, subdivision 3, and
27.13 353.68, subdivision 4, must be computed on the basis of allowable service prior to the
27.14 termination of public service and augmented as provided in this paragraph. The required
27.15 reserves applicable to a deferred annuity, or to any deferred segment of an annuity must
27.16 be determined as of the first day of the month following the month in which the former
27.17 member ceased to be a public employee, or July 1, 1971, whichever is later. These
27.18 required reserves must be augmented at the rate of five percent annually compounded
27.19 annually until January 1, 1981, and at the rate of three percent thereafter until January 1
27.20 of the year following the year in which the former member attains age 55: and from that
27.21 date to the effective date of retirement, the rate is five percent compounded annually if
27.22 the employee became an employee before July 1, 2006, and at 2.5 percent compounded
27.23 annually if the employee becomes an employee after June 30, 2006. If a person has more
27.24 than one period of uninterrupted service, the required reserves related to each period
27.25 must be augmented as specified in this paragraph. The sum of the augmented required
27.26 reserves is the present value of the annuity. Uninterrupted service for the purpose of this
27.27 subdivision means periods of covered employment during which the employee has not
27.28 been separated from public service for more than two years. If a person repays a refund,
27.29 the restored service must be considered as continuous with the next period of service
27.30 for which the employee has credit with this association. This section must not reduce
27.31 the annuity otherwise payable under this chapter. This paragraph applies to individuals
27.32 who become deferred annuitants on or after July 1, 1971. For a member who became a
27.33 deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, if the
27.34 former active member applies for an annuity after July 1, 1973.

27.35 (b) The retirement annuity or disability benefit of, or the survivor benefit payable on
27.36 behalf of, a former member who terminated service before July 1, 1997, or the survivor

28.1 benefit payable on behalf of a basic or police and fire member who was receiving disability
 28.2 benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased
 28.3 on an actuarial equivalent basis to reflect the change in the postretirement interest rate
 28.4 actuarial assumption under section 356.215, subdivision 8, from five percent to six percent
 28.5 under a calculation procedure and tables adopted by the board and approved by the actuary
 28.6 retained by the Legislative Commission on Pensions and Retirement.

28.7 Sec. 6. Minnesota Statutes 2005 Supplement, section 354.44, subdivision 6, is
 28.8 amended to read:

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

28.13 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
 28.14 became a member of the association or a member of a pension fund listed in section
 28.15 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with
 28.16 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The
 28.17 average salary as defined in section 354.05, subdivision 13a, multiplied by the following
 28.18 percentages per year of formula service credit shall determine the amount of the annuity to
 28.19 which the member qualifying therefor is entitled:

28.20		Coordinated Member	Basic Member
28.21	Each year of service	the percent specified	the percent
28.22	during first ten	in section 356.315,	specified in
28.23		subdivision 1, per year	section 356.315,
28.24			subdivision 3, per
28.25			year
28.26	Each year of service	the percent specified	the percent
28.27	thereafter	in section 356.315,	specified in
28.28		subdivision 2, per year	section 356.315,
28.29			subdivision 4, per
28.30			year

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

28.36 (ii) Where any member retires prior to normal retirement age under a formula
 28.37 annuity, the member shall be paid a retirement annuity in an amount equal to the normal
 28.38 annuity provided in paragraph (b) reduced by one-quarter of one percent for each month
 28.39 that the member is under normal retirement age at the time of retirement except that for

29.1 any member who has 30 or more years of allowable service credit, the reduction shall be
29.2 applied only for each month that the member is under age 62.

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

29.6 (d) This paragraph applies to a member who has become at least 55 years old and
29.7 first became a member of the association after June 30, 1989, and to any other member
29.8 who has become at least 55 years old and whose annuity amount when calculated under
29.9 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated
29.10 under paragraph (b), in conjunction with paragraph (c). The average salary, as defined in
29.11 section 354.05, subdivision 13a, multiplied by the percent specified by section 356.315,
29.12 subdivision 4, for each year of service for a basic member and by the percent specified in
29.13 section 356.315, subdivision 2, for each year of service for a coordinated member shall
29.14 determine the amount of the retirement annuity to which the member is entitled.

29.15 (e) This paragraph applies to a person who has become at least 55 years old and first
29.16 becomes a member of the association after June 30, 1989, and to any other member who
29.17 has become at least 55 years old and whose annuity is higher when calculated under
29.18 paragraph (d) in conjunction with this paragraph than when calculated under paragraph
29.19 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity
29.20 before the normal retirement age shall be paid the normal annuity provided in paragraph
29.21 (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would
29.22 be payable to the employee if the employee deferred receipt of the annuity and the annuity
29.23 amount were augmented at an annual rate of three percent compounded annually from the
29.24 day the annuity begins to accrue until the normal retirement age if the employee became
29.25 an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
29.26 becomes an employee after June 30, 2006.

29.27 (f) No retirement annuity is payable to a former employee with a salary that exceeds
29.28 95 percent of the governor's salary unless and until the salary figures used in computing
29.29 the highest five successive years average salary under paragraph (a) have been audited by
29.30 the Teachers Retirement Association and determined by the executive director to comply
29.31 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

29.32 Sec. 7. Minnesota Statutes 2004, section 354.55, subdivision 11, is amended to read:

29.33 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
29.34 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
29.35 accumulated deductions in the fund for the purpose of receiving a deferred annuity at

30.1 retirement. Eligibility for an annuity under this subdivision is governed pursuant to
30.2 section 354.44, subdivision 1, or 354.60.

30.3 (b) The amount of the deferred retirement annuity is determined by section 354.44,
30.4 subdivision 6, and augmented as provided in this subdivision. The required reserves
30.5 related to that portion of the annuity which had accrued when the member ceased to
30.6 render teaching service must be augmented by interest compounded annually from the
30.7 first day of the month following the month during which the member ceased to render
30.8 teaching service to the effective date of retirement. There shall be no augmentation if
30.9 this period is less than three months or if this period commences prior to July 1, 1971.
30.10 The rates of interest used for this purpose must be five percent compounded annually
30.11 commencing July 1, 1971, until January 1, 1981, and three percent compounded annually
30.12 thereafter until January 1 of the year following the year in which the former member
30.13 attains age 55; and from that date to the effective date of retirement, the rate is five percent
30.14 compounded annually if the employee became an employee before July 1, 2006, and at
30.15 2.5 percent compounded annually if the employee becomes an employee after June 30,
30.16 2006. If a person has more than one period of uninterrupted service, a separate average
30.17 salary determined under section 354.44, subdivision 6, must be used for each period and
30.18 the required reserves related to each period must be augmented by interest pursuant to
30.19 this subdivision. The sum of the augmented required reserves so determined shall be the
30.20 basis for purchasing the deferred annuity. If a person repays a refund, the service restored
30.21 by the repayment must be considered as continuous with the next period of service for
30.22 which the person has credit with this fund. If a person does not render teaching service in
30.23 any one fiscal year or more consecutive fiscal years and then resumes teaching service,
30.24 the formula percentages used from the date of the resumption of teaching service must be
30.25 those applicable to new members. The mortality table and interest assumption used to
30.26 compute the annuity must be the applicable mortality table established by the board under
30.27 section 354.07, subdivision 1, and the interest rate assumption under section 356.215 in
30.28 effect when the member retires. A period of uninterrupted service for the purposes of this
30.29 subdivision means a period of covered teaching service during which the member has not
30.30 been separated from active service for more than one fiscal year.

30.31 (c) In no case shall the annuity payable under this subdivision be less than the
30.32 amount of annuity payable pursuant to section 354.44, subdivision 6.

30.33 (d) The requirements and provisions for retirement before normal retirement age
30.34 contained in section 354.44, subdivision 6, clause (3) or (5), shall also apply to an
30.35 employee fulfilling the requirements with a combination of service as provided in section
30.36 354.60.

31.1 (e) The augmentation provided by this subdivision applies to the benefit provided
31.2 in section 354.46, subdivision 2.

31.3 (f) The augmentation provided by this subdivision shall not apply to any period in
31.4 which a person is on an approved leave of absence from an employer unit covered by the
31.5 provisions of this chapter.

31.6 (g) The retirement annuity or disability benefit of, or the survivor benefit payable on
31.7 behalf of, a former teacher who terminated service before July 1, 1997, which is not first
31.8 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to
31.9 reflect the change in the postretirement interest rate actuarial assumption under section
31.10 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
31.11 tables adopted by the board as recommended by an approved actuary and approved by the
31.12 actuary retained by the Legislative Commission on Pensions and Retirement.

31.13 Sec. 8. Minnesota Statutes 2004, section 354A.31, subdivision 7, is amended to read:

31.14 Subd. 7. **Actuarial reduction for early retirement.** This subdivision applies to
31.15 a person who has become at least 55 years old and first becomes a coordinated member
31.16 after June 30, 1989, and to any other coordinated member who has become at least 55
31.17 years old and whose annuity is higher when calculated using the retirement annuity
31.18 formula percentage in subdivision 4, paragraph (d), and subdivision 4a, paragraph (d), in
31.19 conjunction with this subdivision than when calculated under subdivision 4, paragraph
31.20 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6. A coordinated
31.21 member who retires before the full benefit age shall be paid the retirement annuity
31.22 calculated using the retirement annuity formula percentage in subdivision 4, paragraph
31.23 (d), or subdivision 4a, paragraph (d), reduced so that the reduced annuity is the actuarial
31.24 equivalent of the annuity that would be payable to the member if the member deferred
31.25 receipt of the annuity and the annuity amount were augmented at an annual rate of three
31.26 percent compounded annually from the day the annuity begins to accrue until the normal
31.27 retirement age if the employee became an employee before July 1, 2006, and at 2.5
31.28 percent compounded annually from the day the annuity begins to accrue until the normal
31.29 retirement age if the person initially becomes a teacher after June 30, 2006.

31.30 Sec. 9. Minnesota Statutes 2004, section 354A.37, subdivision 2, is amended to read:

31.31 Subd. 2. **Eligibility for deferred retirement annuity.** Any coordinated member
31.32 who ceases to render teaching services for the school district in which the teachers
31.33 retirement fund association is located, with sufficient allowable service credit to meet
31.34 the minimum service requirements specified in section 354A.31, subdivision 1, shall be
31.35 entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The
31.36 deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be

32.1 augmented as provided in this subdivision. The deferred annuity shall commence upon
32.2 application after the person on deferred status attains at least the minimum age specified in
32.3 section 354A.31, subdivision 1.

32.4 The monthly annuity amount that had accrued when the member ceased to render
32.5 teaching service must be augmented from the first day of the month following the month
32.6 during which the member ceased to render teaching service to the effective date of
32.7 retirement. There is no augmentation if this period is less than three months. The rate of
32.8 augmentation is three percent compounded annually until January 1 of the year following
32.9 the year in which the former member attains age 55, and five percent compounded
32.10 annually after that date to the effective date of retirement if the employee became an
32.11 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
32.12 becomes an employee after June 30, 2006. If a person has more than one period of
32.13 uninterrupted service, a separate average salary determined under section 354A.31 must
32.14 be used for each period, and the monthly annuity amount related to each period must be
32.15 augmented as provided in this subdivision. The sum of the augmented monthly annuity
32.16 amounts determines the total deferred annuity payable. If a person repays a refund, the
32.17 service restored by the repayment must be considered as continuous with the next period
32.18 of service for which the person has credit with the fund. If a person does not render
32.19 teaching services in any one fiscal year or more consecutive fiscal years and then resumes
32.20 teaching service, the formula percentages used from the date of resumption of teaching
32.21 service are those applicable to new members. The mortality table and interest assumption
32.22 used to compute the annuity are the table established by the fund to compute other
32.23 annuities, and the interest assumption under section 356.215 in effect when the member
32.24 retires. A period of uninterrupted service for the purpose of this subdivision means a
32.25 period of covered teaching service during which the member has not been separated from
32.26 active service for more than one fiscal year.

32.27 The augmentation provided by this subdivision applies to the benefit provided in
32.28 section 354A.35, subdivision 2. The augmentation provided by this subdivision does
32.29 not apply to any period in which a person is on an approved leave of absence from an
32.30 employer unit.

32.31 Sec. 10. Minnesota Statutes 2004, section 356.30, subdivision 1, is amended to read:

32.32 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any
32.33 provisions of the laws governing the retirement plans enumerated in subdivision 3, a
32.34 person who has met the qualifications of paragraph (b) may elect to receive a retirement
32.35 annuity from each enumerated retirement plan in which the person has at least one-half

33.1 year of allowable service, based on the allowable service in each plan, subject to the
33.2 provisions of paragraph (c).

33.3 (b) A person may receive, upon retirement, a retirement annuity from each
33.4 enumerated retirement plan in which the person has at least one-half year of allowable
33.5 service, and augmentation of a deferred annuity calculated at the appropriate rate under
33.6 the laws governing each public pension plan or fund named in subdivision 3, based on
33.7 the date of the person's initial entry into public employment from the date the person
33.8 terminated all public service if:

33.9 (1) the person has allowable service totaling an amount that allows the person to
33.10 receive an annuity in any two or more of the enumerated plans; and

33.11 (2) the person has not begun to receive an annuity from any enumerated plan or the
33.12 person has made application for benefits from each applicable plan and the effective
33.13 dates of the retirement annuity with each plan under which the person chooses to receive
33.14 an annuity are within a one-year period.

33.15 (c) The retirement annuity from each plan must be based upon the allowable service,
33.16 accrual rates, and average salary in the applicable plan except as further specified or
33.17 modified in the following clauses:

33.18 (1) the laws governing annuities must be the law in effect on the date of termination
33.19 from the last period of public service under a covered retirement plan with which the
33.20 person earned a minimum of one-half year of allowable service credit during that
33.21 employment;

33.22 (2) the "average salary" on which the annuity from each covered plan in which
33.23 the employee has credit in a formula plan must be based on the employee's highest five
33.24 successive years of covered salary during the entire service in covered plans;

33.25 (3) the accrual rates to be used by each plan must be those percentages prescribed by
33.26 each plan's formula as continued for the respective years of allowable service from one
33.27 plan to the next, recognizing all previous allowable service with the other covered plans;

33.28 (4) the allowable service in all the plans must be combined in determining eligibility
33.29 for and the application of each plan's provisions in respect to reduction in the annuity
33.30 amount for retirement prior to normal retirement age; and

33.31 (5) the annuity amount payable for any allowable service under a nonformula plan
33.32 of a covered plan must not be affected, but such service and covered salary must be used
33.33 in the above calculation.

33.34 (d) This section does not apply to any person whose final termination from the last
33.35 public service under a covered plan was before May 1, 1975.

34.1 (e) For the purpose of computing annuities under this section, the accrual rates
34.2 used by any covered plan, except the public employees police and fire plan, the judges'
34.3 retirement fund, and the State Patrol retirement plan, must not exceed the percent specified
34.4 in section 356.315, subdivision 4, per year of service for any year of service or fraction
34.5 thereof. The formula percentage used by the judges' retirement fund must not exceed the
34.6 percentage rate specified in section 356.315, subdivision 8, per year of service for any
34.7 year of service or fraction thereof. The accrual rate used by the public employees police
34.8 and fire plan and the State Patrol retirement plan must not exceed the percentage rate
34.9 specified in section 356.315, subdivision 6, per year of service for any year of service or
34.10 fraction thereof. The accrual rate or rates used by the legislators retirement plan and the
34.11 elective state officers retirement plan must not exceed 2.5 percent, but this limit does not
34.12 apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or
34.13 352C.031, paragraph (b).

34.14 (f) Any period of time for which a person has credit in more than one of the covered
34.15 plans must be used only once for the purpose of determining total allowable service.

34.16 (g) If the period of duplicated service credit is more than one-half year, or the person
34.17 has credit for more than one-half year, with each of the plans, each plan must apply its
34.18 formula to a prorated service credit for the period of duplicated service based on a fraction
34.19 of the salary on which deductions were paid to that fund for the period divided by the total
34.20 salary on which deductions were paid to all plans for the period.

34.21 (h) If the period of duplicated service credit is less than one-half year, or when
34.22 added to other service credit with that plan is less than one-half year, the service credit
34.23 must be ignored and a refund of contributions made to the person in accord with that
34.24 plan's refund provisions.

34.25 Sec. 11. **EFFECTIVE DATE.**

34.26 Sections 1 to 10 are effective July 1, 2006.

34.27 **ARTICLE 6**

34.28 **RETIREMENT PLAN ADMINISTRATIVE PROVISIONS**

34.29 Section 1. Minnesota Statutes 2004, section 136F.45, subdivision 1a, is amended to
34.30 read:

34.31 Subd. 1a. **Subsequent vendor contracts.** (a) The board may limit the number
34.32 of vendors under subdivision 1.

34.33 (b) In addition to any other tax-sheltered annuity program investment options, the
34.34 board may offer as an investment option the Minnesota supplemental investment fund
34.35 administered by the State Board of Investment under section 11A.17.

35.1 ~~(c) For the tax-sheltered annuity program vendor contracts executed after July 1,~~
35.2 ~~2000,~~The board shall actively solicit participation of and shall include as vendors lower
35.3 expense and "no-load" mutual funds or equivalent investment products as those terms are
35.4 defined by the federal Securities and Exchange Commission. ~~To the extent possible, in~~
35.5 ~~addition to a range of insurance annuity contract providers and other mutual fund provider~~
35.6 ~~arrangements, the board must assure that no less than five insurance annuity providers~~
35.7 ~~and no less than one nor more than three lower expense and "no-load" mutual funds or~~
35.8 ~~equivalent investment products will be made available for direct access by employee~~
35.9 ~~participants.~~To the extent that offering a lower expense "no-load" product increases the
35.10 total necessary and reasonable expenses of the program and if the board is unable to
35.11 negotiate a rebate of fees from the mutual fund or equivalent investment product providers,
35.12 the board may charge the participants utilizing the lower expense "no-load" mutual fund
35.13 products a fee to cover those expenses. The participant fee may not exceed one percent
35.14 of the participant's annual contributions or \$20 per participant per year, whichever is
35.15 greater. Any excess fee revenue generated under this subdivision must be reimbursed to
35.16 participant accounts in the manner provided in subdivision 3a.

35.17 Sec. 2. Minnesota Statutes 2004, section 352.113, subdivision 7a, is amended to read:

35.18 Subd. 7a. **Temporary reemployment benefit reduction waiver.** (a) A reduction in
35.19 benefits under subdivision 7, or a termination of benefits due to the disabled employee
35.20 resuming a gainful occupation from which earnings are equal to or more than the
35.21 employee's salary at the date of disability or the salary currently paid for similar positions
35.22 does not apply until six months after the individual returns to a gainful occupation.

35.23 (b) No deductions for the retirement fund may be taken from the salary of a disabled
35.24 person who is attempting to return to work under this provision unless the member waives
35.25 further disability benefits.

35.26 (c) A member may return to employment and continue disability benefit payments
35.27 under this subdivision only once while receiving disability benefits from a plan
35.28 administered by the Minnesota State Retirement System.

35.29 Sec. 3. Minnesota Statutes 2004, section 352.116, subdivision 3a, is amended to read:

35.30 Subd. 3a. **Bounce-back annuity.** (a) If a retired employee or disabilitant selects
35.31 a joint and survivor annuity option under subdivision 3 after June 30, 1989, the retired
35.32 employee or disabilitant must receive a normal single-life annuity if the designated
35.33 optional annuity beneficiary dies before the retired employee or disabilitant. Under this
35.34 option, no reduction may be made in the annuity to provide for restoration of the normal
35.35 single-life annuity in the event of the death of the designated optional annuity beneficiary.

36.1 ~~(b) A retired employee or disabilitant who selected an optional joint and survivor~~
36.2 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~
36.3 ~~single-life annuity is payable to the retired employee or the disabilitant if the designated~~
36.4 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single-life~~
36.5 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~
36.6 ~~reduction of the person's annuity. A retired employee or disabilitant who selected an~~
36.7 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~
36.8 ~~before July 1, 1989, shall receive a normal single-life annuity after that date, but shall not~~
36.9 ~~receive retroactive payments for periods before that date.~~ The annuity adjustment specified
36.10 in paragraph (a) also applies to joint and survivor annuity options under subdivision
36.11 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
36.12 July 1, 1989, or on the first day of the first month following the death of the designated
36.13 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
36.14 as authorizing retroactive payments.

36.15 ~~(c) A retired employee or disabilitant who took a further actuarial reduction to elect~~
36.16 ~~an optional joint and survivor annuity that provides that the normal annuity is payable~~
36.17 ~~to the retired employee or disabilitant if the designated optional beneficiary died before~~
36.18 ~~July 1, 1989, shall have the annuity increased as of July 1, 1989, to the amount the person~~
36.19 ~~would have received if, at the time of retirement or disability, the person had selected only~~
36.20 ~~optional survivor coverage that would not have provided for restoration of the normal~~
36.21 ~~annuity upon the death of the designated optional annuity beneficiary. Any annuity or~~
36.22 ~~benefit increase under this paragraph is effective only for payments made after June 30,~~
36.23 ~~1989, and is not retroactive for payments made before July 1, 1989.~~

36.24 Sec. 4. Minnesota Statutes 2004, section 352.116, subdivision 3b, is amended to read:

36.25 Subd. 3b. **Bounce-back annuity.** (a) The board of directors must provide a joint
36.26 and survivor annuity option to members of the correctional employees and State Patrol
36.27 retirement funds. Under this option, if a former member or disabilitant selects a joint
36.28 and survivor annuity option after June 30, 1989, the former member or disabilitant must
36.29 receive a normal single life annuity if the designated optional annuity beneficiary dies
36.30 before the former member or disabilitant. Under this option, no reduction may be made
36.31 in the person's annuity to provide for restoration of the normal single life annuity in the
36.32 event of the death of the designated optional annuity beneficiary.

36.33 ~~(b) A former member or disabilitant of the correctional or State Patrol fund who~~
36.34 ~~selected an optional joint and survivor annuity before July 1, 1989, but did not choose an~~
36.35 ~~option that provides that the normal single-life annuity is payable to the former member~~
36.36 ~~or the disabilitant if the designated optional annuity beneficiary dies first, is eligible for~~

37.1 ~~restoration of the normal single life annuity if the designated optional annuity beneficiary~~
37.2 ~~dies first, without further actuarial reduction of the person's annuity. A former member~~
37.3 ~~or disabilitant who selected an optional joint and survivor annuity, but whose designated~~
37.4 ~~optional annuity beneficiary died before July 1, 1989, shall receive a normal single life~~
37.5 ~~annuity after that date, but shall not receive retroactive payments for periods before that~~
37.6 ~~date.~~ The annuity adjustment specified in paragraph (a) also applies to joint and survivor
37.7 annuity options elected prior to July 1, 1989. The annuity adjustment under this paragraph
37.8 occurs on July 1, 1989, or on the first day of the first month following the death of the
37.9 designated optional annuity beneficiary, whichever is later. This paragraph should not be
37.10 interpreted as authorizing retroactive payments.

37.11 ~~(c) A former member or disabilitant who took a further actuarial reduction to elect~~
37.12 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~
37.13 ~~the former member or disabilitant if the designated optional beneficiary died before July~~
37.14 ~~1, 1989, shall have their annuity increased as of July 1, 1989, to the amount the person~~
37.15 ~~would have received if, at the time of retirement or disability, the person had selected only~~
37.16 ~~optional survivor coverage that would not have provided for restoration of the normal~~
37.17 ~~annuity upon the death of the designated optional annuity beneficiary. Any annuity or~~
37.18 ~~benefit increase under this paragraph is effective only for payments made after June 30,~~
37.19 ~~1989, and is not retroactive for payments made before July 1, 1989.~~

37.20 Sec. 5. Minnesota Statutes 2004, section 353.01, subdivision 2a, is amended to read:

37.21 Subd. 2a. **Included employees.** (a) Public employees whose salary from one
37.22 governmental subdivision exceeds \$425 in any month shall participate as members of the
37.23 association. If the salary is less than \$425 in a subsequent month, the employee retains
37.24 membership eligibility. Eligible public employees shall participate as members of the
37.25 association with retirement coverage by the public employees retirement plan or the public
37.26 employees police and fire retirement plan under this chapter, or the local government
37.27 correctional employees retirement plan under chapter 353E, whichever applies, as a
37.28 condition of their employment on the first day of employment unless they:

37.29 (1) are specifically excluded under subdivision 2b;

37.30 (2) do not exercise their option to elect retirement coverage in the association as
37.31 provided in subdivision 2d, paragraph (a); or

37.32 (3) are employees of the governmental subdivisions listed in subdivision 2d,
37.33 paragraph (b), where the governmental subdivision has not elected to participate as a
37.34 governmental subdivision covered by the association.

37.35 (b) A public employee who was a member of the association on June 30, 2002,
37.36 based on employment that qualified for membership coverage by the public employees

38.1 retirement plan or the public employees police and fire plan under this chapter, or the local
38.2 government correctional employees retirement plan under chapter 353E as of June 30,
38.3 2002, retains that membership until the employee terminates public employment under
38.4 subdivision 11a or terminates membership under subdivision 11b.

38.5 (c) Public employees under paragraph (a) includes physicians under section
38.6 353D.01, subdivision 2, who do not elect public employees defined contribution plan
38.7 coverage under section 353D.02, subdivision 2.

38.8 Sec. 6. Minnesota Statutes 2005 Supplement, section 353.01, subdivision 2d, is
38.9 amended to read:

38.10 Subd. 2d. **Optional membership.** (a) Membership in the association is optional
38.11 by action of the individual employee for the following public employees who meet the
38.12 conditions set forth in subdivision 2a:

38.13 (1) members of the coordinated plan who are also employees of labor organizations
38.14 as defined in section 353.017, subdivision 1, for their employment by the labor
38.15 organization only if they elect to have membership under section 353.017, subdivision 2;

38.16 (2) persons who are elected or persons who are appointed to elected positions other
38.17 than local governing body elected positions who elect to participate by filing a written
38.18 election for membership;

38.19 (3) members of the association who are appointed by the governor to be a state
38.20 department head and who elect not to be covered by the general state employees retirement
38.21 plan of the Minnesota State Retirement System under section 352.021;

38.22 (4) city managers as defined in section 353.028, subdivision 1, who do not elect to be
38.23 excluded from membership in the association under section 353.028, subdivision 2; and

38.24 (5) employees of the Port Authority of the city of St. Paul ~~who were at least age 45~~
38.25 on January 1, 2003, who were at least age 45 on that date, and who elect to participate by
38.26 filing a written election for membership.

38.27 (b) Membership in the association is optional by action of the governmental
38.28 subdivision for the employees of the following governmental subdivisions under the
38.29 conditions specified:

38.30 (1) the Minnesota Association of Townships if the board of the association, at its
38.31 option, certifies to the executive director that its employees are to be included for purposes
38.32 of retirement coverage, in which case the status of the association as a participating
38.33 employer is permanent;

38.34 (2) a county historical society if the county in which the historical society is located,
38.35 at its option, certifies to the executive director that the employees of the historical society
38.36 are to be county employees for purposes of retirement coverage under this chapter. The

39.1 status as a county employee must be accorded to all similarly situated county historical
39.2 society employees and, once established, must continue as long as a person is an employee
39.3 of the county historical society; and

39.4 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to
39.5 employees other than paramedics, emergency medical technicians, and protection officers,
39.6 if the corporate board establishes alternative retirement plans for certain classes of
39.7 employees of the corporation and certifies the employees to be excluded from future
39.8 retirement coverage.

39.9 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or
39.10 covered by paragraph (b), clause (1) or (2), if the necessary membership election is
39.11 not made, the employee is excluded from retirement coverage under this chapter. For
39.12 employees who are covered by paragraph (a), clause (4), if the necessary election is not
39.13 made, the employee must become a member and have retirement coverage under this
39.14 chapter. For employees specified in paragraph (b), clause (3), membership continues until
39.15 the exclusion option is exercised for the designated class of employee. The option to
39.16 become a member, once exercised under this subdivision, may not be withdrawn until
39.17 termination of public service as defined under subdivision 11a.

39.18 Sec. 7. Minnesota Statutes 2004, section 353.01, subdivision 11a, is amended to read:

39.19 Subd. 11a. **Termination of public service.** (a) "Termination of public service"
39.20 occurs when a member resigns or is dismissed from public service by the employing
39.21 governmental subdivision ~~or when a position ends and the member who held the position~~
39.22 ~~is not considered by the governmental subdivision to be on a temporary layoff, and~~
39.23 the employee does not, within 30 days of the date the employment relationship ended,
39.24 return to an employment position in the same governmental subdivision or when the
39.25 employer-employee relationship is severed due to the expiration of a layoff under
39.26 subdivision 12 or 12c.

39.27 (b) The termination of public service must be recorded in the association records
39.28 upon receipt of an appropriate notice from the governmental subdivision.

39.29 Sec. 8. Minnesota Statutes 2004, section 353.01, subdivision 11b, is amended to read:

39.30 Subd. 11b. **Termination of membership.** (a) "Termination of membership" means
39.31 the conclusion of membership in the association for a person who has not terminated
39.32 public service under subdivision 11a and occurs:

39.33 (1) ~~upon termination of public service under subdivision 11a;~~

39.34 (2) ~~when a member does not return to work within 30 days of the expiration of~~
39.35 ~~an authorized temporary layoff under subdivision 12 or an authorized leave of absence~~

40.1 ~~under subdivision 31 as evidenced by the appropriate record filed by the governmental~~
40.2 ~~subdivision; or~~

40.3 ~~(3) when a person files a written election with the association to discontinue~~
40.4 ~~employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1);~~

40.5 ~~(2) when a city manager files a written election with the association to discontinue~~
40.6 ~~employee deductions under section 353.028, subdivision 2; or~~

40.7 ~~(3) when a member transfers to a temporary position and becomes excluded from~~
40.8 ~~membership under subdivision 2b, clause (4).~~

40.9 (b) The termination of membership under clause (3) must be reported to the
40.10 association by the governmental subdivision.

40.11 ~~(c) If the employee subsequently returns to a position in the same governmental~~
40.12 ~~subdivision, the employee shall not again be required to earn a salary in excess of \$425 per~~
40.13 ~~month to qualify for membership, unless the employee has taken a refund of accumulated~~
40.14 ~~employee deduction plus interest under section 353.34, subdivision 1.~~

40.15 Sec. 9. Minnesota Statutes 2004, section 353.01, subdivision 12, is amended to read:

40.16 Subd. 12. **Authorized temporary or seasonal layoff.** "Authorized temporary
40.17 or seasonal layoff," including seasonal leave of absence, means a suspension of public
40.18 service for a limited period during a year authorized by the employing governmental
40.19 subdivision for a ~~period not exceeding three months in any calendar year, as evidenced by~~
40.20 ~~appropriate record of the employer and promptly transmitted to the association~~ member
40.21 who is expected to return to the same position at the end of the layoff period and for which
40.22 there has been no termination of public service under subdivision 11a.

40.23 Sec. 10. Minnesota Statutes 2004, section 353.01, is amended by adding a subdivision
40.24 to read:

40.25 Subd. 12c. **Indefinite layoff.** "Indefinite layoff" occurs when a member is placed on
40.26 a layoff that is not a temporary or seasonal layoff under subdivision 12, for which no date
40.27 has been specified by the employing governmental subdivision for the employee's return
40.28 to work, and there has been no termination of public service under subdivision 11a.

40.29 Sec. 11. Minnesota Statutes 2004, section 353.01, subdivision 16, is amended to read:

40.30 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"
40.31 means:

40.32 (1) service during years of actual membership in the course of which employee
40.33 contributions were made, periods covered by payments in lieu of salary deductions under
40.34 section 353.35;

41.1 (2) service in years during which the public employee was not a member but for
41.2 which the member later elected, while a member, to obtain credit by making payments to
41.3 the fund as permitted by any law then in effect;

41.4 (3) a period of authorized leave of absence with pay from which deductions for
41.5 employee contributions are made, deposited, and credited to the fund;

41.6 (4) a period of authorized personal, parental, or medical leave of absence without
41.7 pay, including a leave of absence covered under the federal Family Medical Leave Act,
41.8 that does not exceed one year, and during or for which a member obtained service credit
41.9 for each month in the leave period by payments to the fund made in place of salary
41.10 deductions. The payments must be made in an amount or amounts based on the member's
41.11 average salary on which deductions were paid for the last six months of public service, or
41.12 for that portion of the last six months while the member was in public service, to apply to
41.13 the period in either case that immediately precedes the commencement of the leave of
41.14 absence. If the employee elects to pay the employee contributions for the period of any
41.15 authorized personal, parental, or medical leave of absence without pay, or for any portion
41.16 of the leave, the employee shall also, as a condition to the exercise of the election, pay
41.17 to the fund an amount equivalent to the required employer and the additional employer
41.18 contributions, if any, for the employee. The payment must be made within one year from
41.19 the expiration of the leave of absence or within 20 days after termination of public service
41.20 under subdivision 11a, whichever is earlier. The employer, by appropriate action of its
41.21 governing body which is made a part of its official records and which is adopted before the
41.22 date of the first payment of the employee contribution, may certify to the association in
41.23 writing its commitment to pay the employer and additional employer contributions from
41.24 the proceeds of a tax levy made under section 353.28. Payments under this paragraph must
41.25 include interest at an annual rate of 8.5 percent compounded annually from the date of the
41.26 termination of the leave of absence to the date payment is made. An employee shall return
41.27 to public service and render a minimum of three months of allowable service in order to
41.28 be eligible to pay employee and employer contributions for a subsequent authorized leave
41.29 of absence without pay. Upon payment, the employee must be granted allowable service
41.30 credit for the purchased period;

41.31 (5) a periodic, repetitive leave that is offered to all employees of a governmental
41.32 subdivision. The leave program may not exceed 208 hours per annual normal work
41.33 cycle as certified to the association by the employer. A participating member obtains
41.34 service credit by making employee contributions in an amount or amounts based on the
41.35 member's average salary that would have been paid if the leave had not been taken. The
41.36 employer shall pay the employer and additional employer contributions on behalf of the

42.1 participating member. The employee and the employer are responsible to pay interest on
42.2 their respective shares at the rate of 8.5 percent a year, compounded annually, from the
42.3 end of the normal cycle until full payment is made. An employer shall also make the
42.4 employer and additional employer contributions, plus 8.5 percent interest, compounded
42.5 annually, on behalf of an employee who makes employee contributions but terminates
42.6 public service. The employee contributions must be made within one year after the end of
42.7 the annual normal working cycle or within 20 days after termination of public service,
42.8 whichever is sooner. The association shall prescribe the manner and forms to be used by a
42.9 governmental subdivision in administering a periodic, repetitive leave. Upon payment, the
42.10 member must be granted allowable service credit for the purchased period;

42.11 (6) an authorized temporary or seasonal layoff under subdivision 12, limited to three
42.12 months allowable service per authorized temporary or seasonal layoff in one calendar year.
42.13 An employee who has received the maximum service credit allowed for an authorized
42.14 temporary or seasonal layoff must return to public service and must obtain a minimum of
42.15 three months of allowable service subsequent to the layoff in order to receive allowable
42.16 service for a subsequent authorized temporary or seasonal layoff; or

42.17 (7) a period during which a member is absent from employment by a governmental
42.18 subdivision by reason of service in the uniformed services, as defined in United States
42.19 Code, title 38, section 4303(13), if the member returns to public service upon discharge
42.20 from service in the uniformed service within the time frames required under United
42.21 States Code, title 38, section 4312(e), provided that the member did not separate from
42.22 uniformed service with a dishonorable or bad conduct discharge or under other than
42.23 honorable conditions. The service is credited if the member pays into the fund equivalent
42.24 employee contributions based upon the contribution rate or rates in effect at the time
42.25 that the uniformed service was performed multiplied by the full and fractional years
42.26 being purchased and applied to the annual salary rate. The annual salary rate is the
42.27 average annual salary during the purchase period that the member would have received
42.28 if the member had continued to be employed in covered employment rather than to
42.29 provide uniformed service, or, if the determination of that rate is not reasonably certain,
42.30 the annual salary rate is the member's average salary rate during the 12-month period of
42.31 covered employment rendered immediately preceding the period of the uniformed service.
42.32 Payment of the member equivalent contributions must be made during a period which
42.33 begins with the date on which the individual returns to public employment and that is three
42.34 times the length of the military leave period, or within five years of the date of discharge
42.35 from the military service, whichever is less. If the determined payment period is less than
42.36 one year, the contributions required under this clause to receive service credit may be

43.1 made within one year of the discharge date. Payment may not be accepted following 20
43.2 days after termination of public service under subdivision 11a. If the member equivalent
43.3 contributions provided for in this clause are not paid in full, the member's allowable
43.4 service credit must be prorated by multiplying the full and fractional number of years of
43.5 uniformed service eligible for purchase by the ratio obtained by dividing the total member
43.6 contributions received by the total member contributions otherwise required under this
43.7 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
43.8 employer contribution must be paid by the governmental subdivision employing the
43.9 member if the member makes the equivalent employee contributions. The employer
43.10 payments must be made from funds available to the employing unit, using the employer
43.11 and additional employer contribution rate or rates in effect at the time that the uniformed
43.12 service was performed, applied to the same annual salary rate or rates used to compute the
43.13 equivalent member contribution. The governmental subdivision involved may appropriate
43.14 money for those payments. The amount of service credit obtainable under this section may
43.15 not exceed five years unless a longer purchase period is required under United States Code,
43.16 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
43.17 employer contribution amounts payable under this clause. Interest must be computed at
43.18 a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave
43.19 or the break in service to the end of the month in which the payment is received. Upon
43.20 payment, the employee must be granted allowable service credit for the purchased period.

43.21 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
43.22 state officers and employees displaced by the Community Corrections Act, chapter 401,
43.23 and transferred into county service under section 401.04, "allowable service" means the
43.24 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
43.25 section 352.01, subdivision 11.

43.26 (c) For a public employee who has prior service covered by a local police or
43.27 firefighters relief association that has consolidated with the Public Employees Retirement
43.28 Association or to which section 353.665 applies, and who has elected the type of benefit
43.29 coverage provided by the public employees police and fire fund either under section
43.30 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
43.31 service" is a period of service credited by the local police or firefighters relief association
43.32 as of the effective date of the consolidation based on law and on bylaw provisions
43.33 governing the relief association on the date of the initiation of the consolidation procedure.

43.34 (d) No member may receive more than 12 months of allowable service credit in a
43.35 year either for vesting purposes or for benefit calculation purposes.

43.36 (e) MS 2002 (Expired)

44.1 Sec. 12. Minnesota Statutes 2004, section 353.03, subdivision 1, is amended to read:

44.2 Subdivision 1. **Management; composition; election.** (a) The management of the
44.3 public employees retirement fund is vested in an 11-member board of trustees consisting
44.4 of ten members and the state auditor ~~who~~. The state auditor may designate a deputy
44.5 auditor with expertise in pension matters as the auditor's representative on the board. The
44.6 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
44.7 represent school boards, one to represent cities, one to represent counties, one who is a
44.8 retired annuitant, and one who is a public member knowledgeable in pension matters. The
44.9 membership of the association, including recipients of retirement annuities and disability
44.10 and survivor benefits, shall elect five trustees for terms of four years, one of whom must
44.11 be a member of the police and fire fund and one of whom must be a former member
44.12 who met the definition of public employee under section 353.01, subdivisions 2 and
44.13 2a, for at least five years prior to terminating membership or a member who receives a
44.14 disability benefit, ~~for terms of four years~~. Terms expire on January 31 of the fourth year,
44.15 and positions are vacant until newly elected members are seated. Except as provided in
44.16 this subdivision, trustees elected by the membership of the association must be public
44.17 employees and members of the association.

44.18 (b) For seven days beginning October 1 of each year preceding a year in which
44.19 an election is held, the association shall accept at its office filings in person or by mail
44.20 of candidates for the board of trustees. A candidate shall submit at the time of filing a
44.21 nominating petition signed by 25 or more members of the ~~fund~~ association. No name may
44.22 be withdrawn from nomination by the nominee after October 15. At the request of a
44.23 candidate for an elected position on the board of trustees, the board shall mail a statement
44.24 of up to 300 words prepared by the candidate to all persons eligible to vote in the election
44.25 of the candidate. The board may adopt policies, subject to review and approval by the
44.26 secretary of state under paragraph (e), to govern the form and length of these statements,
44.27 timing of mailings, and deadlines for submitting materials to be mailed. ~~These policies~~
44.28 ~~must be approved by the secretary of state.~~ The secretary of state shall resolve disputes
44.29 between the board and a candidate concerning application of these policies to a particular
44.30 statement.

44.31 (c) By January 10 of each year in which elections are to be held, the board shall
44.32 distribute by mail to the members ballots listing the candidates. No member may vote for
44.33 more than one candidate for each board position to be filled. A ballot indicating a vote for
44.34 more than one person for any position is void. No special marking may be used on the
44.35 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no

45.1 later than January 31. The ballot envelopes must be so designated and the ballots counted
45.2 in a manner that ensures that each vote is secret.

45.3 (d) A candidate who:

45.4 (1) receives contributions or makes expenditures in excess of \$100; or

45.5 (2) has given implicit or explicit consent for any other person to receive contributions

45.6 or make expenditures in excess of \$100 for the purpose of bringing about the candidate's

45.7 election, shall file a report with the campaign finance and public disclosure board

45.8 disclosing the source and amount of all contributions to the candidate's campaign. The

45.9 campaign finance and public disclosure board shall prescribe forms governing these

45.10 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.

45.11 These terms do not include the mailing made by the association board on behalf of the

45.12 candidate. A candidate shall file a report within 30 days from the day that the results of

45.13 the election are announced. The Campaign Finance and Public Disclosure Board shall

45.14 maintain these reports and make them available for public inspection in the same manner

45.15 as the board maintains and makes available other reports filed with it. ~~By January 10~~

45.16 ~~of each year in which elections are to be held the board shall distribute by mail to the~~

45.17 ~~members ballots listing the candidates. No member may vote for more than one candidate~~

45.18 ~~for each board position to be filled. A ballot indicating a vote for more than one person for~~

45.19 ~~any position is void. No special marking may be used on the ballot to indicate incumbents.~~

45.20 ~~The last day for mailing ballots to the fund is January 31. Terms expire on January 31 of~~

45.21 ~~the fourth year, and positions are vacant until newly elected members are qualified. The~~

45.22 ~~ballot envelopes must be so designed and the ballots counted in a manner that ensures~~

45.23 ~~that each vote is secret.~~

45.24 (e) The secretary of state shall supervise review and approve the procedures defined

45.25 by the board of trustees for conducting the elections specified in this subdivision, including

45.26 board policies adopted under paragraph (b).

45.27 (f) The board of trustees and the executive director shall undertake their activities

45.28 consistent with chapter 356A.

45.29 Sec. 13. Minnesota Statutes 2004, section 353.03, subdivision 1a, is amended to read:

45.30 Subd. 1a. **Vacancy, how filled.** Any vacancy on the board caused by death,

45.31 resignation, or removal of any trustee, or occurring because an elected trustee ceases to be

45.32 a public employee and an active member of the association, must be filled by the board

45.33 for trustees elected by members, and by the governor for other trustees, for the unexpired

45.34 portion of the term in which the vacancy occurs. The board shall adopt policies and

45.35 procedures governing how the vacancy of an elected trustee is to be filled.

46.1 Sec. 14. Minnesota Statutes 2004, section 353.03, is amended by adding a subdivision
46.2 to read:

46.3 Subd. 2b. **Board legal authority.** The board is authorized to take legal action when
46.4 necessary to effectively administer the various plans administered by the association,
46.5 consistent with applicable articles of incorporation, bylaws, law, and rules, as applicable,
46.6 and including but not limited to the recapture of overpaid annuities, benefits, or refunds,
46.7 and the correction of omitted or deficient deductions.

46.8 Sec. 15. Minnesota Statutes 2004, section 353.27, subdivision 7, is amended to read:

46.9 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
46.10 as provided in paragraph (b), erroneous employee deductions and erroneous employer
46.11 contributions and additional employer contributions for a person, who otherwise does not
46.12 qualify for membership under this chapter, are considered:

46.13 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
46.14 determination of the error by the association, the person may continue membership in the
46.15 association while employed in the same position for which erroneous deductions were
46.16 taken, or file a written election to terminate membership and apply for a refund upon
46.17 termination of public service or defer an annuity under section 353.34; or

46.18 (2) invalid, if the initial erroneous employee deduction began on or after January
46.19 1, 1990. Upon determination of the error, the association shall ~~require the employer~~
46.20 ~~to discontinue erroneous employee deductions and erroneous employer contributions~~
46.21 ~~and additional employer contributions. Upon discontinuance, the association shall~~
46.22 ~~refund all erroneous employee deductions to the person, with interest, under section~~
46.23 ~~353.34, subdivision 2, and all erroneous employer contributions and additional employer~~
46.24 ~~contributions to the employer as specified in paragraph (d).~~ No person may claim a right
46.25 to continued or past membership in the association based on erroneous deductions which
46.26 began on or after January 1, 1990.

46.27 (b) Erroneous deductions taken from the salary of a person who did not qualify
46.28 for membership in the association by virtue of concurrent employment before July 1,
46.29 1978, which required contributions to another retirement fund or relief association
46.30 established for the benefit of officers and employees of a governmental subdivision, are
46.31 invalid. Upon discovery of the error, the association shall remove all invalid service and
46.32 upon termination of public service, the association shall refund all erroneous employee
46.33 deductions to the person, with interest under section 353.34, subdivision 2, and all
46.34 erroneous employer contributions to the employer. This paragraph has both retroactive
46.35 and prospective application.

47.1 (c) Employer contributions and employee deductions taken in error from amounts
47.2 which are not salary under section 353.01, subdivision 10, are invalid upon discovery by
47.3 the association and ~~may~~ must be refunded ~~at any time~~ as specified in paragraph (d).

47.4 (d) Upon discovery of the receipt of erroneous deductions and contributions under
47.5 paragraph (a), clause (2), or paragraph (c), the association must require the employer to
47.6 discontinue the erroneous employee deductions and erroneous employer contributions.
47.7 Upon discontinuation, the association must refund the invalid employee deductions to the
47.8 person without interest and invalid employer contributions to the employer or provide a
47.9 credit against future contributions payable by the employer for the amount of all erroneous
47.10 deductions and contributions. In the event a retirement annuity or disability benefit had
47.11 been computed using invalid service or salary, the association must adjust the annuity or
47.12 benefit and recover the overpayment under subdivision 7b.

47.13 (e) In the event a salary warrant or check from which a deduction for the retirement
47.14 fund was taken has been canceled or the amount of the warrant or check returned to the
47.15 funds of the department making the payment, a refund of the sum deducted, or a portion of
47.16 it that is required to adjust the deductions, must be made to the department or institution.

47.17 (f) Any refund to a member under this subdivision that would cause the plan to fail
47.18 to be a qualified plan under section 401(a) of the Internal Revenue Code, as amended, may
47.19 not be refunded and instead must be credited against future contributions payable by the
47.20 employer. The employer receiving the credit is responsible for refunding to the applicable
47.21 employee any amount that had been erroneously deducted from the person's salary.

47.22 Sec. 16. Minnesota Statutes 2004, section 353.27, subdivision 7a, is amended to read:

47.23 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
47.24 deductions and employer contributions were erroneously transmitted to the association,
47.25 but should have been transmitted to another Minnesota public pension plan, the
47.26 association shall transfer the erroneous employee deductions and employer contributions
47.27 to the appropriate retirement fund or individual account, as applicable, without interest.
47.28 The time limitations in subdivisions 7 and 12 do not apply.

47.29 (b) For purposes of this subdivision, a Minnesota public pension plan means a
47.30 plan specified in section 356.30, subdivision 3, or the ~~plan plans~~ plan plans governed by ~~chapter~~
47.31 chapters 353D and 354B.

47.32 (c) A potential transfer under paragraph (a) that would cause the plan to fail to be a
47.33 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
47.34 made by the executive director of the association. Within 30 days after being notified by
47.35 the Public Employees Retirement Association of an unmade potential transfer under this
47.36 paragraph, the employer of the affected person must transmit an amount representing the

48.1 applicable salary deductions and employer contributions, without interest, to the retirement
48.2 fund of the appropriate Minnesota public pension plan, or to the individual account if the
48.3 proper coverage is by a defined contribution plan. The association must provide a credit
48.4 for the amount of the erroneous salary deductions and employer contributions against
48.5 future contributions from the employer.

48.6 Sec. 17. Minnesota Statutes 2004, section 353.27, subdivision 7b, is amended to read:

48.7 Subd. 7b. **Overpayments to members.** In the event of an overpayment to a
48.8 member, retiree, beneficiary, or other person, the executive director shall recover the
48.9 overpayment by suspending or reducing the payment of a retirement annuity, refund,
48.10 disability benefit, survivor benefit, or optional annuity under this chapter until all
48.11 outstanding money has been recovered.

48.12 Sec. 18. Minnesota Statutes 2005 Supplement, section 353.28, subdivision 6, is
48.13 amended to read:

48.14 Subd. 6. **Collection of unpaid amounts.** (a) If a governmental subdivision which
48.15 receives the direct proceeds of property taxation fails to pay an amount due under chapter
48.16 353, 353A, 353B, 353C, or 353D, the executive director shall certify the amount to the
48.17 governmental subdivision for payment. If the governmental subdivision fails to remit the
48.18 sum so due in a timely fashion, the executive director shall certify the amount to the
48.19 applicable county auditor for collection. The county auditor shall collect the amount
48.20 out of the revenue of the governmental subdivision, or shall add the amount to the levy
48.21 of the governmental subdivision and make payment directly to the association. This
48.22 tax must be levied, collected, and apportioned in the manner that other taxes are levied,
48.23 collected, and apportioned.

48.24 (b) If a governmental subdivision which is not funded directly from the proceeds
48.25 of property taxation fails to pay an amount due under this chapter, the executive director
48.26 shall certify the amount to the governmental subdivision for payment. If the governmental
48.27 subdivision fails to pay the amount for a period of 60 days after certification, the executive
48.28 director shall certify the amount to the commissioner of finance, who shall deduct the
48.29 amount from any subsequent state-aid payment or state appropriation amount applicable
48.30 to the governmental subdivision and make payment directly to the association.

48.31 Sec. 19. Minnesota Statutes 2004, section 353.29, subdivision 8, is amended to read:

48.32 Subd. 8. **Annuities; payment; evidence of receipt.** Payment of any annuity or
48.33 benefit for a given month shall be mailed by the association to the annuitant, recipient
48.34 of a disability benefit, or survivor, or automatically deposited under section 356.401,
48.35 subdivision 2, during the first week of that month. ~~Evidence of receipt of warrants issued~~

49.1 ~~by the association in payment of an annuity or benefit shall be submitted by the payee~~
49.2 ~~thereof to the association periodically at times specified by the board of trustees, together~~
49.3 ~~with a written declaration that the annuitant or recipient of a disability benefit has or~~
49.4 ~~has not returned to public service; that the surviving dependent spouse has or has not~~
49.5 ~~remarried; and shall be furnished on forms provided by the executive director thereof,~~
49.6 ~~before the association shall pay to the disability recipient or survivor for the next ensuing~~
49.7 ~~month, the benefit to which the person otherwise may be entitled. In lieu of the evidence~~
49.8 ~~of receipt of warrants for recipients of an annuity or a benefit, The board may contract~~
49.9 ~~for professional services to identify deceased annuitants and benefit recipients through a~~
49.10 ~~review of nationally maintained death records.~~

49.11 Sec. 20. Minnesota Statutes 2004, section 353.30, subdivision 3a, is amended to read:

49.12 Subd. 3a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a
49.13 joint and survivor annuity option under subdivision 3 after June 30, 1989, the former
49.14 member or disabilitant must receive a normal single life annuity if the designated optional
49.15 annuity beneficiary dies before the former member or disabilitant. Under this option, no
49.16 reduction may be made in the person's annuity to provide for restoration of the normal
49.17 single life annuity in the event of the death of the designated optional annuity beneficiary.

49.18 ~~(b) A former member or disabilitant who selected an optional joint and survivor~~
49.19 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~
49.20 ~~single life annuity is payable to the former member or the disabilitant if the designated~~
49.21 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single life~~
49.22 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~
49.23 ~~reduction of the person's annuity. A former member or disabilitant who selected an~~
49.24 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~
49.25 ~~before July 1, 1989, shall receive a normal single life annuity after that date, but shall not~~
49.26 ~~receive retroactive payments for periods before that date~~The annuity adjustment specified
49.27 in paragraph (a) also applies to joint and survivor annuity options under subdivision
49.28 3 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
49.29 July 1, 1989, or on the first day of the first month following the death of the designated
49.30 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
49.31 as authorizing retroactive payments.

49.32 ~~(c) A former member or disabilitant who took a further actuarial reduction to elect~~
49.33 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~
49.34 ~~the former member or disabilitant if the designated optional beneficiary dies first but has~~
49.35 ~~not died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the~~
49.36 ~~amount the person would have received if, at the time of retirement or disability, the person~~

50.1 ~~had selected only optional survivor coverage that would not have provided for restoration~~
50.2 ~~of the normal annuity upon the death of the designated optional annuity beneficiary. Any~~
50.3 ~~annuity or benefit increase under this paragraph is effective only for payments made after~~
50.4 ~~June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

50.5 Sec. 21. Minnesota Statutes 2004, section 353.30, subdivision 3b, is amended to read:

50.6 Subd. 3b. **Bounce-back annuity.** (a) The board of trustees must provide a joint
50.7 and survivor annuity option to members of the police and fire fund. ~~Under this option, a~~
50.8 If a joint and survivor annuity is elected on or after July 1, 1989, the former member or
50.9 disabilitant must receive a normal single life annuity if the designated optional annuity
50.10 beneficiary dies before the former member or disabilitant. Under this option, no reduction
50.11 may be made in the person's annuity to provide for restoration of the normal single life
50.12 annuity in the event of the death of the designated optional annuity beneficiary.

50.13 (b) ~~A former member or disabilitant of the police and fire fund who selected an~~
50.14 ~~optional joint and survivor annuity before July 1, 1989, but did not choose an option~~
50.15 ~~that provides that the normal single life annuity is payable to the former member or~~
50.16 ~~the disabilitant if the designated optional annuity beneficiary dies first, is eligible for~~
50.17 ~~restoration of the normal single life annuity if the designated optional annuity beneficiary~~
50.18 ~~dies first, without further actuarial reduction of the person's annuity. A former member~~
50.19 ~~or disabilitant who selected an optional joint and survivor annuity, but whose designated~~
50.20 ~~optional annuity beneficiary died before July 1, 1989, shall receive a normal single life~~
50.21 ~~annuity after that date, but shall not receive retroactive payments for periods before that~~
50.22 ~~date~~The annuity adjustment specified in paragraph (a) also applies to joint and survivor
50.23 annuity options under subdivision 3 elected prior to July 1, 1989. The annuity adjustment
50.24 under this paragraph occurs on July 1, 1989, or on the first day of the first month following
50.25 the death of the designated optional annuity beneficiary, whichever is later. This paragraph
50.26 should not be interpreted as authorizing retroactive payments.

50.27 (c) ~~A former member or disabilitant who took a further actuarial reduction to elect~~
50.28 ~~an optional joint and survivor annuity that provides that the normal annuity is payable to~~
50.29 ~~the former member or disabilitant if the designated optional beneficiary dies first but has~~
50.30 ~~not died before July 1, 1989, shall have their annuity increased as of July 1, 1989, to the~~
50.31 ~~amount the person would have received if, at the time of retirement or disability, the person~~
50.32 ~~had selected only optional survivor coverage that would not have provided for restoration~~
50.33 ~~of the normal annuity upon the death of the designated optional annuity beneficiary. Any~~
50.34 ~~annuity or benefit increase under this paragraph is effective only for payments made after~~
50.35 ~~June 30, 1989, and is not retroactive for payments made before July 1, 1989.~~

50.36 Sec. 22. Minnesota Statutes 2004, section 353.32, subdivision 1a, is amended to read:

51.1 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member
51.2 who has credit for not less than three years of allowable service and dies before the
51.3 annuity or disability benefit begins to accrue under section 353.29, subdivision 7, or
51.4 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the
51.5 surviving spouse may elect to receive, instead of a refund with interest under subdivision
51.6 1, or surviving spouse benefits otherwise payable under section 353.31, an annuity equal
51.7 to the 100 percent joint and survivor annuity that the member could have qualified for
51.8 had the member terminated service on the date of death.

51.9 (b) If the member was under age 55 and has credit for at least 30 years of allowable
51.10 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
51.11 and survivor annuity based on the age of the member and surviving spouse on the date
51.12 of death. The annuity is payable using the full early retirement reduction under section
51.13 353.30, subdivisions 1b and 1c, to age 55 and one-half of the early retirement reduction
51.14 from age 55 to the age payment begins.

51.15 (c) If the member was under age 55 and has credit for at least three years of
51.16 allowable service on the date of death but did not qualify for retirement, the surviving
51.17 spouse may elect to receive the 100 percent joint and survivor annuity based on the age of
51.18 the member and surviving spouse at the time of death. The annuity is payable using the
51.19 full early retirement reduction under section 353.30, subdivision 1, 1b, 1c, or 5, to age 55
51.20 and one-half of the early retirement reduction from age 55 to the age payment begins.

51.21 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
51.22 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
51.23 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
51.24 with the association. If there is no surviving spouse or child or children, a former spouse
51.25 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
51.26 marriage dissolution decree but not a monthly surviving spouse optional annuity despite
51.27 the terms of a marriage dissolution decree filed with the association.

51.28 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a)
51.29 may apply for the annuity at any time after the date on which the deceased employee
51.30 would have attained the required age for retirement based on the employee's allowable
51.31 service. The surviving spouse eligible for surviving spouse benefits under paragraph (b)
51.32 or (c) may apply for an annuity any time after the member's death. The annuity must be
51.33 computed under sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a,
51.34 1b, 1c, and 5; ~~and 353.31, subdivision 3.~~

51.35 (f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred
51.36 annuity or surviving spouse benefit payable under this subdivision. No payment may

52.1 accrue beyond the end of the month in which entitlement to the annuity has terminated
52.2 or upon expiration of the term certain benefit payment under subdivision 1b. An amount
52.3 equal to any excess of the accumulated contributions that were credited to the account of
52.4 the deceased employee over and above the total of the annuities paid and payable to the
52.5 surviving spouse must be paid to the ~~deceased member's last designated beneficiary or, if~~
52.6 ~~none, as specified under subdivision 1~~ surviving spouse's estate.

52.7 (g) A member may specify in writing that this subdivision does not apply and that
52.8 payment may be made only to the designated beneficiary as otherwise provided by this
52.9 chapter. The waiver of a surviving spouse annuity under this section does not make a
52.10 dependent child eligible for benefits under subdivision 1c.

52.11 Sec. 23. Minnesota Statutes 2004, section 353.32, subdivision 1b, is amended to read:

52.12 Subd. 1b. **Survivor coverage term certain.** (a) In lieu of the 100 percent optional
52.13 annuity under subdivision 1a, or a refund under subdivision 1, the surviving spouse of
52.14 a deceased member may elect to receive survivor coverage for a term certain of ~~five;~~
52.15 ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average
52.16 high-five monthly salary of the deceased member. The monthly term certain annuity must
52.17 be actuarially equivalent to the 100 percent optional annuity under subdivision 1a.

52.18 (b) If a surviving spouse elects a term certain annuity and dies before the expiration
52.19 of the specified term certain period, the commuted value of the remaining annuity
52.20 payments must be paid in a lump sum to the survivor's estate.

52.21 Sec. 24. Minnesota Statutes 2004, section 353.33, subdivision 1, is amended to read:

52.22 Subdivision 1. **Age, service, and salary requirements.** A coordinated member
52.23 who has at least three years of allowable service and becomes totally and permanently
52.24 disabled before normal retirement age, and a basic member who has at least three years
52.25 of allowable service and who becomes totally and permanently disabled is entitled to a
52.26 disability benefit in an amount determined under subdivision 3. If the disabled person's
52.27 public service has terminated at any time, at least two of the required three years of
52.28 allowable service must have been rendered after last becoming ~~a~~ an active member. A
52.29 repayment of a refund must be made within six months after the effective date of disability
52.30 benefits under subdivision 2 or within six months after the date of the filing of the
52.31 disability application, whichever is later. No purchase of prior service or payment made
52.32 in lieu of salary deductions otherwise authorized under section 353.01, subdivision 16,
52.33 ~~353.017, subdivision 4, or 353.36, subdivision 2,~~ may be made after the occurrence of the
52.34 disability for which an application under this section is filed.

52.35 Sec. 25. Minnesota Statutes 2004, section 353.33, subdivision 9, is amended to read:

53.1 Subd. 9. **Return to ~~public service employment.~~** (a) Any person receiving a
53.2 disability benefit under this section who is restored to ~~active public service except persons~~
53.3 ~~receiving benefits as provided in~~ employment not covered by subdivision 7; or 7a shall
53.4 have the disability benefit discontinued on the first day of the month following the return
53.5 to employment.

53.6 (b) If the person is employed by a governmental subdivision as defined under
53.7 section 353.01, subdivision 6, deductions must be taken for the retirement fund and upon
53.8 subsequent retirement have the retirement annuity payable based upon all allowable
53.9 service including that upon which the disability benefits were based.

53.10 (c) If the employment is not through public service covered under this chapter, the
53.11 account may be placed on a deferred status and the subsequent retirement annuity will
53.12 be calculated as provided in section 353.34, subdivision 3, if the person meets the length
53.13 of allowable service requirement stated in that subdivision; or the person may request a
53.14 refund of any remaining employee deductions. The refund shall be in an amount equal
53.15 to the accumulated employee deductions plus six percent interest compounded annually
53.16 less the sum of the disability benefits paid to the member.

53.17 Sec. 26. **[353.335] DISABILITANT EARNINGS REPORTS.**

53.18 Disability benefit recipients must report all earnings from reemployment and income
53.19 from workers' compensation to the association annually by May 15 in a format prescribed
53.20 by the executive director. If the form is not submitted by May 15, benefits will be
53.21 suspended effective June 1. Upon receipt of the form, if the disability benefit recipient
53.22 is deemed to be eligible for continued payment, benefits will be reinstated retroactive
53.23 to June 1.

53.24 Sec. 27. Minnesota Statutes 2004, section 353.34, subdivision 1, is amended to read:

53.25 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled
53.26 to a refund of accumulated employee deductions under subdivision 2, or to a deferred
53.27 annuity under subdivision 3. Application for a refund may not be made prior to the date
53.28 of termination of public service ~~or the termination of membership, whichever is sooner.~~
53.29 Except as specified in paragraph (b), a refund must be paid within 120 days following
53.30 receipt of the application unless the applicant has again become a public employee
53.31 required to be covered by the association.

53.32 (b) If an individual was ~~granted an authorized temporary~~ placed on layoff under
53.33 subdivision 12 or 12c, a refund is not payable before termination of ~~membership~~ service
53.34 under section 353.01, subdivision ~~11b, clause (3)~~ 11a.

53.35 (c) An individual who terminates public service covered by the Public Employees
53.36 Retirement Association general plan, the Public Employees Retirement Association police

54.1 and fire plan, or the public employees local government corrections service retirement
 54.2 plan, and who is employed by a different employer and becomes an active member
 54.3 covered by one of the other two plans, may receive a refund of employee contributions
 54.4 plus six percent interest compounded annually from the plan in which the member
 54.5 terminated service.

54.6 Sec. 28. Minnesota Statutes 2004, section 353.656, subdivision 4, is amended to read:

54.7 Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to
 54.8 receive a disability benefit payment when there remains to the member's credit unused
 54.9 annual leave or sick leave or under any other circumstances when, during the period of
 54.10 disability, there has been no impairment of the person's salary as a police officer ~~or~~, a
 54.11 firefighter, or a paramedic as defined in section 353.64, subdivision 10, whichever applies.

54.12 (b) If a disabled member resumes a gainful occupation with earnings ~~less than,~~
 54.13 that when added to the normal disability benefit, and workers' compensation benefit
 54.14 if applicable, exceed the disabilitant reemployment earnings limit, the amount of the
 54.15 disability benefit must be reduced as provided in this paragraph. The disabilitant
 54.16 reemployment earnings limit is the greater of:

54.17 (1) the salary earned at the date of disability; or

54.18 (2) 125 percent of the base salary currently paid by the employing governmental
 54.19 subdivision for similar positions.

54.20 The disability benefit must be reduced by one dollar for each three dollars by which
 54.21 the total amount of the current disability benefit, any workers' compensation benefits if
 54.22 applicable, and actual earnings exceed the greater disabilitant reemployment earnings
 54.23 limit. In no event may the disability benefit as adjusted under this subdivision exceed
 54.24 the disability benefit originally allowed.

54.25 Sec. 29. Minnesota Statutes 2004, section 353D.01, subdivision 2, is amended to read:

54.26 Subd. 2. **Eligibility.** (a) Eligibility to participate in the defined contribution plan
 54.27 is available to:

54.28 (1) elected local government officials of a governmental subdivision who elect to
 54.29 participate in the plan under section 353D.02, subdivision 1, and who, for the elected
 54.30 service rendered to a governmental subdivision, are not members of the Public Employees
 54.31 Retirement Association within the meaning of section 353.01, subdivision 7;

54.32 (2) physicians who, if they did not elect to participate in the plan under section
 54.33 353D.02, subdivision 2, would meet the definition of member under section 353.01,
 54.34 subdivision 7;

54.35 (3) basic and advanced life support emergency medical service personnel employed
 54.36 ~~by or providing services for any public ambulance service or privately operated ambulance~~

55.1 ~~service that receives an operating subsidy from a governmental entity that elects to~~
55.2 ~~participate under section 353D.02, subdivision 3;~~

55.3 (4) members of a municipal rescue squad associated with Litchfield in Meeker
55.4 County, or of a county rescue squad associated with Kandiyohi County, if an independent
55.5 nonprofit rescue squad corporation, incorporated under chapter 317A, performing
55.6 emergency management services, and if not affiliated with a fire department or ambulance
55.7 service and if its members are not eligible for membership in that fire department's or
55.8 ambulance service's relief association or comparable pension plan; and

55.9 (5) employees of the Port Authority of the city of St. Paul who elect to participate in
55.10 the plan under section 353D.02, subdivision 5, and who are not members of the Public
55.11 Employees Retirement Association under section 353.01, subdivision 7.

55.12 (b) For purposes of this chapter, an elected local government official includes
55.13 a person appointed to fill a vacancy in an elective office. Service as an elected local
55.14 government official only includes service for the governmental subdivision for which the
55.15 official was elected by the public-at-large. Service as an elected local government official
55.16 ceases and eligibility to participate terminates when the person ceases to be an elected
55.17 official. An elected local government official does not include an elected county sheriff.

55.18 (c) Individuals otherwise eligible to participate in the plan under this subdivision
55.19 who are currently covered by a public or private pension plan because of their employment
55.20 or provision of services are not eligible to participate in the public employees defined
55.21 contribution plan.

55.22 (d) A former participant is a person who has terminated eligible employment or
55.23 service and has not withdrawn the value of the person's individual account.

55.24 Sec. 30. Minnesota Statutes 2004, section 353D.02, subdivision 3, is amended to read:

55.25 Subd. 3. **Eligible ambulance service personnel.** Each public ambulance service
55.26 ~~or privately operated ambulance service with eligible personnel that receives an operating~~
55.27 ~~subsidy from a governmental entity may elect to participate in the plan. If a service elects~~
55.28 to participate, its eligible personnel may elect to participate or to decline to participate. An
55.29 individual's election must be made within 30 days of the service's election to participate
55.30 or 30 days of the date on which the individual was employed by the service or began to
55.31 provide service for it, whichever date is later. An election by a service or an individual is
55.32 revocable.

55.33 Sec. 31. Minnesota Statutes 2004, section 353E.02, subdivision 3, is amended to read:

55.34 Subd. 3. **County correctional institution.** A county correctional institution is:

55.35 (1) a jail administered by a county;

55.36 (2) a correctional facility administered by a county; ~~or~~

- 56.1 (3) a regional correctional facility administered by or on behalf of multiple counties;
 56.2 or
 56.3 (4) a juvenile correctional facility administered by a county or on behalf of multiple
 56.4 counties.

56.5 Sec. 32. Minnesota Statutes 2004, section 354.45, subdivision 1a, is amended to read:

56.6 Subd. 1a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a
 56.7 joint and survivor annuity option under subdivision 1 after June 30, 1989, the former
 56.8 member or disabilitant must receive a normal single life annuity if the designated optional
 56.9 annuity beneficiary dies before the former member or disabilitant. Under this option, no
 56.10 reduction may be made in the person's annuity to provide for restoration of the normal
 56.11 single life annuity in the event of the death of the designated optional annuity beneficiary.

56.12 ~~(b) A former member or disabilitant who selected an optional joint and survivor~~
 56.13 ~~annuity before July 1, 1989, but did not choose an option that provides that the normal~~
 56.14 ~~single life annuity is payable to the former member or the disabilitant if the designated~~
 56.15 ~~optional annuity beneficiary dies first, is eligible for restoration of the normal single life~~
 56.16 ~~annuity if the designated optional annuity beneficiary dies first, without further actuarial~~
 56.17 ~~reduction of the person's annuity. A former member or disabilitant who selected an~~
 56.18 ~~optional joint and survivor annuity, but whose designated optional annuity beneficiary died~~
 56.19 ~~before July 1, 1989, shall receive a normal single life annuity after that date, but shall not~~
 56.20 ~~receive retroactive payments for periods before that date~~The annuity adjustment specified
 56.21 in paragraph (a) also applies to joint and survivor annuity options under subdivision
 56.22 1 elected prior to July 1, 1989. The annuity adjustment under this paragraph occurs on
 56.23 July 1, 1989, or on the first day of the first month following the death of the designated
 56.24 optional annuity beneficiary, whichever is later. This paragraph should not be interpreted
 56.25 as authorizing retroactive payments.

56.26 ~~(c) The restoration of the normal single life annuity under this subdivision will take~~
 56.27 ~~effect on the first of the month following the date of death of the designated optional~~
 56.28 ~~annuity beneficiary or on the first of the month following one year before the date on~~
 56.29 ~~which a certified copy of the death record of the designated optional annuity beneficiary is~~
 56.30 ~~received in the office of the Teachers Retirement Association, whichever date is later.~~

56.31 Sec. 33. Minnesota Statutes 2004, section 354A.32, subdivision 1a, is amended to read:

56.32 Subd. 1a. **Bounce-back annuity.** (a) If a former coordinated member or disabilitant
 56.33 has selected a joint and survivor annuity option under subdivision 1 after June 30,
 56.34 1989, the former member or disabilitant must receive a normal single life annuity if the
 56.35 designated optional annuity beneficiary dies before the former member or disabilitant.
 56.36 Under this option, no reduction may be made in the person's annuity to provide for

57.1 restoration of the normal single life annuity in the event of the death of the designated
57.2 optional annuity beneficiary.

57.3 ~~(b) A former coordinated member or disabilitant who selected an optional joint~~
57.4 ~~and survivor annuity before July 1, 1989, but did not choose an option that provides~~
57.5 ~~that the normal single life annuity is payable to the former member or the disabilitant if~~
57.6 ~~the designated optional annuity beneficiary dies first, is eligible for restoration of the~~
57.7 ~~normal single life annuity if the designated optional annuity beneficiary dies first, without~~
57.8 ~~further actuarial reduction of the person's annuity. A former member or disabilitant who~~
57.9 ~~selected an optional joint and survivor annuity, but whose designated optional annuity~~
57.10 ~~beneficiary died before July 1, 1989, shall receive a normal single life annuity after that~~
57.11 ~~date, but shall not receive retroactive payments for periods before that date~~The annuity
57.12 adjustment specified in paragraph (a) also applies to joint and survivor annuity options
57.13 under subdivision 3 elected prior to July 1, 1989. The annuity adjustment under this
57.14 paragraph occurs on July 1, 1989, or on the first day of the first month following the death
57.15 of the designated optional annuity beneficiary, whichever is later. This paragraph should
57.16 not be interpreted as authorizing retroactive payments.

57.17 ~~(c) A former coordinated member or disabilitant who took a further actuarial~~
57.18 ~~reduction to elect an optional joint and survivor annuity that provides that the normal~~
57.19 ~~annuity is payable to the former member or disabilitant if the designated optional~~
57.20 ~~beneficiary dies first but has not died before July 1, 1989, shall have the annuity increased~~
57.21 ~~as of July 1, 1989, to the amount the person would have received if, at the time of~~
57.22 ~~retirement or disability, the person had selected only optional survivor coverage that~~
57.23 ~~would not have provided for restoration of the normal annuity upon the death of the~~
57.24 ~~designated optional annuity beneficiary. Any annuity or benefit increase under this~~
57.25 ~~paragraph is effective only for payments made after June 30, 1989, and is not retroactive~~
57.26 ~~for payments made before July 1, 1989.~~

57.27 ~~(d)~~Unless otherwise specified in this subdivision, the restoration of the normal single
57.28 life annuity under this subdivision will take effect on the first of the month following the
57.29 date of death of the designated optional annuity beneficiary or on the first of the month
57.30 following one year before the date on which a certified copy of the death record of the
57.31 designated optional annuity beneficiary is received in the office of the appropriate teachers
57.32 retirement fund association, whichever date is later.

57.33 Sec. 34. Minnesota Statutes 2004, section 354D.05, is amended to read:

57.34 **354D.05 CONTRIBUTIONS.**

57.35 Subdivision 1. **Member contributions.** Eligible employees (a) Participants in the
57.36 individual retirement account plan who are specified in section 354D.02, subdivision 2,

58.1 clause (1) or (2), and who would otherwise be eligible to participate in the members of a
58.2 Minnesota State Retirement System, the Public Employees Retirement Association, or the
58.3 Teachers Retirement Association plan, but who participate in the individual retirement
58.4 account plan, shall make a member contribution in an amount equal to the member
58.5 contribution amount required by the plan for which the individual was originally eligible
58.6 for membership. The contribution as specified in section 354B.23, subdivision 1.

58.7 (b) For individual retirement account plan members specified in section 354D.02,
58.8 subdivision 2, clause (3), the member contribution is the employee contribution specified
58.9 in applicable law for the Minnesota State Retirement System, Public Employees
58.10 Retirement Association, or Teachers Retirement Association plan in which the individual
58.11 would otherwise be a member.

58.12 (c) Contributions under this subdivision must be made by payroll deduction each
58.13 pay period and must be in accordance with either section 403(b) or 414(h) of the Internal
58.14 Revenue Code.

58.15 **Subd. 2. Employer contributions.** (a) The employer of eligible employees an
58.16 employee described in subdivision 1 who are eligible to participate in either the Minnesota
58.17 State Retirement System or the Public Employees Retirement Association shall, paragraph
58.18 (a), must make an employer contribution to the employee's individual retirement account
58.19 plan in an amount equal to the employer contribution amount required by the plan for
58.20 which the individual was originally eligible for membership account as specified in section
58.21 354B.23, subdivisions 3 and 4.

58.22 (b) The employer of eligible employees an employee described in subdivision 1
58.23 who are eligible to participate in the Teachers Retirement Association shall, paragraph
58.24 (b), must make an employer contribution to the employee's individual retirement account
58.25 plan in an amount equal to the employer contribution including, if applicable,
58.26 any employer additional contribution required by section 354.42, subdivision 3, and
58.27 shall make an employer contribution to the applicable plan law for the Minnesota State
58.28 Retirement System, Public Employees Retirement Association, or Teachers Retirement
58.29 Association in an amount equal to which the employer contribution required by section
58.30 354.42, subdivision 5 individual would otherwise be a member.

58.31 Sec. 35. Laws 2004, chapter 267, article 8, section 41, is amended to read:

58.32 Sec. 41. [REPEALER.]

58.33 (a) Minnesota Statutes 2002, sections 353.33, subdivision 5b; and 490.11, are
58.34 repealed on July 1, 2004.

58.35 (b) Sections 3 and 19 are repealed on July 1, 2006.

59.1 Sec. 36. **REPEALER.**59.2 Minnesota Statutes 2004, section 43A.34, subdivision 1, is repealed.59.3 Sec. 37. **EFFECTIVE DATE.**59.4 (a) Sections 1 and 36 are effective the day following final enactment.59.5 (b) Sections 2 to 33 and 35 are effective July 1, 2006.59.6 (c) Section 34 is effective the first day of the first payroll period next following
59.7 final enactment.59.8 (d) Sections 3, 4, 20, 21, 32, and 33 are not intended to increase, modify, impair,
59.9 or diminish the benefit entitlements specified in the sections of Minnesota Statutes being
59.10 amended. If the executive director of the Minnesota State Retirement System, the Public
59.11 Employees Retirement Association, the Teachers Retirement Association, or a first
59.12 class city teacher retirement fund association, whichever is applicable, determines that
59.13 any provision of those sections does increase, modify, impair, or diminish the benefit
59.14 entitlements as reflected in applicable law just prior to the effective date of this section,
59.15 the applicable executive director shall certify that determination and a recommendation
59.16 as to the required legislative correction to the chairs of the Legislative Commission on
59.17 Pensions and Retirement, the house Governmental Operations Committee, the senate
59.18 Governmental Operations Committee, and the executive director of the Legislative
59.19 Commission on Pensions and Retirement.59.20 **ARTICLE 7**59.21 **PERA-P&F RETIREMENT PLAN CHANGES**59.22 Section 1. Minnesota Statutes 2005 Supplement, section 353.656, subdivision 1,
59.23 is amended to read:59.24 Subdivision 1. **In line of duty; computation of benefits.** (a) A member of the
59.25 police and fire plan who:59.26 (1) has not met the requirements for a retirement annuity under section 353.651,
59.27 subdivision 1, or59.28 (2) has met the requirements for a retirement annuity under section 353.651,
59.29 subdivision 1, but who does not have 20 years of credited service; and who becomes
59.30 disabled and physically unfit to perform duties as a police officer, firefighter, or paramedic
59.31 as defined under section 353.64, subdivision 10, as a direct result of an injury, sickness, or
59.32 other disability incurred in or arising out of any act of duty, which has or is expected to
59.33 render the member physically or mentally unable to perform the duties as a police officer,
59.34 firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at
59.35 least one year, shall receive disability benefits during the period of such disability.

60.1 **(b)** The benefits must be in an amount equal to 60 percent of the "average salary" as
60.2 defined in section 353.01, subdivision 17a, plus an additional percent specified in section
60.3 356.315, subdivision 6, of that average salary for each year of service in excess of 20
60.4 years. If the disability under this subdivision occurs before the member has at least five
60.5 years of allowable service credit in the police and fire plan, the disability benefit must be
60.6 computed on the "average salary" from which deductions were made for contribution to
60.7 the police and fire fund.

60.8 Sec. 2. Minnesota Statutes 2004, section 353.656, subdivision 3, is amended to read:

60.9 Subd. 3. **Nonduty disability benefit.** **(a)** Any member of the police and fire plan
60.10 who:

60.11 (1) has not met the requirements for a retirement annuity under section 353.651,
60.12 subdivision 1, or

60.13 (2) has met the requirements for a retirement annuity under section 353.651,
60.14 subdivision 1, but who does not have 15 years of credited service; and who becomes
60.15 disabled after not less than one year of allowable service because of sickness or injury
60.16 occurring while not on duty as a police officer, firefighter, or paramedic as defined under
60.17 section 353.64, subdivision 10, and by reason of that sickness or injury the member has
60.18 been or is expected to be unable to perform the duties as a police officer, firefighter, or
60.19 paramedic as defined under section 353.64, subdivision 10, for a period of at least one
60.20 year, is entitled to receive a disability benefit.

60.21 **(b)** The benefit must be paid in the same manner as if the benefit were paid under
60.22 section 353.651. If a disability under this subdivision occurs after one but in less than 15
60.23 years of allowable service, the disability benefit must be the same as though the member
60.24 had at least 15 years service. For a member who is employed as a full-time firefighter
60.25 by the Department of Military Affairs of the state of Minnesota, allowable service as a
60.26 full-time state Military Affairs Department firefighter credited by the Minnesota State
60.27 Retirement System may be used in meeting the minimum allowable service requirement
60.28 of this subdivision.

60.29 Sec. 3. Minnesota Statutes 2004, section 353.656, subdivision 6a, is amended to read:

60.30 Subd. 6a. **Disability survivor benefits.** If a member who is receiving a disability
60.31 benefit under subdivision 1 or 3:

60.32 ~~(a)~~ (1) dies before attaining the age ~~65~~ required for receipt of a retirement annuity
60.33 under section 353.651, subdivision 1, or within five years of the effective date of the
60.34 disability, whichever is later, the surviving spouse shall receive a survivor benefit under
60.35 section 353.657, subdivision 2 or 2a, unless the surviving spouse elected to receive a
60.36 refund under section 353.32, subdivision 1. The joint and survivor optional annuity under

61.1 subdivision 2a is based on the minimum disability benefit under subdivision 1 or 3, or the
61.2 deceased member's allowable service, whichever is greater.

61.3 ~~(b)~~ (2) is living at the age-65 required for receipt of a retirement annuity under
61.4 section 353.651, subdivision 1, or five years after the effective date of the disability,
61.5 whichever is later, the member may continue to receive a normal disability benefit,
61.6 or the member may elect a joint and survivor optional annuity under section 353.30.
61.7 The optional annuity is based on the minimum disability benefit under subdivision 1 or
61.8 3, or the member's allowable service, whichever is greater. The election of this joint
61.9 and survivor annuity must occur within 90 days of the age-65 required for receipt of a
61.10 retirement annuity under section 353.651, subdivision 1, or the five-year anniversary of the
61.11 effective date of the disability benefit, whichever is later. The optional annuity takes effect
61.12 the first of the month following the month in which the person attains the age-65 required
61.13 for receipt of a retirement annuity under section 353.651, subdivision 1, or reaches the
61.14 five-year anniversary of the effective date of the disability benefit, whichever is later.

61.15 ~~(c)~~ (3) if there is a dependent child or children under paragraph (a) or (b), the
61.16 association shall grant a dependent child benefit under section 353.657, subdivision 3.

61.17 Sec. 4. **EFFECTIVE DATE.**

61.18 Sections 1 to 3 are effective July 1, 2006.

61.19 **ARTICLE 8**

61.20 **PRIVATIZATION RETIREMENT COVERAGE CHANGE**

61.21 Section 1. Minnesota Statutes 2004, section 352F.04, is amended to read:

61.22 **352F.04 AUGMENTATION INTEREST RATE RATES FOR TERMINATED**
61.23 **UNIVERSITY HOSPITAL PRIVATIZED EMPLOYEES.**

61.24 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of a
61.25 terminated hospital employee who attained that status prior to the effective date of this
61.26 section is subject to augmentation ~~in accordance with~~ under Minnesota Statutes 1994,
61.27 section 352.72, subdivision 2, except that the rate of ~~interest for this purpose~~ augmentation
61.28 is 5.5 percent compounded annually until January 1 following the year in which ~~such~~ the
61.29 person attains age 55. From that date to the effective date of retirement, the augmentation
61.30 rate is 7.5 percent compounded annually. ~~These~~

61.31 (b) If a terminated hospital employee attained that status on or after the effective date
61.32 of this section, the augmentation rate is four percent compounded annually until January
61.33 1, following the year in which the person attains age 55. From that date to the effective
61.34 date of retirement, the augmentation rate is six percent compounded annually.

62.1 Subd. 2. **Exceptions.** The increased augmentation rates are no longer applicable for
 62.2 any time after specified in subdivision 1 do not apply if the terminated hospital employee
 62.3 or Academic Health Center employee;

62.4 (1) becomes covered again by a retirement ~~fund~~plan enumerated in section 356.30,

62.5 subdivision 3. ~~These increased deferred annuity augmentation rates do not apply to a~~
 62.6 ~~terminated transferred hospital employee or Academic Health Center employee who; or~~

62.7 (2) begins receipt of a retirement annuity while employed by Fairview the employer
 62.8 which assumed operations of the medical facility or other public employing unit or
 62.9 purchased the medical facility or other public employing unit.

62.10 Sec. 2. Minnesota Statutes 2005 Supplement, section 353F.02, subdivision 4, is
 62.11 amended to read:

62.12 Subd. 4. **Medical facility.** "Medical facility" means:

- 62.13 (1) Bridges Medical Services;
- 62.14 (2) the City of Cannon Falls Hospital;
- 62.15 (3) the Dassel Lakeside Community Home;
- 62.16 (4) the Fair Oaks Lodge, Wadena;
- 62.17 ~~(3)~~ (5) the Glencoe Area Health Center;
- 62.18 ~~(4)~~ (6) the Hutchinson Area Health Care;
- 62.19 ~~(5)~~ (7) the Kanabec Hospital;
- 62.20 ~~(6)~~ (8) the Luverne Public Hospital;
- 62.21 ~~(7)~~ (9) the Northfield Hospital;
- 62.22 ~~(8)~~ (10) the RenVilla Nursing Home;
- 62.23 ~~(9)~~ (11) the Renville County Hospital in Olivia;
- 62.24 ~~(10)~~ (12) the St. Peter Community Healthcare Center; and
- 62.25 ~~(11)~~ (13) the Waconia-Ridgeview Medical Center.

62.26 Sec. 3. Minnesota Statutes 2004, section 353F.04, is amended to read:

62.27 **353F.04 AUGMENTATION INTEREST ~~RATE~~ RATES FOR TERMINATED**
 62.28 **MEDICAL OR OTHER PUBLIC EMPLOYING UNIT FACILITY EMPLOYEES.**

62.29 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of
 62.30 a terminated medical facility or other public employing unit employee is subject to
 62.31 augmentation ~~in accordance with~~ under section 353.71, subdivision 2, of the edition of
 62.32 Minnesota Statutes published in the year in which the privatization occurred, except that
 62.33 the rate of ~~interest for this purpose~~ augmentation is as specified in paragraph (b) or (c),
 62.34 whichever is applicable.

62.35 (b) This paragraph applies if the legislation adding the medical facility or other
 62.36 employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before

63.1 July 26, 2005, and became effective before January 1, 2007. For a terminated medical
63.2 facility or other public employing unit employee, the augmentation rate is 5.5 percent
63.3 compounded annually until January 1 following the year in which ~~such~~ the person attains
63.4 age 55. From that date to the effective date of retirement, the augmentation rate is 7.5
63.5 percent compounded annually. ~~These~~

63.6 (c) If paragraph (b) is not applicable, the augmentation rate is four percent
63.7 compounded annually until January 1, following the year in which the person attains age
63.8 55. From that date to the effective date of retirement, the augmentation rate is six percent
63.9 compounded annually.

63.10 Subd. 2. **Exceptions.** The increased augmentation rates ~~are no longer applicable for~~
63.11 ~~any time after~~ specified in subdivision 1 do not apply if the terminated medical facility
63.12 or other public employing unit employee;

63.13 (1) becomes covered again by a retirement ~~fund~~ plan enumerated in section 356.30,
63.14 subdivision 3. ~~These increased deferred annuity augmentation rates do not apply to a~~
63.15 ~~terminated transferred medical facility or other public employing unit employee who; or~~

63.16 (2) begins receipt of a retirement annuity while employed by the employer which
63.17 assumed operations of the medical facility or other public employing unit or purchased the
63.18 medical facility or other public employing unit.

63.19 Sec. 4. **EFFECTIVE DATE.**

63.20 (a) Sections 1 and 3 are effective the day following final enactment and section 3
63.21 has effect retroactively from July 25, 2005.

63.22 (b) Section 2 with respect to the Cannon Falls Hospital District is effective upon the
63.23 latter of:

63.24 (1) the day after the governing body of the Cannon Falls Hospital District and its
63.25 chief clerical officer meet the requirements under Minnesota Statutes, section 645.021,
63.26 subdivisions 2 and 3; and

63.27 (2) the first day of the month following certification to the Cannon Falls Hospital
63.28 District by the executive director of the Public Employees Retirement Association that the
63.29 actuarial accrued liability of the special benefit coverage proposed for extension to the
63.30 privatized City of Cannon Falls Hospital employees under section 1 does not exceed the
63.31 actuarial gain otherwise to be accrued by the Public Employees Retirement Association, as
63.32 calculated by the consulting actuary retained under Minnesota Statutes, section 356.214.
63.33 The cost of the actuarial calculations must be borne by the current employer or by the
63.34 entity which is the employer following the privatization.

63.35 (c) Section 2 with respect to the Dassel Lakeside Community Home is effective
63.36 upon the latter of:

64.1 (1) the day after the governing body of the city of Dassel and its chief clerical officer
 64.2 timely complete compliance with Minnesota Statutes, section 345.021, subdivisions 2
 64.3 and 3; and

64.4 (2) the first day of the month next following certification to the Dassel City
 64.5 Council by the executive director of the Public Employees Retirement Association that
 64.6 the actuarial accrued liability of the special benefit coverage proposed for extension to
 64.7 the privatized Dassel Lakeside Community Home employees under section 1 does not
 64.8 exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement
 64.9 Association, as calculated by the consulting actuary retained under Minnesota Statutes,
 64.10 section 356.214. The cost of the actuarial calculations must be borne by the city of Dassel
 64.11 or by the entity which is the employer following the privatization.

64.12 **ARTICLE 9**

64.13 **SOCIAL SECURITY COVERAGE CHANGES**

64.14 Section 1. Minnesota Statutes 2004, section 355.01, subdivision 3g, is amended to read:

64.15 Subd. 3g. **Local governmental subdivision.** "Local governmental subdivision"

64.16 means:

64.17 (1) a political subdivision as defined in section 218(b) of the Social Security Act;

64.18 (2) an instrumentality of the state;

64.19 (3) an instrumentality of one or more of the political subdivisions of the state;

64.20 ~~including the League of Minnesota Cities;~~

64.21 (4) an instrumentality of the state and one or more of its political subdivisions;

64.22 (5) a governmental subdivision as defined in section 353.01, subdivision 6; and

64.23 (6) any instrumentality established under a joint powers agreement under section
 64.24 471.59 wherein the instrumentality is responsible for the employment and the payment of
 64.25 the salaries of the employees of the instrumentality.

64.26 Sec. 2. Minnesota Statutes 2004, section 355.02, subdivision 1, is amended to read:

64.27 Subdivision 1. **General authority.** (a) The director, with the approval of the
 64.28 governor, is hereby authorized to enter into an agreement on behalf of the state, its political
 64.29 subdivisions and its other governmental employers, with the federal Secretary of Health
 64.30 and Human Services, consistent with the terms and provisions of this chapter, for the
 64.31 purpose of extending the benefits of the federal old age, survivors, and disability insurance
 64.32 system to employees of the state or any political subdivision thereof who hold positions
 64.33 covered by a retirement system with respect to services specified in the agreement which
 64.34 constitute "employment," ~~whenever so specifically authorized by the statutory provisions~~
 64.35 ~~of this state pertaining to any coverage group of such employees to which the agreement~~
 64.36 ~~may become applicable under the Social Security Act.~~

65.1 (b) ~~Under this specific authorization~~ The agreement may contain those provisions
65.2 relating to coverage, benefits, contributions, effective date, modification and termination
65.3 of the agreement, administration, and other appropriate provisions as the director and the
65.4 federal Secretary of Health and Human Services shall agree upon, but, except as may be
65.5 otherwise required by or under the Social Security Act as to the services to be covered,
65.6 such agreement must provide in effect that:

65.7 (1) benefits will be provided for employees whose services are covered by the
65.8 agreement (and their dependents and survivors) on the same basis as though those services
65.9 constituted employment within the meaning of title II of the Social Security Act;

65.10 (2) the state or other employer will pay to the federal Secretary of the Treasury, at
65.11 such time or times as may be prescribed under the Social Security Act, contributions
65.12 with respect to wages, equal to the sum of the taxes which would be imposed by the
65.13 Federal Insurance Contributions Act if the services covered by the agreement constituted
65.14 employment within the meaning of that act;

65.15 (3) the agreement is effective with respect to services in employment covered by the
65.16 agreement performed after a date specified therein; and

65.17 (4) all services which constitute employment and are performed in the employ of
65.18 the state or any of its political subdivisions by employees thereof, may be covered by the
65.19 agreement ~~whenever so specifically authorized by the statutory provisions of this state
65.20 pertaining to any coverage group of such employees to which the agreement may become
65.21 applicable under the Social Security Act.~~

65.22 Sec. 3. Minnesota Statutes 2004, section 355.02, subdivision 3, is amended to read:

65.23 Subd. 3. **Groups covered by Social Security.** (a) The following groups having
65.24 coverage under a retirement plan in section 356.30, subdivision 3, except clauses (4) and
65.25 (8) must be covered by an agreement or a modification to an agreement between the
65.26 director and the federal Secretary of Health and Human Services:

- 65.27 (1) constitutional officers;
- 65.28 (2) Duluth teachers;
- 65.29 (3) educational employees;
- 65.30 (4) higher education employees;
- 65.31 (5) hospital employees;
- 65.32 (6) judges;
- 65.33 (7) legislators;
- 65.34 (8) Minneapolis teachers;
- 65.35 (9) public employees;
- 65.36 (10) St. Paul teachers; and

66.1 (11) ~~special authority or district employees; and~~
66.2 ~~(12)~~ state employees.

66.3 (b) The following groups must be covered prospectively following the referendum
66.4 in subdivision 4 and the modification to the state Social Security agreement under
66.5 subdivision 1:

66.6 (1) special authority or district employees in positions covered by a retirement plan
66.7 provided by the employer; and

66.8 (2) local elected officials of a local governmental subdivision or of a special authority
66.9 or district holding positions covered by the defined contribution plan under chapter 353D.

66.10 (c) Each local governmental subdivision or special authority or district desiring
66.11 inclusion in the state Social Security agreement for groups covered by paragraph (b) must
66.12 request such coverage by submitting a formal resolution to the director, including therein
66.13 the desired starting date for Social Security coverage.

66.14 (d) For purposes of paragraph (b), clause (2), the defined contribution plan of the
66.15 Public Employees Retirement Association is considered a separate retirement system with
66.16 respect to each local governmental subdivision or special authority or district, and the
66.17 elected officials in a local governmental subdivision or in a special authority or district
66.18 must be treated separately and independently from the other governmental subdivisions.

66.19 Sec. 4. Minnesota Statutes 2004, section 355.02, is amended by adding a subdivision
66.20 to read:

66.21 Subd. 4. **Referendum.** The director shall authorize and supervise a referendum
66.22 under section 218(d)(6)(C) of the Social Security Act to be held on the date or dates set by
66.23 the local governmental subdivision or by the special authority or district desiring inclusion
66.24 under subdivision 3, paragraph (b). The referendum must permit each eligible employee
66.25 the opportunity to elect Social Security coverage. The notice of referendum required by
66.26 section 218(d) of the Social Security Act must contain a statement sufficient to inform
66.27 the person of the rights which accrue under the Social Security Act and the employee
66.28 contribution rates applicable to the program. The cost of the referendum is to be borne
66.29 by the governmental subdivision. The director, on receiving satisfactory evidence that
66.30 the conditions required by section 218 of the Social Security Act have been met, must
66.31 so certify to the Secretary of Health and Human Services.

66.32 Sec. 5. Minnesota Statutes 2004, section 355.02, is amended by adding a subdivision
66.33 to read:

66.34 Subd. 5. **Retroactive Social Security coverage.** (a) An employee or elected official
66.35 who elects Social Security coverage under subdivision 4 may obtain retroactive coverage
66.36 for the period specified in the modification of the agreement if the individual is employed

67.1 by the local governmental subdivision or by the special authority or district on the date of
67.2 the modification of the agreement. The employee or elected official must pay an amount
67.3 equal to the taxes which would have been imposed on the person by the Federal Insurance
67.4 Contributions Act had the service been covered at the time performed. The employing
67.5 local governmental subdivision or special authority or district must pay the necessary
67.6 employer contributions for the retroactive period. Nothing in this section shall require an
67.7 employee or elected official to elect retroactive Social Security coverage.

67.8 Sec. 6. **[355.095] OPTIONAL MEDICARE COVERAGE FOR CERTAIN**
67.9 **PUBLIC EMPLOYEES.**

67.10 Subdivision 1. **Agreement.** (a) The director, on behalf of the state, its political
67.11 subdivisions, and its other governmental employers, is authorized to enter into an
67.12 agreement with the Secretary of Health and Human Services to extend the provisions of
67.13 United States Code, title 42, section 426, 426-1, and 1395c, to the employees in paragraph
67.14 (b) who meet the requirements of United States Code, title 42, section 418(v)(2) and who
67.15 do not have coverage by the federal old age, survivors, and disability insurance program
67.16 for that employment under any previous modification of the agreement or previous
67.17 Medicare referendum.

67.18 (b) The applicable employees are:

67.19 (1) employees who are members of one of the retirement plans in section 356.30,
67.20 subdivision 3, except clauses (4) and (8), based on continuous employment since March
67.21 31, 1986; and

67.22 (2) employees of a special authority or district who have been continuously
67.23 employed by the special authority or district since March 31, 1986.

67.24 Subd. 2. **Referendum.** (a) Each local governmental subdivision or special authority
67.25 or district desiring inclusion in the state Social Security agreement under subdivision 1
67.26 must request such coverage by submitting a formal resolution to the director, including
67.27 therein the desired starting date for Social Security coverage.

67.28 (b) The director shall authorize a referendum on the question of extending the
67.29 provisions of United States Code, title 42, sections 426, 426-1, and 1395c. The director
67.30 shall supervise the referendum in accordance with the requirements of United States Code,
67.31 title 42, section 418, on the date or dates set. The cost of such referendum must be borne by
67.32 the requesting retirement plan, or the requesting special authority or district. The notice of
67.33 the referendum provided to each eligible employee must contain a statement sufficient to
67.34 inform the person of the rights available as an employee in Medicare qualified government
67.35 employment and the employee contribution rates applicable to the program. The
67.36 referendum must permit each eligible employee the opportunity to vote in such referendum

68.1 in accordance with the requirements in the Social Security Act. The director, on receiving
68.2 satisfactory evidence that the conditions specified in United States Code, title 42, section
68.3 418(d)(7) have been met, must so certify to the Secretary of Health and Human Services.

68.4 Subd. 3. **Contributions.** Employers must pay the necessary employer contributions
68.5 and make the necessary deductions from salary for employees who elect to participate in
68.6 the federal Medicare program under this section and as required by federal law.

68.7 Subd. 4. **Retroactive Medicare coverage.** (a) An individual who obtains Medicare
68.8 coverage through the referendum under subdivision 2 may obtain retroactive coverage for
68.9 the period specified in the modification of the agreement if employed by the governmental
68.10 subdivision or by the special authority or district on the date of the modification of the
68.11 agreement. The individual must pay an amount equal to the Medicare taxes which would
68.12 have been imposed on the employee had the service been covered at the time performed.
68.13 The employing local governmental subdivision or special authority or district must pay
68.14 the necessary employer contributions for the retroactive Medicare coverage period.
68.15 Nothing in this section shall require an employee or elected official to elect retroactive
68.16 Medicare coverage.

68.17 **Sec. 7. EFFECTIVE DATE.**

68.18 Sections 1 to 6 are effective the day following final enactment.

68.19 **ARTICLE 10**

68.20 **SUPPLEMENTAL RETIREMENT PLAN COVERAGE CHANGES**

68.21 Section 1. Minnesota Statutes 2004, section 356.24, subdivision 1, is amended to read:

68.22 Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other
68.23 governmental subdivision or state agency to levy taxes for, or to contribute public funds to
68.24 a supplemental pension or deferred compensation plan that is established, maintained,
68.25 and operated in addition to a primary pension program for the benefit of the governmental
68.26 subdivision employees other than:

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

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

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

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

68.34 (5) for employees other than personnel employed by the Board of Trustees of the
68.35 Minnesota State Colleges and Universities and covered under the Higher Education

69.1 Supplemental Retirement Plan under chapter 354C, if the supplemental plan coverage is
69.2 provided for in a personnel policy of the public employer or in the collective bargaining
69.3 agreement between the public employer and the exclusive representative of public
69.4 employees in an appropriate unit, in an amount matching employee contributions on a
69.5 dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per
69.6 employee;

69.7 (i) to the state of Minnesota deferred compensation plan under section 352.96; or

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

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

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

69.24 (8) to the laborer's national industrial pension fund or to a laborer's local pension
69.25 fund for the employees of a governmental subdivision who are covered by a collective
69.26 bargaining agreement that provides for coverage by that fund and that sets forth a fund
69.27 contribution rate, but not to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year
69.28 per employee;

69.29 (9) to the plumbers' and pipefitters' national pension fund or to a plumbers' and
69.30 pipefitters' local pension fund for the employees of a governmental subdivision who are
69.31 covered by a collective bargaining agreement that provides for coverage by that fund
69.32 and that sets forth a fund contribution rate, but not to exceed an employer contribution
69.33 of ~~\$2,000~~ \$5,000 per year per employee;

69.34 (10) to the International Union of Operating Engineers pension fund for the
69.35 employees of a governmental subdivision who are covered by a collective bargaining
69.36 agreement that provides for coverage by that fund and that sets forth a fund contribution

70.1 rate, but not to exceed an employer contribution of ~~\$2,000~~ \$5,000 per year per employee;
70.2 ~~or~~

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

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

70.10 Sec. 2. **EFFECTIVE DATE.**

70.11 Section 1 is effective the day following final enactment.

70.12 **ARTICLE 11**

70.13 **RETIREMENT FUND INVESTMENT AUTHORITY CHANGES**

70.14 Section 1. Minnesota Statutes 2004, section 354A.08, is amended to read:

70.15 **354A.08 AUTHORIZED INVESTMENTS.**

70.16 In addition to investments authorized under section 356A.06, subdivision 7, a
70.17 teachers retirement fund association may receive, hold, and dispose of real estate or
70.18 personal property acquired by it, whether the acquisition was by purchase, or any other
70.19 lawful means, as provided in this chapter or in the association's articles of incorporation.
70.20 In addition to other authorized real estate investments, an association may also invest
70.21 funds in Minnesota situs nonfarm real estate ownership interests or loans secured by
70.22 mortgages or deeds of trust. ~~The board may also certify assets for investment by the State~~
70.23 Board of Investment as provided under section 11A.17.

70.24 Sec. 2. Minnesota Statutes 2004, section 354A.28, subdivision 5, is amended to read:

70.25 Subd. 5. **Investment.** The assets of the annuity reserve fund must be invested,
70.26 reinvested, and retained ~~in the discretion of~~ by the board of trustees of the Minneapolis
70.27 Teachers Retirement Fund Association in authorized investments under section
70.28 ~~11A.24~~ 356A.06, subdivision 7.

70.29 Sec. 3. Minnesota Statutes 2005 Supplement, section 356A.06, subdivision 7, is
70.30 amended to read:

70.31 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.**
70.32 Except to the extent otherwise authorized by law ~~or by laws~~, a covered pension plan not
70.33 described by subdivision 6, paragraph (a), ~~may~~ shall invest its assets only in accordance
70.34 with this subdivision.

71.1 (b) **Securities generally.** The covered pension plan has the authority to purchase,
71.2 sell, lend, or exchange the securities specified in paragraphs (c) to ~~(h)~~(i), including
71.3 puts and call options and future contracts traded on a contract market regulated by a
71.4 governmental agency or by a financial institution regulated by a governmental agency.
71.5 These securities may be owned as units in commingled trusts that own the securities
71.6 described in paragraphs (c) to ~~(h)~~(i).

71.7 (c) **Government obligations.** The covered pension plan may invest funds in
71.8 governmental bonds, notes, bills, mortgages, and other evidences of indebtedness
71.9 provided the issue is backed by the full faith and credit of the issuer or the issue is rated
71.10 among the top four quality rating categories by a nationally recognized rating agency. The
71.11 obligations in which funds may be invested under this paragraph include guaranteed or
71.12 insured issues of (1) the United States, its agencies, its instrumentalities, or organizations
71.13 created and regulated by an act of Congress; (2) Canada and its provinces, provided
71.14 the principal and interest is payable in United States dollars; (3) the states and their
71.15 municipalities, political subdivisions, agencies, or instrumentalities; (4) the International
71.16 Bank for Reconstruction and Development, the Inter-American Development Bank, the
71.17 Asian Development Bank, the African Development Bank, or any other United States
71.18 government sponsored organization of which the United States is a member, provided the
71.19 principal and interest is payable in United States dollars.

71.20 (d) **Corporate obligations.** The covered pension plan may invest funds in bonds,
71.21 notes, debentures, transportation equipment obligations, or any other longer term
71.22 evidences of indebtedness issued or guaranteed by a corporation organized under the laws
71.23 of the United States or any state thereof, or the Dominion of Canada or any province
71.24 thereof if they conform to the following provisions:

71.25 (1) the principal and interest of obligations of corporations incorporated or organized
71.26 under the laws of the Dominion of Canada or any province thereof must be payable in
71.27 United States dollars; and

71.28 (2) obligations must be rated among the top four quality categories by a nationally
71.29 recognized rating agency.

71.30 (e) **Other obligations.** (1) The covered pension plan may invest funds in
71.31 bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage
71.32 participation certificates and pools, asset backed securities, repurchase agreements and
71.33 reverse repurchase agreements, guaranteed investment contracts, savings accounts, and
71.34 guaranty fund certificates, surplus notes, or debentures of domestic mutual insurance
71.35 companies if they conform to the following provisions:

72.1 (i) bankers acceptances and deposit notes of United States banks are limited to those
72.2 issued by banks rated in the highest four quality categories by a nationally recognized
72.3 rating agency;

72.4 (ii) certificates of deposit are limited to those issued by (A) United States banks and
72.5 savings institutions that are rated in the highest four quality categories by a nationally
72.6 recognized rating agency or whose certificates of deposit are fully insured by federal
72.7 agencies; or (B) credit unions in amounts up to the limit of insurance coverage provided
72.8 by the National Credit Union Administration;

72.9 (iii) commercial paper is limited to those issued by United States corporations or
72.10 their Canadian subsidiaries and rated in the highest two quality categories by a nationally
72.11 recognized rating agency;

72.12 (iv) mortgage participation or pass through certificates evidencing interests in pools
72.13 of first mortgages or trust deeds on improved real estate located in the United States where
72.14 the loan to value ratio for each loan as calculated in accordance with section 61A.28,
72.15 subdivision 3, does not exceed 80 percent for fully amortizable residential properties and
72.16 in all other respects meets the requirements of section 61A.28, subdivision 3;

72.17 (v) collateral for repurchase agreements and reverse repurchase agreements is
72.18 limited to letters of credit and securities authorized in this section;

72.19 (vi) guaranteed investment contracts are limited to those issued by insurance
72.20 companies or banks rated in the top four quality categories by a nationally recognized
72.21 rating agency or to alternative guaranteed investment contracts where the underlying
72.22 assets comply with the requirements of this subdivision;

72.23 (vii) savings accounts are limited to those fully insured by federal agencies; and

72.24 (viii) asset backed securities must be rated in the top four quality categories by a
72.25 nationally recognized rating agency.

72.26 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates
72.27 of deposit and collateralization agreements executed by the covered pension plan under
72.28 clause (1), item (ii).

72.29 (3) In addition to investments authorized by clause (1), item (iv), the covered
72.30 pension plan may purchase from the Minnesota Housing Finance Agency all or any part of
72.31 a pool of residential mortgages, not in default, that has previously been financed by the
72.32 issuance of bonds or notes of the agency. The covered pension plan may also enter into
72.33 a commitment with the agency, at the time of any issue of bonds or notes, to purchase
72.34 at a specified future date, not exceeding 12 years from the date of the issue, the amount
72.35 of mortgage loans then outstanding and not in default that have been made or purchased
72.36 from the proceeds of the bonds or notes. The covered pension plan may charge reasonable

73.1 fees for any such commitment and may agree to purchase the mortgage loans at a price
73.2 sufficient to produce a yield to the covered pension plan comparable, in its judgment,
73.3 to the yield available on similar mortgage loans at the date of the bonds or notes. The
73.4 covered pension plan may also enter into agreements with the agency for the investment
73.5 of any portion of the funds of the agency. The agreement must cover the period of the
73.6 investment, withdrawal privileges, and any guaranteed rate of return.

73.7 (f) **Corporate stocks.** The covered pension plan may invest funds in stocks or
73.8 convertible issues of any corporation organized under the laws of the United States or the
73.9 states thereof, any corporation organized under the laws of the Dominion of Canada or its
73.10 provinces, or any corporation listed on an exchange regulated by an agency of the United
73.11 States or of the Canadian national government, if they conform to the following provisions:

73.12 (1) the aggregate value of corporate stock investments, as adjusted for realized
73.13 profits and losses, must not exceed 85 percent of the market or book value, whichever is
73.14 less, of a fund, less the aggregate value of investments according to paragraph ~~(h)~~(i); and

73.15 (2) investments must not exceed five percent of the total outstanding shares of
73.16 any one corporation.

73.17 (g) **Commingled or mutual investments.** The covered pension plan may invest
73.18 in index funds or mutual funds, including index mutual funds, through bank-sponsored
73.19 collective funds and shares of open-end investment companies registered under the
73.20 Federal Investment Company Act of 1940, if the investments of the index or mutual fund
73.21 comply with paragraphs (c) to (f), and paragraph (i), clause (1)(iv).

73.22 (h) **Exchange traded funds.** The covered pension plan may invest funds in exchange
73.23 traded funds, subject to the maximums, the requirements, and the limitations set forth in
73.24 paragraph (d), (e), (f), or (h), whichever applies.

73.25 ~~(h)~~(i) **Other investments.** (1) In addition to the investments authorized in
73.26 paragraphs (b) to ~~(g)~~(h), and subject to the provisions in clause (2), the covered pension
73.27 plan may invest funds in:

73.28 (i) venture capital investment businesses through participation in limited partnerships
73.29 and corporations;

73.30 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust
73.31 through investment in limited partnerships, bank sponsored collective funds, trusts, and
73.32 insurance company commingled accounts, including separate accounts;

73.33 (iii) regional and mutual funds through bank sponsored collective funds and
73.34 open-end investment companies registered under the Federal Investment Company Act
73.35 of 1940;

74.1 (iv) resource investments through limited partnerships, private placements, and
74.2 corporations; and

74.3 (v) international securities.

74.4 (2) The investments authorized in clause (1) must conform to the following
74.5 provisions:

74.6 (i) the aggregate value of all investments made according to clause (1) may not
74.7 exceed 35 percent of the market value of the fund for which the covered pension plan is
74.8 investing;

74.9 (ii) there must be at least four unrelated owners of the investment other than the
74.10 covered pension plan for investments made under clause (1), item (i), (ii), (iii), or (iv);

74.11 (iii) covered pension plan participation in an investment vehicle is limited to 20
74.12 percent thereof for investments made under clause (1), item (i), (ii), (iii), or (iv); and

74.13 (iv) covered pension plan participation in a limited partnership does not include a
74.14 general partnership interest or other interest involving general liability. The covered
74.15 pension plan may not engage in any activity as a limited partner which creates general
74.16 liability.

74.17 Sec. 4. **TRANSITION PROVISION.**

74.18 A covered pension plan with investment that on the day prior to the effective date
74.19 of this section do not comply with section 3 shall divest of any assets not in compliance
74.20 before January 1, 2008.

74.21 Sec. 5. **EFFECTIVE DATE.**

74.22 Sections 1 to 4 are effective the day following final enactment.

74.23 **ARTICLE 12**

74.24 **MINNEAPOLIS EMPLOYEES RETIREMENT FUND CHANGES**

74.25 Section 1. Minnesota Statutes 2004, section 422A.05, subdivision 2c, is amended to
74.26 read:

74.27 Subd. 2c. **Minneapolis employees retirement fund investment authority.** (a) For
74.28 investments made on or after July 1, 1991, the board shall invest funds only in investments
74.29 authorized by section 356A.06, subdivision 7.

74.30 (b) However, in addition to real estate investments authorized under paragraph (a),
74.31 the board may also make loans to purchasers of Minnesota situs nonfarm residential real
74.32 estate that is owned by the Minneapolis Employees Retirement Fund. The loans must
74.33 be secured by mortgages or deeds of trust.

74.34 (c) For investments made before July 1, 1991, the board may, but is not required to,
74.35 comply with paragraph (a). However, with respect to these investments, the board shall
74.36 act in accordance with subdivision 2a and chapter 356A.

75.1 (d) The board may certify assets for investment by the State Board of Investment
75.2 under section 11A.14, subject to any restrictions established by the State Board of
75.3 Investment, and section 11A.17.

75.4 Sec. 2. Minnesota Statutes 2004, section 422A.06, subdivision 3, is amended to read:

75.5 Subd. 3. **Deposit accumulation fund.** (a) The deposit accumulation fund consists
75.6 of the assets held in the fund, including amounts contributed by or for employees, amounts
75.7 contributed by the city, amounts contributed by municipal activities supported in whole or
75.8 in part by revenues other than taxes and amounts contributed by any public corporation,
75.9 amounts paid by the state, and by income from investments.

75.10 (b) There must be paid from the fund the amounts required to be transferred to the
75.11 retirement benefit fund, or the disability benefit fund, refunds of contributions, including
75.12 the death-while-active refund specified in section 422A.22, subdivision 4, postretirement
75.13 increases in retirement allowances granted under Laws 1965, chapter 688, or Laws 1969,
75.14 chapter 859, and expenses of the administration of the retirement fund which were not
75.15 charged by the retirement board against the income of the retirement benefit fund from
75.16 investments as the cost of handling the investments of the retirement benefit fund.

75.17 (c) To the extent that the deposit accumulation fund has insufficient assets to transfer
75.18 the total value of the required reserves for retirement annuities to either the fund under
75.19 subdivisions 5 and 7 or the retirement benefit fund under subdivisions 5 and 8 as required,
75.20 the deposit accumulation fund has a transfer amount payable on which an interest charge
75.21 accrues. The executive director must determine the interest charge for the period that
75.22 transfer amount payable remains unpaid at an annual rate equal to five percent plus
75.23 the percentage increase in the amount of the annual Consumer Price Index for urban
75.24 wage earners and clerical workers as calculated by the Bureau of Labor Statistics of the
75.25 United States Department of Labor from the previous June 30. The interest charge must
75.26 be reflected in the books of the Minneapolis Employees Retirement Fund and assessed
75.27 against the deposit accumulation fund based on the average quarterly transfer amount
75.28 payable balance outstanding. Any revenue received by the deposit accumulation fund
75.29 subsequent to unpaid transfers must be transferred from the deposit accumulation fund
75.30 to the disability benefit fund or to the retirement fund, whichever applies, must first be
75.31 applied to any remaining interest charge and then must be applied to the principal amount
75.32 of transfer amount payable outstanding.

75.33 Sec. 3. Minnesota Statutes 2004, section 422A.06, subdivision 5, is amended to read:

75.34 Subd. 5. **Transfer of reserves to retirement benefit fund; adjustments of**
75.35 **annuities and benefits.** (a) Assets equal to the required reserves for retirement annuities
75.36 as determined in accordance with the appropriate mortality table adopted by the board of

76.1 trustees based on the experience of the fund as recommended by the ~~commission-retained~~
76.2 actuary retained under section 356.214 and using the postretirement interest assumption
76.3 specified in section 356.215, subdivision 8, ~~shall~~ must be transferred to the disability
76.4 benefit fund as provided in subdivision 7, or the retirement benefit fund, except for any
76.5 amounts payable from the survivor benefit fund, as of date of retirement.

76.6 (b) If a full transfer amount is not payable from the deposit accumulation fund, the
76.7 applicable fund must be credited with an interest-bearing transfer amount receivable.

76.8 ~~(b)~~ (c) Annuity payments ~~shall~~ must be adjusted in accordance with this chapter,
76.9 except that no minimum retirement payments described in this chapter ~~shall~~ must include
76.10 any amounts payable from the survivors' benefit fund or disability benefit fund and
76.11 supplemented benefits specifically financed by statute.

76.12 ~~(c)~~ (d) Increases in annuity payments ~~pursuant to~~ under this section ~~shall~~ must be
76.13 made automatically unless written notice on a form prescribed by the board is filed with
76.14 the retirement board requesting that the increase not be made.

76.15 ~~(d)~~ (e) Any additional annuity which began to accrue on July 1, 1973, or which
76.16 began to accrue on January 1, 1974, pursuant to Laws 1973, chapter 770, section 1, ~~shall~~
76.17 must be considered as part of the base amount to be used in determining any postretirement
76.18 adjustments payable ~~pursuant to~~ under the provisions of subdivision 8.

76.19 Sec. 4. Minnesota Statutes 2004, section 422A.06, subdivision 7, is amended to read:

76.20 Subd. 7. **Disability benefit fund.** (a) Unless subdivision 3, paragraph (c), applies,
76.21 the required reserves for disability allowances which become effective after December
76.22 31, 1973, ~~shall~~ must be transferred from the deposit accumulation fund to the disability
76.23 benefit fund. A proportionate share of income from investments ~~shall~~ must be allocated
76.24 to this fund and any interest charge under subdivision 3, paragraph (c), must be credited
76.25 to the fund. ~~There shall be paid~~ From this fund, the disability allowances which become
76.26 effective after December 31, 1973, must be paid.

76.27 (b) In the event of termination of any disability allowance for any reason other than
76.28 the death of the recipient, the balance of the required reserves for the disability allowance
76.29 as of the date of termination ~~shall~~ must be transferred from the disability benefit fund to
76.30 the deposit accumulation fund.

76.31 (c) At the end of each fiscal year, as part of the annual actuarial valuation, a
76.32 determination ~~shall~~ must be made of the required reserves for all disability allowances
76.33 being paid from the disability benefit fund. Any excess of assets over actuarial required
76.34 reserves in the disability benefit fund ~~shall~~ must be transferred to the deposit accumulation
76.35 fund. Unless subdivision 3, paragraph (c), applies, any excess of actuarial reserves over

77.1 assets in the disability benefit fund ~~shall~~ must be funded by a transfer of the appropriate
77.2 amount of assets from the deposit accumulation fund.

77.3 Sec. 5. Minnesota Statutes 2004, section 422A.06, subdivision 8, is amended to read:

77.4 Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund ~~shall consist~~
77.5 consists of amounts held for payment of retirement allowances for members retired
77.6 pursuant to under this chapter, including any transfer amount payable under subdivision 3,
77.7 paragraph (c).

77.8 (b) Unless subdivision 3, paragraph (c), applies, assets equal to the required reserves
77.9 for retirement allowances pursuant to under this chapter determined in accordance with
77.10 the appropriate mortality table adopted by the board of trustees based on the experience of
77.11 the fund as recommended by the ~~commission-retained~~ actuary shall retained under section
77.12 356.214, must be transferred from the deposit accumulation fund to the retirement benefit
77.13 fund as of the last business day of the month in which the retirement allowance begins.
77.14 The income from investments of these assets ~~shall~~ must be allocated to this fund and any
77.15 interest charge under subdivision 3, paragraph (c), must be credited to the fund. There
77.16 ~~shall~~ must be paid from this fund the retirement annuities authorized by law. A required
77.17 reserve calculation for the retirement benefit fund must be made by the actuary retained
77.18 ~~by the Legislative Commission on Pensions and Retirement~~ under section 356.214 and
77.19 must be certified to the retirement board by the ~~commission-retained~~ actuary.

77.20 (c) The retirement benefit fund ~~shall~~ must be governed by the applicable laws
77.21 governing the accounting and audit procedures, investment, actuarial requirements,
77.22 calculation and payment of postretirement benefit adjustments, discharge of any deficiency
77.23 in the assets of the fund when compared to the actuarially determined required reserves,
77.24 and other applicable operations and procedures regarding the Minnesota postretirement
77.25 investment fund in effect on June 30, 1997, established under Minnesota Statutes 1996,
77.26 section 11A.18, and any legal or administrative interpretations of those laws of the State
77.27 Board of Investment, the legal advisor to the Board of Investment and the executive
77.28 director of the State Board of Investment in effect on June 30, 1997. If a deferred yield
77.29 adjustment account is established for the Minnesota postretirement investment fund
77.30 before June 30, 1997, under Minnesota Statutes 1996, section 11A.18, subdivision 5, the
77.31 retirement board shall also establish and maintain a deferred yield adjustment account
77.32 within this fund.

77.33 (d) Annually, following the calculation of any postretirement adjustment payable
77.34 from the retirement benefit fund, the board of trustees shall submit a report to the
77.35 executive director of the Legislative Commission on Pensions and Retirement and to the
77.36 commissioner of finance indicating the amount of any postretirement adjustment and

78.1 the underlying calculations on which that postretirement adjustment amount is based,
78.2 including the amount of dividends, the amount of interest, and the amount of net realized
78.3 capital gains or losses utilized in the calculations.

78.4 (e) With respect to a former contributing member who began receiving a retirement
78.5 annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June
78.6 30,1997, or with respect to a survivor of a former contributing member who began
78.7 receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June
78.8 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living
78.9 adjustment payable to those annuity or benefit recipients annually must be transferred back
78.10 to the deposit accumulation fund to the credit of the Metropolitan Airports Commission.
78.11 The calculation of this annual reduced cost-of-living adjustment reserve transfer must
78.12 be reviewed by the actuary retained ~~by the Legislative Commission on Pensions and~~
78.13 Retirement under section 356.214.

78.14 Sec. 6. Minnesota Statutes 2004, section 422A.101, subdivision 3, is amended to read:

78.15 Subd. 3. **State contributions.** (a) Subject to the limitation set forth in paragraph (c),
78.16 the state shall pay to the Minneapolis Employees Retirement Fund annually an amount
78.17 equal to the amount calculated under paragraph (b).

78.18 (b) The payment amount is an amount equal to the financial requirements of the
78.19 Minneapolis Employees Retirement Fund reported in the actuarial valuation of the fund
78.20 prepared by the commission-retained actuary pursuant to section 356.215 for the most
78.21 recent year but based on a target date for full amortization of the unfunded actuarial
78.22 accrued liabilities by June 30, 2020, less the amount of employee contributions required
78.23 pursuant to section 422A.10, and the amount of employer contributions required pursuant
78.24 to subdivisions 1a, 2, and 2a. Payments shall be made September 15 annually.

78.25 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
78.26 plus the cost of the annual supplemental benefit determined under section 356.43.

78.27 (d) If the amount determined under paragraph (b) exceeds ~~\$11,910,000~~ \$9,000,000,
78.28 the excess must be allocated to and paid to the fund by the employers identified in
78.29 subdivisions 1a and 2, other than units of metropolitan government. Each employer's
78.30 share of the excess is proportionate to the employer's share of the fund's unfunded
78.31 actuarial accrued liability as disclosed in the annual actuarial valuation prepared by
78.32 the actuary retained ~~by the Legislative Commission on Pensions and Retirement under~~
78.33 section 356.214 compared to the total unfunded actuarial accrued liability attributed
78.34 to all employers identified in subdivisions 1a and 2, other than units of metropolitan
78.35 government. Payments must be made in equal installments as set forth in paragraph (b).

78.36 Sec. 7. **REPEALER.**

79.1 Minnesota Statutes 2004, section 422A.101, subdivision 4, is repealed.

79.2 Sec. 8. **EFFECTIVE DATE; LOCAL APPROVAL.**

79.3 Sections 1 to 7 are effective retroactively on June 30, 2005, once the city council of
79.4 the city of Minneapolis and its chief clerical officer timely complete their compliance with
79.5 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

79.6 **ARTICLE 13**

79.7 **MINNEAPOLIS POLICE RELIEF ASSOCIATION CHANGES**

79.8 Section 1. Minnesota Statutes 2004, section 423B.07, is amended to read:

79.9 **423B.07 AUTHORIZED FUND DISBURSEMENTS.**

79.10 The police pension fund may be used only for the payment of:

79.11 (1) service, disability, or dependency pensions;

79.12 (2) notwithstanding a contrary provision of section 69.80, the salaries of the elected
79.13 members of the board of trustees in an amount not to exceed ~~three~~ seven units for the
79.14 president and five units for other elected board members;

79.15 (3) expenses of officers and employees of the association in connection with the
79.16 protection of the fund;

79.17 (4) expenses of operating and maintaining the association, including the
79.18 administrative expenses related to the administration of the insurance plan authorized
79.19 in section 423B.08; and

79.20 (5) other expenses authorized by section 69.80, or other applicable law.

79.21 Sec. 2. Minnesota Statutes 2005 Supplement, section 423B.09, subdivision 1, is
79.22 amended to read:

79.23 Subdivision 1. **Minneapolis police; persons entitled to receive pensions.** The
79.24 association shall grant pensions payable from the police pension fund in monthly
79.25 installments to persons entitled to pensions in the manner and for the following purposes.

79.26 (a) An active member or a deferred pensioner who has performed duty as a member
79.27 of the police department of the city for five years or more, upon written application after
79.28 retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a
79.29 service pension. Active members, deferred members, and service pensioners are entitled
79.30 to a service pension according to the following schedule:

	<u>A</u>	<u>B</u>
79.31		
79.32	5 years 8.0 <u>8.5</u> units	<u>9.0</u> units
79.33	6 years 9.6 <u>10.1</u> units	<u>10.6</u> units
79.34	7 years 11.2 <u>11.7</u> units	<u>12.2</u> units
79.35	8 years 12.8 <u>13.3</u> units	<u>13.8</u> units
79.36	9 years 14.4 <u>14.9</u> units	<u>15.4</u> units
79.37	10 years 16.0 <u>16.5</u> units	<u>17.0</u> units

80.1	11 years	17.6 <u>18.1</u> units	<u>18.6</u> units
80.2	12 years	19.2 <u>19.7</u> units	<u>20.2</u> units
80.3	13 years	20.8 <u>21.3</u> units	<u>21.8</u> units
80.4	14 years	22.4 <u>22.9</u> units	<u>23.4</u> units
80.5	15 years	24.0 <u>24.5</u> units	<u>25.0</u> units
80.6	16 years	25.6 <u>26.1</u> units	<u>26.6</u> units
80.7	17 years	27.2 <u>27.7</u> units	<u>28.2</u> units
80.8	18 years	28.8 <u>29.3</u> units	<u>29.8</u> units
80.9	19 years	30.4 <u>30.9</u> units	<u>31.4</u> units
80.10		A	B
80.11	20 years	34.5 units	35.0 units
80.12	21 years	36.1 units	36.6 units
80.13	22 years	37.7 units	38.2 units
80.14	23 years	39.3 units	39.8 units
80.15	24 years	40.9 units	41.4 units
80.16	25 years	42.5 units	43.0 units

80.17 Column A is applicable until December 31, 2005, and applies retroactively to
80.18 January 1, 2005, for a service pensioner who retired before January 1, 2005. Column B
80.19 applies on and after January 1, 2006.

80.20 Fractional years of service may not be used in computing pensions.

80.21 (b) An active member who after five years' service but less than 20 years' service
80.22 with the police department of the city, becomes superannuated so as to be permanently
80.23 unable to perform the person's assigned duties, is entitled to be paid monthly for life a
80.24 superannuation pension equal to four units for five years of service and an additional two
80.25 units for each full year of service over five years and less than 20 years.

80.26 (c) An active member who is not eligible for a service pension and who, while a
80.27 member of the police department of the city, becomes diseased or sustains an injury while
80.28 in the service that permanently unfits the member for the performance of police duties is
80.29 entitled to be paid monthly for life a pension equal to 34 units while so disabled.

80.30 **Sec. 3. EFFECTIVE DATE; LOCAL APPROVAL.**

80.31 (a) Section 1 is effective the day after the date of approval by the city council of
80.32 the city of Minneapolis and the timely completion by the chief clerical officer of the city
80.33 of Minneapolis of compliance with Minnesota Statutes, section 645.021, subdivisions
80.34 2 and 3.

80.35 (b) Section 2 is effective the day after the governing body of the city of Minneapolis
80.36 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
80.37 section 645.021, subdivisions 2 and 3.

80.38

ARTICLE 14

80.39

JUDGES RETIREMENT PLAN AND

81.1 **BOARD ON JUDICIAL STANDARDS RECODIFICATION**

81.2 Section 1. Minnesota Statutes 2004, section 490.121, subdivision 1, is amended to read:

81.3 Subdivision 1. **Scope.** For purposes of sections 490.121 to 490.132, unless the
81.4 context clearly indicates otherwise, each of the terms defined in this section have has the
81.5 meanings meaning given them unless the context clearly indicates otherwise it.81.6 Sec. 2. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
81.7 to read:81.8 Subd. 2a. **Actuarial equivalent.** "Actuarial equivalent" means the condition
81.9 of one annuity or benefit having an equal actuarial present value as another annuity or
81.10 benefit, determined as of a given date with each actuarial present value based on the
81.11 appropriate mortality table adopted by the board of directors of the Minnesota State
81.12 Retirement System based on the experience of the fund as recommended by the actuary
81.13 retained under section 356.214 and approved under section 356.215, subdivision 18, and
81.14 using the applicable preretirement or postretirement interest rate assumption specified
81.15 in section 356.215, subdivision 8.

81.16 Sec. 3. Minnesota Statutes 2004, section 490.121, subdivision 4, is amended to read:

81.17 Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month,
81.18 subject to the service credit limit in subdivision 22, served as a judge at any time, or during
81.19 which the judge received compensation for that service from the state, municipality,
81.20 or county, whichever applies, and for which the judge made any required member
81.21 contribution. It also includes any month served as a referee in probate for all referees in
81.22 probate who were in office prior to before January 1, 1974.81.23 (b) "Allowable service" does not mean service as a retired judge.

81.24 Sec. 4. Minnesota Statutes 2004, section 490.121, subdivision 6, is amended to read:

81.25 Subd. 6. **Annuity.** "Annuity" means the payments that are made each year to an
81.26 annuitant from the judges' retirement fund, pursuant to the provisions of under sections
81.27 490.121 to 490.132.

81.28 Sec. 5. Minnesota Statutes 2004, section 490.121, subdivision 7, is amended to read:

81.29 Subd. 7. **Annuitant.** "Annuitant" means a former judge, a surviving spouse, or a
81.30 dependent child who is entitled to and is receiving an annuity under the provisions of
81.31 sections 490.121 to 490.132.81.32 Sec. 6. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
81.33 to read:81.34 Subd. 7a. **Approved actuary.** "Approved actuary" means an actuary as defined in
81.35 section 356.215, subdivision 1, paragraph (c).

82.1 Sec. 7. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
82.2 to read:

82.3 Subd. 7b. **Court.** "Court" means any court of this state that is established by the
82.4 Minnesota Constitution.

82.5 Sec. 8. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
82.6 to read:

82.7 Subd. 7c. **Dependent surviving child.** "Dependent surviving child" means any
82.8 natural or adopted child of a deceased judge who has not reached the age of 18 years, or
82.9 having reached the age of 18, is under age 22 and who is a full-time student throughout
82.10 the normal school year, is unmarried, and is actually dependent for more than one-half of
82.11 the child's support upon the judge for a period of at least 90 days before the judge's death.
82.12 It also includes any natural child of the judge who was born after the death of the judge.

82.13 Sec. 9. Minnesota Statutes 2004, section 490.121, subdivision 13, is amended to read:

82.14 Subd. 13. **Disability.** "Disability" means the permanent inability of a judge to
82.15 continue to perform the functions of judge by reason of a physical or mental impairment
82.16 resulting from a sickness or an injury.

82.17 Sec. 10. Minnesota Statutes 2004, section 490.121, subdivision 14, is amended to read:

82.18 Subd. 14. **Disability retirement date.** "Disability retirement date" means the last
82.19 day of the first month after the date on which the governor determines, upon receipt of the
82.20 voluntary application by the judge or otherwise, that a judge suffers from a disability.

82.21 Sec. 11. Minnesota Statutes 2004, section 490.121, subdivision 15, is amended to read:

82.22 Subd. 15. **Disability retirement annuity.** "Disability retirement annuity" means an
82.23 annuity to which a judge is entitled under section 490.124, subdivisions 1 and 4, after the
82.24 retirement ~~for reason of~~ the judge because of a disability.

82.25 Sec. 12. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
82.26 to read:

82.27 Subd. 15a. **Early retirement date.** "Early retirement date" means the last day
82.28 of the month after a judge attains the age of 60 but before the judge reaches the normal
82.29 retirement date.

82.30 Sec. 13. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
82.31 to read:

82.32 Subd. 15b. **Early retirement annuity.** "Early retirement annuity" means an annuity
82.33 to which a judge is entitled under section 490.124, subdivisions 1 and 3, upon retirement
82.34 by the judge at an early retirement date.

83.1 Sec. 14. Minnesota Statutes 2004, section 490.121, subdivision 21, is amended to read:

83.2 Subd. 21. **Final average compensation.** "Final average compensation" means the
83.3 total amount of the salary payable to a judge in the highest five years out of the last ten
83.4 years prior to before the event of maturity of benefits termination of judicial service,
83.5 divided by five; provided, however, that if the number of years of service by the judge
83.6 equals or exceeds ten. If the number of years of service by the judge is less than ten, but
83.7 more than five, the highest five shall years of salary must be counted, and .If the number
83.8 of years of service by the judge is less than five, the aggregate salary in such for the
83.9 period shall of service must be divided by the number of months in such the period and
83.10 multiplied by 12.

83.11 Sec. 15. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
83.12 to read:

83.13 Subd. 21a. **Judge.** "Judge" means a judge or a justice of any court as defined under
83.14 subdivision 7b.

83.15 Sec. 16. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
83.16 to read:

83.17 Subd. 21b. **Judges' retirement fund; retirement fund; fund.** "Judges' retirement
83.18 fund," "retirement fund," or "fund" means the fund created by section 490.123.

83.19 Sec. 17. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
83.20 to read:

83.21 Subd. 21c. **Mandatory retirement date.** "Mandatory retirement date" means the
83.22 last day of the month in which a judge has attained 70 years of age.

83.23 Sec. 18. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
83.24 to read:

83.25 Subd. 21d. **Normal retirement annuity.** Except as otherwise provided in sections
83.26 490.121 to 490.132, "normal retirement annuity" means an annuity to which a judge is
83.27 entitled under section 490.124, subdivision 1, upon retirement on or after the normal
83.28 retirement date of the judge.

83.29 Sec. 19. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
83.30 to read:

83.31 Subd. 21e. **Normal retirement date.** "Normal retirement date" means the last day
83.32 of the month in which a judge attains the age of 65.

83.33 Sec. 20. Minnesota Statutes 2004, section 490.121, subdivision 22, is amended to read:

83.34 Subd. 22. **Service credit limit.** "Service credit limit" means the greater of: (1)
83.35 24 years of allowable service under this chapter 490; or (2) for judges with allowable

84.1 service rendered ~~prior to~~ before July 1, 1980, the number of years of allowable service
84.2 under chapter 490, which, when multiplied by the percentage listed in section 356.315,
84.3 subdivision 7 or 8, whichever is applicable to each year of service, equals 76.8.

84.4 Sec. 21. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
84.5 to read:

84.6 Subd. 23. **Surviving spouse.** "Surviving spouse" means the surviving legally
84.7 married spouse of a deceased judge.

84.8 Sec. 22. Minnesota Statutes 2004, section 490.121, is amended by adding a subdivision
84.9 to read:

84.10 Subd. 24. **Survivor's annuity.** "Survivor's annuity" means an annuity to which a
84.11 surviving spouse or dependent child is entitled under section 490.124, subdivision 9.

84.12 Sec. 23. Minnesota Statutes 2004, section 490.122, is amended to read:

84.13 **490.122 ADMINISTRATION OF JUDGES' RETIREMENT.**

84.14 Subdivision 1. **Administration.** The policy-making, management, and
84.15 administrative functions governing the operation of the judges' retirement fund and the
84.16 administration of ~~sections 490.121 to 490.132~~ this chapter are vested in the board of
84.17 directors and executive director of the Minnesota State Retirement System ~~with such.~~ In
84.18 administering the plan and fund, the board and the director have the same duties, authority,
84.19 and responsibility as are provided in chapter 352.

84.20 Subd. 2. **Inapplicability of certain laws.** Except as otherwise specified, no
84.21 provision of chapter 352 applies to the judges' retirement fund or any judge.

84.22 Subd. 3. **Fiduciary responsibility.** Fiduciary activities ~~of relating to the uniform~~
84.23 judges' retirement and Survivors' Annuities for Judges plan must be undertaken in a
84.24 manner consistent with chapter 356A.

84.25 Sec. 24. Minnesota Statutes 2004, section 490.123, subdivision 1, is amended to read:

84.26 Subdivision 1. **Fund creation; revenue and authorized disbursements.** (a) There
84.27 is created a special fund to be known as the "judges' retirement fund."

84.28 (b) The judges' retirement fund must be credited with all contributions; all interest,
84.29 dividends, and other investment proceeds; and all other income authorized by this chapter
84.30 or other applicable law.

84.31 (c) From this fund there are appropriated the payments authorized by sections
84.32 490.121 to 490.132, in the amounts and at the times provided, including the necessary and
84.33 reasonable expenses of the Minnesota State Retirement System in administering the fund
84.34 and the transfers to the Minnesota postretirement investment fund.

85.1 Sec. 25. Minnesota Statutes 2004, section 490.123, subdivision 1a, is amended to read:

85.2 Subd. 1a. **Member contribution rates.** (a) A judge who is covered by the federal
85.3 Old Age, Survivors, Disability, and Health Insurance Program and whose service does not
85.4 exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the
85.5 fund from each salary payment a sum equal to 8.00 percent of salary.

85.6 ~~(b) A judge not so covered whose service does not exceed the service credit limit in~~
85.7 ~~section 490.121, subdivision 22, shall contribute to the fund from each salary payment a~~
85.8 ~~sum equal to 8.15 percent of salary.~~

85.9 ~~(c) The contribution under this subdivision is payable by salary deduction.~~
85.10 The deduction must be made by the state court administrator under section 352.04,
85.11 subdivisions 4, 5, and 8.

85.12 Sec. 26. Minnesota Statutes 2004, section 490.123, subdivision 1b, is amended to read:

85.13 Subd. 1b. **Employer contribution rate.** (a) The employer contribution rate to the
85.14 fund on behalf of a judge is 20.5percent of salary ~~and~~. The employer obligation continues
85.15 after a judge exceeds the service credit limit in section 490.121, subdivision 22.

85.16 ~~(b) The employer contribution must be paid by the state court administrator and~~.
85.17 The employer contribution is payable at the same time as member contributions are made
85.18 under subdivision 1a or as employee contributions are made to the unclassified ~~plan in~~
85.19 program governed by chapter 352D for judges whose service exceeds the limit in section
85.20 490.121, subdivision 22, are remitted.

85.21 Sec. 27. Minnesota Statutes 2004, section 490.123, subdivision 1c, is amended to read:

85.22 Subd. 1c. **Additional employer contribution.** ~~In the event that~~ If the employer
85.23 contribution under subdivision 1b and the assets of the judges retirement fund are
85.24 insufficient to meet reserve transfers to the Minnesota postretirement investment fund
85.25 or payments of survivor benefits ~~before July 1, 1993~~ in a month, the necessary amount
85.26 is appropriated from the general fund to the executive director of the Minnesota State
85.27 Retirement System, upon the certification of the required amount by the executive director
85.28 to the commissioner of finance.

85.29 Sec. 28. Minnesota Statutes 2004, section 490.123, subdivision 2, is amended to read:

85.30 Subd. 2. **Commissioner of finance.** The commissioner of finance ~~shall be~~ is the ex
85.31 officio treasurer of the judges' retirement fund ~~and the~~. The commissioner's general bond
85.32 to the state ~~shall~~ must be so conditioned ~~as~~ to cover all liability for acting as the treasurer
85.33 of ~~this~~ the fund. All ~~moneys~~ money received by the commissioner ~~pursuant to~~ under this
85.34 section ~~shall~~ must be set aside in the state treasury to the credit of the judges' retirement
85.35 fund. ~~The commissioner shall transmit monthly to the executive director described in~~

86.1 ~~section 352.03, subdivision 5, a detailed statement of all amounts so received and credited~~
86.2 ~~to the fund. The commissioner shall pay out the fund only upon vouchers signed by said~~
86.3 ~~executive director, provided that vouchers for investment may be signed by the secretary~~
86.4 ~~of the State Board of Investment.~~

86.5 Sec. 29. Minnesota Statutes 2004, section 490.123, subdivision 3, is amended to read:

86.6 Subd. 3. **Investment.** (a) ~~The executive director referred to in subdivision 2 of the~~
86.7 Minnesota State Retirement System shall, from time to time, certify to the State Board
86.8 of Investment such portions of the judges' retirement fund as in the director's judgment
86.9 may not be required for immediate use.

86.10 (b) Assets from the judges' retirement fund ~~shall~~ must be transferred to the
86.11 Minnesota postretirement investment fund for retirement and disability benefits as
86.12 provided in sections 11A.18 and 352.119.

86.13 (c) The State Board of Investment shall thereupon invest and reinvest sums so
86.14 transferred, or certified, in such securities as are duly authorized legal investments for such
86.15 purposes under section 11A.24 in compliance with sections 356A.04 and 356A.06.

86.16 Sec. 30. Minnesota Statutes 2004, section 490.124, subdivision 1, is amended to read:

86.17 Subdivision 1. **Basic retirement annuity.** (a) Except as qualified hereinafter from
86.18 and after the mandatory retirement date, the normal retirement date, the early retirement
86.19 date, or one year from the disability retirement date, as the case maybe, a retiring judge
86.20 is eligible to receive a retirement annuity ~~shall be payable to a retiring judge~~ from the
86.21 judges' retirement fund ~~in~~.

86.22 (b) The retirement annuity is an amount equal to: (1) the percent specified in section
86.23 356.315, subdivision 7, multiplied by the judge's final average compensation with that
86.24 result then multiplied by the number of years and fractions of years of allowable service
86.25 rendered ~~prior to~~ before July 1, 1980; plus (2) the percent specified in section 356.315,
86.26 subdivision 8, multiplied by the judge's final average compensation with that result then
86.27 multiplied by the number of years and fractions of years of allowable service rendered
86.28 after June 30, 1980.

86.29 (c) Service that exceeds the service credit limit in section 490.121, subdivision 22,
86.30 must be excluded in calculating the retirement annuity, but the compensation earned by
86.31 the judge during this period of judicial service must be used in determining a judge's final
86.32 average compensation and calculating the retirement annuity.

86.33 Sec. 31. Minnesota Statutes 2004, section 490.124, subdivision 2, is amended to read:

87.1 Subd. 2. **Minimum service requirement; extension of term.** ~~No~~ (a) Unless section
87.2 356.30 applies, a judge shall be is not eligible for an annuity at the normal retirement date
87.3 or the early retirement date if the judge has less than five years of allowable service.

87.4 (b) A judge who ~~shall retire~~ retires on or, as permitted under sections 490.121 to
87.5 490.132, after the judge's mandatory retirement date, shall be is entitled to a proportionate
87.6 annuity based upon the allowable service of the judge at the date of retirement.

87.7 ~~A judge who was in office on December 31, 1973, and thereafter and who, by the~~
87.8 ~~date on which the current term expires, would not be eligible to retire with full benefits~~
87.9 ~~under statutes in effect on December 31, 1973, may apply to the governor for an extension~~
87.10 ~~to serve up to three additional years, stating the intention of the judge to retire upon~~
87.11 ~~attaining eligibility to receive a retirement allowance. Notwithstanding section 490.125,~~
87.12 ~~the governor shall forthwith make a written order accepting the retirement application,~~
87.13 ~~and extending the term of office of the judge for the period of time, not to exceed three~~
87.14 ~~years, as may be necessary to make the judge eligible for retirement, solely for purposes~~
87.15 ~~of computing benefits hereunder.~~

87.16 Sec. 32. Minnesota Statutes 2004, section 490.124, subdivision 3, is amended to read:

87.17 Subd. 3. **Early reduced retirement.** The retirement annuity ~~provided by~~ under
87.18 subdivision 1 of any judge electing who elects to retire at an early retirement date shall
87.19 must be reduced by one-half of one percent per month from the retirement date to the
87.20 normal retirement date.

87.21 Sec. 33. Minnesota Statutes 2004, section 490.124, subdivision 4, is amended to read:

87.22 Subd. 4. **Disability retirement.** (a) When the governor determines that a judge is
87.23 disabled under section 490.121, subdivision 13, notice of the governor's determination
87.24 must be sent to the judge, to the chief justice of the Supreme Court, to the state court
87.25 administrator, and to the executive director of the Minnesota State Retirement System.

87.26 (b) From and after disability retirement date, a disabled judge shall be is entitled to
87.27 continuation of the judge's full salary payable by the judge's employer, as if the judge's
87.28 office were not vacated by retirement, for a period of up to one full year, but in no event
87.29 beyond the judge's mandatory retirement date. During this year the judge will is entitled
87.30 to earn additional service credit in the judges' retirement plan. The salary earned will be
87.31 payable to a disabled judge is subject to retirement deductions and will must be included
87.32 in computing final average compensation of the judge. Thereafter

87.33 (c) At the conclusion of the year of continued salary following a disability or
87.34 upon the judge's mandatory retirement date, whichever is earlier, the disabled judge is
87.35 entitled to a disability retirement annuity computed as provided in subdivision 1 shall be
87.36 paid, provided that. If the computed retirement annuity is a smaller amount, the judge

88.1 ~~shall~~ is entitled to receive a minimum annuity of 25 percent of the judge's final average
88.2 compensation.

88.3 Sec. 34. Minnesota Statutes 2004, section 490.124, subdivision 5, is amended to read:

88.4 Subd. 5. **Deferred benefits.** (a) ~~Any~~ A benefit to which a judge is entitled under this
88.5 section may be deferred until the early or normal retirement date or later, notwithstanding
88.6 the termination of ~~such~~ the judge's service prior thereto.

88.7 (b) The retirement annuity of, or the survivor benefit payable on behalf of, a former
88.8 judge, who terminated service before July 1, 1997, which is not first payable until after
88.9 June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in
88.10 the postretirement interest rate actuarial assumption under section 356.215, subdivision 8,
88.11 from five percent to six percent under a calculation procedure and tables adopted by the
88.12 board of directors of the Minnesota State Retirement System and approved by the actuary
88.13 retained ~~by the Legislative Commission on Pensions and Retirement~~ under section 356.214.

88.14 Sec. 35. Minnesota Statutes 2004, section 490.124, subdivision 8, is amended to read:

88.15 Subd. 8. **Exclusive normal retirement benefits.** ~~Any~~ (a) Except as provided in
88.16 paragraph (b), a judge who retires after December 31, 1973, shall be is entitled to a
88.17 retirement pension, retirement compensation or other retirement payment under statutes
88.18 applicable solely to judges ~~pursuant to~~ under this section only, ~~except that any such~~ .

88.19 (b) A judge who was in office prior to before January 1, 1974, who retires at or after
88.20 normal retirement age may then elect to receive during the judge's lifetime a normal
88.21 retirement annuity computed on the basis of retirement compensation provided for such
88.22 judge under statutes in effect on December 31, 1973, in lieu of the amount of normal
88.23 retirement annuity otherwise computed under sections 490.121 to 490.132.

88.24 ~~For purposes of this subdivision, the Conciliation Court of the city of Duluth shall be~~
88.25 ~~deemed to have been a court of record by the statutes in effect on December 31, 1973.~~

88.26 Sec. 36. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

88.27 Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge prior to before
88.28 retirement, or upon the death of a person who has qualified for an annuity under this
88.29 section but who ceases to be a judge ~~prior to~~ before retirement and has who not received a
88.30 refund of contributions ~~pursuant to~~ under subdivision 12, a surviving spouse is entitled
88.31 to, or, if there be no surviving spouse, dependent children, ~~shall~~ are entitled to receive an
88.32 annuity, payable monthly, equal in total to 60 percent of the normal retirement annuity
88.33 which would have been payable to the judge or former judge had the date of death been
88.34 the normal retirement date, ~~provided that the~~ .

89.1 (b) The annuity payable to a surviving spouse or to dependent children shall receive
 89.2 an annuity is an amount of not less than 25 percent of the judge's or the former judge's
 89.3 final average compensation.

89.4 ~~If a judge, whose surviving spouse was not entitled to survivors benefits provided~~
 89.5 ~~solely for judges under statutes in effect prior to January 1, 1974, shall have died prior to~~
 89.6 ~~retirement on or after May 23, 1973 and before January 1, 1974, a surviving spouse and~~
 89.7 ~~dependent children, if any, shall be entitled to survivors benefits as provided hereunder as~~
 89.8 ~~if such judge had died on January 1, 1974.~~

89.9 Sec. 37. Minnesota Statutes 2004, section 490.124, subdivision 10, is amended to read:

89.10 Subd. 10. **Prior survivors' benefits; limitation.** (a) Benefits provided pursuant
 89.11 to under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.1091, for a
 89.12 surviving spouse of a retired judge, payable after the death of the judge, ~~shall be~~ are
 89.13 limited to:

89.14 (a) spouses of judges who have retired ~~prior to~~ before January 1, 1974; and .

89.15 (b) ~~spouses of judges in office on December 31, 1973 and thereafter who elect~~
 89.16 ~~to continue contributions pursuant to section 490.102, subdivision 6 or 490.109. The~~
 89.17 ~~contributions shall be in addition to contributions pursuant to section 490.123, and upon~~
 89.18 ~~retirement the judge may not elect to receive any optional annuity pursuant to subdivision~~
 89.19 ~~11 unless the judge and the spouse shall waive any benefits pursuant to section 490.102,~~
 89.20 ~~subdivision 6 or 490.1091.~~

89.21 No other judge in office on or after January 1, 1974, ~~shall be~~ is required to contribute
 89.22 ~~pursuant to~~ under Minnesota Statutes 2004, section 490.102, subdivision 6, or 490.109.

89.23 Sec. 38. Minnesota Statutes 2004, section 490.124, subdivision 11, is amended to read:

89.24 Subd. 11. **Limitation on survivor benefits; optional annuities.** (a) No survivor
 89.25 or death benefits may be paid in connection with the death of a judge who retires after
 89.26 December 31, 1973, except as otherwise provided in sections 490.121 to 490.132.

89.27 (b) Except as provided in subdivision 10, a judge may elect to receive, instead of
 89.28 the normal retirement annuity, an optional retirement annuity in the form of either (1) an
 89.29 annuity payable for a period certain and for life after that period, (2) a joint and survivor
 89.30 annuity without reinstatement in the event of ~~if~~ the designated beneficiary predeceasing
 89.31 predeceases the retired judge, or (3) a joint and survivor annuity with reinstatement in the
 89.32 event of ~~if~~ the designated beneficiary predeceasing predeceases the retired judge.

89.33 (c) An optional retirement annuity must be actuarially equivalent to a single-life
 89.34 annuity with no term certain and must be established by the board of directors of the
 89.35 Minnesota State Retirement System. In establishing these optional retirement annuity
 89.36 forms, the board shall obtain the written recommendation of the actuary retained by

90.1 ~~the Legislative Commission on Pensions and Retirement under section 356.214.~~ The
90.2 recommendations must be retained as a part of the permanent records of the board.

90.3 Sec. 39. Minnesota Statutes 2004, section 490.124, subdivision 12, is amended to read:

90.4 Subd. 12. **Refund.** (a) A person who ceases to be a judge ~~but who does not qualify~~
90.5 ~~for a retirement annuity or other benefit under section 490.121~~ is entitled to a refund in
90.6 an amount that is equal to all of the member's employee contributions to the judges'
90.7 retirement fund plus interest computed under section 352.22, subdivision 2.

90.8 (b) A refund of contributions under paragraph (a) terminates all service credits and
90.9 all rights and benefits of the judge and the judge's survivors under this chapter.

90.10 (c) A person who becomes a judge again after taking are fund under paragraph
90.11 (a) may reinstate the previously terminated allowable service credits credit, rights, and
90.12 benefits by repaying the total amount of the previously received refund. The refund
90.13 repayment must include interest on the total amount previously received at an annual rate
90.14 of 8.5 percent, compounded annually, from the date on which the refund was received
90.15 until the date on which the refund is repaid.

90.16 Sec. 40. Minnesota Statutes 2004, section 490.124, subdivision 13, is amended to read:

90.17 Subd. 13. **Death refund.** If a judge who has not received other benefits under this
90.18 chapter dies and there are no survivor benefits payable under this chapter, a refund plus
90.19 interest as provided in subdivision 12 is payable to the last designated beneficiary named
90.20 on a form filed with the director before the death of the judge, or, if no designation is on
90.21 file, ~~the refund is payable~~ to the estate of the deceased judge.

90.22 Sec. 41. Minnesota Statutes 2004, section 490.125, subdivision 1, is amended to read:

90.23 Subdivision 1. **Mandatory retirement age.** Except as otherwise provided in
90.24 sections 490.121 to 490.132, ~~each~~ a judge shall retire terminate active service as a judge
90.25 on the judge's mandatory retirement date.

90.26 Sec. 42. Minnesota Statutes 2004, section 490.125, subdivision 2, is amended to read:

90.27 Subd. 2. **Exception.** ~~Except as provided by sections 490.025, subdivision 3,~~
90.28 ~~490.102, subdivisions 3 and 3a and 490.12, subdivision 2,~~ Any judge in office on
90.29 December 31, 1973 who shall have attained 70 years of age on or prior to such date shall
90.30 retire upon the expiration of the term of office of such judge.

90.31 Sec. 43. Minnesota Statutes 2004, section 490.126, is amended to read:

90.32 **490.126 PROCEDURES.**

90.33 Subdivision 1. **Compulsory retirement.** Proceedings for compulsory retirement
90.34 of a judge, if necessary, ~~shall~~ must be conducted in accordance with rules issued by the
90.35 Supreme Court ~~pursuant to~~ under section ~~490.16~~ 490A.02.

91.1 Subd. 2. **Vacancies.** Any judge may make written application to the governor for
 91.2 retirement. The governor thereupon shall direct the judge's retirement by written order
 91.3 which, when filed in the Office of the Secretary of State, ~~shall effect~~ effects a vacancy in
 91.4 the office to be filled as provided by law.

91.5 Subd. 3. **Application for annuity or refund.** An application for an annuity or a
 91.6 refund under sections 490.121 to 490.132 may be made by the potential annuitant or by
 91.7 someone authorized to act for the potential annuitant. Every application for an annuity
 91.8 or refund, ~~with~~ accompanied by a proof of age and by a record of years of service
 91.9 when required, ~~shall~~ must be submitted to the ~~governing body~~ executive director of the
 91.10 Minnesota State Retirement System in a form prescribed by ~~it~~ the director.

91.11 Subd. 4. **Manner of payment.** Unless otherwise specifically provided by statute or
 91.12 agreed upon by the annuitant and the ~~governing body~~ board of directors of the Minnesota
 91.13 State Retirement System, annuities payable under sections 490.121 to 490.132 ~~shall~~ must
 91.14 be paid in the manner and at the intervals as prescribed by the executive director of the
 91.15 Minnesota State Retirement System. The annuity ~~shall cease~~ ceases with the last payment
 91.16 received by the annuitant while living.

91.17 Subd. 5. **Exemption from process; no assignment.** None of the money, annuities,
 91.18 or other benefits provided in this chapter is assignable either in law or equity or is subject
 91.19 to state estate tax, or to execution, levy, attachment, garnishment, or other legal process,
 91.20 except as provided in section 518.58, 518.581, or 518.6111.

91.21 Sec. 44. Minnesota Statutes 2004, section 490.133, is amended to read:

91.22 **490.133 RETIREMENT; TRANSITION PROVISIONS; TRANSFER TO**
 91.23 **COURT OF APPEALS.**

91.24 (a) If a judge to whom or to whose survivors benefits would be payable under
 91.25 Minnesota Statutes 2004, sections 490.101 to 490.12, is elected or appointed to the Court
 91.26 of Appeals, that judge and the judge's survivors, ~~shall~~ continue to be eligible for benefits
 91.27 under those sections and not under sections 490.121 to 490.132.

91.28 (b) In ~~that~~ the case of a judge to whom paragraph (a) applies, the service of the
 91.29 judge in the Court of Appeals ~~shall~~ must be added to the prior service as district judge,
 91.30 probate judge, or judge of any other court of record in determining eligibility and the
 91.31 compensation of a judge of the Court of Appeals at the time of the judge's death, disability,
 91.32 or retirement ~~shall be~~ is the "compensation allotted to the office" for the purposes of
 91.33 calculating benefit amounts.

91.34 (c) All other judges of the Court of Appeals and their survivors ~~shall be~~ are subject
 91.35 to the retirement and survivor's annuity provisions of sections 490.121 to 490.132.

92.1 Sec. 45. **[490A.01] BOARD OF JUDICIAL STANDARDS; ESTABLISHMENT.**

92.2 **Subdivision 1. Establishment; composition.** The Board on Judicial Standards is
92.3 established. The board is a continuation of the board established by Laws 1971, chapter
92.4 909, sections 1 and 2, as amended.

92.5 **Subd. 2. Composition; appointment.** (a) The board consists of one judge of the
92.6 Court of Appeals, three trial court judges, two lawyers who have practiced law in the state
92.7 for at least ten years, and four citizens who are not judges, retired judges, or lawyers.

92.8 (b) All members must be appointed by the governor with the advice and consent of
92.9 the senate. Senate confirmation is not required for judicial members.

92.10 **Subd. 3. Term maximum; membership termination.** No member may serve more
92.11 than two full four-year terms or their equivalent. Membership terminates if a member
92.12 ceases to hold the position that qualified the member for appointment.

92.13 **Subd. 4. Member terms; compensation; removal.** The membership terms,
92.14 compensation, removal of members, and filling of vacancies on the board are as provided
92.15 in section 15.0575.

92.16 **Subd. 5. Executive secretary appointment; salary.** (a) The board shall appoint
92.17 the executive secretary.

92.18 (b) The salary of the executive secretary of the board is 85 percent of the maximum
92.19 salary provided for an administrative law judge under section 15A.083, subdivision 6a.

92.20 Sec. 46. **[490A.02] JUDICIAL STANDARDS BOARD; POWERS.**

92.21 **Subdivision 1. Judicial disqualification.** A judge is disqualified from acting as a
92.22 judge, without a loss of salary, while there is pending an indictment or any information
92.23 charging the judge with a crime that is punishable as a felony under either Minnesota law
92.24 or federal law, or while there is pending a recommendation to the Supreme Court by the
92.25 Board on Judicial Standards for the judge's removal or retirement.

92.26 **Subd. 2. Judicial suspension.** On receipt of a recommendation of the Board on
92.27 Judicial Standards or on its own motion, the Supreme Court may suspend a judge from
92.28 office without salary when the judge pleads guilty to or no contest to or is found guilty of
92.29 a crime that is punishable as a felony under either Minnesota law or federal law or any
92.30 other crime that involves moral turpitude. If the conviction is reversed, the suspension
92.31 terminates and the judge must be paid a salary for the period of suspension. If the judge
92.32 is suspended and the conviction becomes final, the Supreme Court shall remove the
92.33 judge from office.

93.1 Subd. 3. **Judicial disability.** On receipt of a recommendation of the Board on
93.2 Judicial Standards, the Supreme Court may retire a judge for a disability that the court
93.3 determines seriously interferes with the performance of the judge's duties and is or is
93.4 likely to become permanent, and censure or remove a judge for an action or inaction that
93.5 may constitute persistent failure to perform the judge's duties, incompetence in performing
93.6 the judge's duties, habitual intemperance, or conduct prejudicial to the administration of
93.7 justice that brings the judicial office into disrepute.

93.8 Subd. 4. **Authority to reopen matters.** The board is specifically empowered to
93.9 reopen any matter wherein any information or evidence was previously precluded by a
93.10 statute of limitations or by a previously existing provision of time limitation.

93.11 Subd. 5. **Retirement status.** (a) A judge who is retired by the Supreme Court must
93.12 be considered to have retired voluntarily.

93.13 (b) This section and section 490A.01 must not affect the right of a judge who
93.14 is suspended, retired, or removed hereunder from qualifying for any pension or other
93.15 retirement benefits to which the judge would otherwise be entitled by law to receive.

93.16 Subd. 6. **Eligibility for judicial office; practice law.** A judge removed by the
93.17 Supreme Court is ineligible for any future service in a judicial office. The question of
93.18 the right of a removed judge to practice law in this state must be referred to the proper
93.19 authority for review.

93.20 Subd. 7. **Supreme court rules.** The Supreme Court shall make rules to implement
93.21 this section.

93.22 Sec. 47. **[490A.03] PERSONS AFFECTED.**

93.23 The provisions of sections 490A.01 and 490A.02 apply to all judges, judicial
93.24 officers, and referees.

93.25 Sec. 48. Minnesota Statutes 2004, section 525.05, is amended to read:

93.26 **525.05 JUDGE OR REFEREE; GROUNDS FOR DISQUALIFICATION.**

93.27 The following shall be grounds for disqualification of any judge or referee from
93.28 acting in any matter: (1) That the judge or the judge's spouse or any of either of their kin
93.29 nearer than first cousin is interested as representative, heir, devisee, legatee, ward, or
93.30 creditor in the estate involved therein; (2) that it involves the validity or interpretation of a
93.31 will drawn or witnessed by the judge; (3) that the judge may be a necessary witness in the
93.32 matter; (4) that it involves a property right in respect to which the judge has been engaged
93.33 or is engaged as an attorney; or (5) that the judge was engaged in a joint enterprise for
93.34 profit with the decedent at the time of death or that the judge is then engaged in a joint
93.35 enterprise for profit with any person interested in the matter as representative, heir,

94.1 devisee, legatee, ward, or creditor. When grounds for disqualification exist, the judge may,
94.2 and upon proper petition of any person interested in the estate must, request another
94.3 judge or a judge who has retired ~~as provided in section 490.12, subdivision 2~~, to act in
94.4 the judge's stead in the matter.

94.5 Sec. 49. **REVISOR'S INSTRUCTION.**

94.6 (a) In Minnesota Statutes, chapters 352, 352D, 355, 356, and 487, the revisor of
94.7 statutes shall change references to "sections 490.121 to 490.132" to "chapter 490".

94.8 (b) In Minnesota Statutes, chapter 490, the revisor of statutes shall change references
94.9 to "sections 490.121 to 490.132" to "this chapter".

94.10 (c) In Minnesota Statutes, sections 175A.01, subdivision 4, and 271.01, subdivision
94.11 1, the revisor of statutes shall change references to "sections 490.15 and 490.16" to
94.12 "sections 490A.01 and 490A.02".

94.13 Sec. 50. **REPEALER.**

94.14 Subdivision 1. **Judicial retirement plans; repealed as obsolete.** Minnesota
94.15 Statutes 2004, sections 490.021; 490.025; 490.101; 490.102; 490.103; 490.105; 490.106;
94.16 490.107; 490.108; 490.109; 490.1091; 490.12; 490.121, subdivisions 2, 3, 5, 8, 9, 10, 11,
94.17 12, 16, 17, 18, and 19; 490.124, subdivision 6; and 490.132, and Minnesota Statutes 2005
94.18 Supplement, section 490.121, subdivision 20, are repealed.

94.19 Subd. 2. **Judicial standards board; repealed for relocation as Minnesota**
94.20 **Statutes, chapter 490A.** Minnesota Statutes 2004, sections 490.15; 490.16; and 490.18,
94.21 are repealed.

94.22 Subd. 3. **Uniform judicial retirement plan; no benefit diminishment intended;**
94.23 **procedure.** Sections 1 to 50 are not intended to reduce or increase the entitlement of
94.24 active, deferred, or retired judges to retirement annuities or benefits as of July 1, 2006, as
94.25 reflected in the records of the Minnesota State Retirement System. If the executive director
94.26 of the Minnesota State Retirement System determines that any provisions of sections 1 to
94.27 48 functions to modify, impair, or diminish the retirement annuity or benefit entitlement
94.28 of any judge that had accrued or earned before July 1, 2006, the executive director shall
94.29 certify that determination and a recommendation as to the required legislative correction
94.30 to the chair of the Legislative Commission on Pensions and Retirement, the chair of
94.31 the senate State and Local Government Operations Committee, the chair of the house
94.32 Governmental Operations and Veterans Affairs Policy Committee, and the executive
94.33 director of the Legislative Commission on Pensions and Retirement on or before the
94.34 October 1 next following that determination.

94.35 Sec. 51. **EFFECTIVE DATE.**

95.1 Sections 1 to 50 are effective July 1, 2006.

95.2 **ARTICLE 15**

95.3 **JUDGES RETIREMENT PLAN AND RELATED CHANGES**

95.4 Section 1. Minnesota Statutes 2004, section 3A.02, subdivision 5, is amended to read:

95.5 Subd. 5. **Optional annuities.** (a) The board of directors shall establish an optional
95.6 retirement annuity in the form of a joint and survivor annuity and an optional retirement
95.7 annuity in the form of a period certain and life thereafter. Except as provided in paragraph
95.8 (b), these optional annuity forms must be actuarially equivalent to the normal annuity
95.9 computed under this section, plus the actuarial value of any surviving spouse benefit
95.10 otherwise potentially payable at the time of retirement under section 3A.04, subdivision 1.
95.11 An individual selecting an optional annuity under this subdivision waives any rights to
95.12 surviving spouse benefits under section 3A.04, subdivision 1.

95.13 (b) If a retired legislator selects the joint and survivor annuity option, the retired
95.14 legislator must receive a normal single-life annuity if the designated optional annuity
95.15 beneficiary dies before the retired legislator and no reduction may be made in the annuity
95.16 to provide for restoration of the normal single-life annuity in the event of the death of the
95.17 designated optional annuity beneficiary.

95.18 (c) The surviving spouse of a legislator who has attained at least age ~~60~~ 55 and who
95.19 dies while a member of the legislature may elect an optional joint and survivor annuity
95.20 under paragraph (a), in lieu of surviving spouse benefits under section 3A.04, subdivision
95.21 1.

95.22 Sec. 2. Minnesota Statutes 2004, section 3A.04, subdivision 1, is amended to read:

95.23 Subdivision 1. **Surviving spouse.** Upon the death of a member of the legislature
95.24 while serving as such member after June 30, 1973, or upon the death of a former member
95.25 of the legislature with at least the number of years of service as required by section 3A.02,
95.26 subdivision 1, clause (1), if section 3A.02, subdivision 5, paragraph (c), does not apply,
95.27 the surviving spouse shall be paid a survivor benefit in the amount of one-half of the
95.28 retirement allowance of the member of the legislature computed as though the member
95.29 were at least normal retirement age on the date of death and based upon allowable
95.30 service or eight years whichever is greater. The augmentation provided in section 3A.02,
95.31 subdivision 4, if applicable, shall be applied to the month of death. Upon the death of a
95.32 former legislator receiving a retirement allowance, the surviving spouse shall be entitled
95.33 to one-half of the amount of the allowance being paid to the legislator. Such benefit shall
95.34 be paid during the lifetime of the surviving spouse.

95.35 Sec. 3. Minnesota Statutes 2004, section 490.124, subdivision 9, is amended to read:

96.1 Subd. 9. **Survivors' annuity.** (a) Upon the death of a judge prior to retirement, or
96.2 upon the death of a person who has qualified for an annuity but who ceases to be a judge
96.3 prior to retirement and has not received a refund of contributions pursuant to subdivision
96.4 12, a surviving spouse or, if there be no surviving spouse, dependent children, shall
96.5 receive an annuity, payable monthly, equal to 60 percent of the normal retirement annuity
96.6 which would have been payable to the judge or former judge had the date of death been
96.7 the normal retirement date, provided that the surviving spouse or dependent children
96.8 shall receive an annuity of not less than 25 percent of the judge's or former judge's final
96.9 average compensation.

96.10 (b) The surviving spouse of a deceased judge may elect to receive, in lieu of the
96.11 annuity under paragraph (a), an annuity equal to the 100 percent joint and survivor annuity
96.12 which the judge or former judge could have qualified for on the date of death.

96.13 (c) If a judge, whose surviving spouse was not entitled to survivors benefits provided
96.14 solely for judges under statutes in effect prior to January 1, 1974, shall have died prior to
96.15 retirement on or after May 23, 1973, and before January 1, 1974, a surviving spouse and
96.16 dependent children, if any, shall be entitled to survivors benefits as provided hereunder as
96.17 if such judge had died on January 1, 1974.

96.18 Sec. 4. **EFFECTIVE DATE.**

96.19 (a) Sections 1 and 2 are effective the day following final enactment.

96.20 (b) Section 3 is effective January 1, 2006, and applies to the surviving spouse of
96.21 any judge who died on or after than date.

96.22 **ARTICLE 16**

96.23 **VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES**

96.24 Section 1. **RANDALL FIREMEN'S RELIEF ASSOCIATION; REVISED**
96.25 **BENEFIT FOR SPOUSE OF DECEASED FIREFIGHTER.**

96.26 Subdivision 1. **Application.** This section applies to a surviving spouse of a person
96.27 who:

96.28 (1) was born on June 21, 1973;

96.29 (2) as a member of the Randall Firemen's Relief Association provided one year and
96.30 ten months of service to the associated fire department and had one year of service credit
96.31 in the association on the date of death; and

96.32 (3) was killed in a construction accident on October 28, 2005.

96.33 Subd. 2. **Eligibility for benefit.** Notwithstanding any law to the contrary, the
96.34 eligible person described in subdivision 1 is entitled to receive a survivor benefit from the
96.35 Randall Firemen's Relief Association benefit plan as revised in November 2005, not to
96.36 exceed the survivor benefit amount that would be applicable if the firefighter had lived

97.1 until a day after the effective date of the increased minimum surviving spouse benefit
 97.2 approved by the Randall City Council in November 2005, consistent with Minnesota
 97.3 Statutes, section 424A.02, subdivision 9.

97.4 Subd. 3. **Restrictions.** This section does not authorize payment of more than
 97.5 a single survivor benefit to the eligible individual specified in subdivision 1. If a
 97.6 survivor benefit has been paid to the eligible individual by the Randall Firemen’s Relief
 97.7 Association, this section authorizes payment to the eligible individual of the difference
 97.8 between the amount previously paid and the amount payable under the Randall Firemen’s
 97.9 Relief Association benefit plan as revised in November 2005.

97.10 Sec. 2. **EFFECTIVE DATE.**

97.11 Section 1 is effective the day after the date on which the Randall City Council and
 97.12 the chief clerical office of the city of Randall complete, in a timely manner, compliance
 97.13 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

97.14 **ARTICLE 17**

97.15 **ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS**

97.16 Section 1. **CORRECTING PLAN COVERAGE ERROR BY PROVIDING A**
 97.17 **PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT PLAN ANNUITY.**

97.18 Subdivision 1. **Purpose.** The annuity provided under this section is intended
 97.19 to compensate for an error in pension coverage. Due to the employment specified in
 97.20 subdivision 2, an eligible individual specified in subdivision 2 should have become a
 97.21 member of the public employees police and fire retirement plan but was incorrectly placed
 97.22 in the St. Paul Fire Department Relief Association retirement plan.

97.23 Subd. 2. **Eligibility.** (a) An eligible individual under paragraph (b) is authorized to
 97.24 receive the benefit specified in subdivision 4, upon satisfying all requirements specified
 97.25 in this section.

97.26 (b) An eligible individual is an individual who:

97.27 (1) was born on April 24, 1951;

97.28 (2) was hired as a St. Paul firefighter with a certified appointment date of June 13,
 97.29 1980, but first earned salary as a St. Paul firefighter on June 30, 1980;

97.30 (3) was erroneously placed in the St. Paul Fire Department Relief Association
 97.31 retirement plan due to that employment; and

97.32 (4) terminated from the St. Paul Fire Department employment on January 3, 1990.

97.33 Subd. 3. **Additional employee contribution or refund amount.** (a) If a valid
 97.34 annuity application is made under subdivision 7, the executive director of the Public
 97.35 Employees Retirement Association shall determine the employee contributions that

98.1 an eligible individual under subdivision 2 would have made to the public employees
 98.2 police and fire retirement plan fund, if coverage had been provided by that plan for
 98.3 the employment period specified in subdivision 2, and from each of these contribution
 98.4 amounts the employee contribution actually made by the eligible individual to the St. Paul
 98.5 Fire Department Relief Association for the same payroll period shall be subtracted. These
 98.6 differences, plus 8.5 percent annual compound interest from the date the public employees
 98.7 police and fire retirement plan contribution would have been made until the first of the
 98.8 month after a valid annuity application has been received, shall be aggregated.

98.9 (b) If the aggregate amount under paragraph (a) is a positive number, the total
 98.10 amount shall be paid in a lump sum to the executive director of the Public Employees
 98.11 Retirement Association. The executive director shall notify the eligible individual
 98.12 in writing of the required amount. To be eligible for the current or deferred annuity
 98.13 specified in subdivision 4, the eligible individual must pay the amount required under this
 98.14 paragraph, if applicable, within three months of the executive director's notification.

98.15 (c) If the aggregate amount computed under paragraph (a) is a negative amount, the
 98.16 value of the contributions that the eligible employee made to the local relief association
 98.17 exceeded the value of employee contributions that would have been made to the public
 98.18 employees police and fire fund. This aggregate negative amount shall be multiplied by
 98.19 minus one and the resulting amount shall be refunded to the eligible individual by the city
 98.20 of St. Paul. The executive director shall inform the eligible individual of the refund
 98.21 amount in writing, and shall notify the city of St. Paul. The city of St. Paul shall pay this
 98.22 amount to the eligible individual within 30 days of notification.

98.23 Subd. 4. **Benefit amount.** The eligible individual is entitled to apply for an annuity,
 98.24 as further specified in subdivision 7, and to receive a public employees police and fire
 98.25 retirement plan retirement annuity computed based on the version of Minnesota Statutes,
 98.26 chapter 353, in effect on the date that the eligible individual terminated from St. Paul Fire
 98.27 Department Relief Association employment.

98.28 Subd. 5. **Calculation of reserves; payment by city of St. Paul.** The executive
 98.29 director of the Public Employees Retirement Association shall compute the full required
 98.30 reserves for the annuity determined under subdivision 4 using all applicable actuarial
 98.31 assumptions for the public employees police and fire retirement plan. This amount, after
 98.32 deducting the amount received by the Public Employees Retirement Association under
 98.33 subdivision 3, paragraph (b), if applicable, is to be paid to the executive director of the
 98.34 Public Employees Retirement Association in a lump sum by the city of St. Paul. The
 98.35 executive director shall notify the chief administrative officer of the city of St. Paul in
 98.36 writing of the payment amount required under this subdivision. This notification shall be

99.1 made by the executive director within one month following the receipt by the executive
99.2 director of any amount required under subdivision 3, paragraph (b), if applicable. The
99.3 city of St. Paul must pay the amount required under this subdivision within 30 days after
99.4 receipt of the executive director's notification.

99.5 Subd. 6. **Actions upon failure to pay.** If the city of St. Paul fails to transmit the
99.6 amount required under subdivision 5 in a timely manner, or fails to make a timely refund
99.7 under subdivision 3, paragraph (c), if applicable, the executive director of the Public
99.8 Employees Retirement Association shall notify the commissioner of finance of this
99.9 nonpayment or nonpayments, and the commissioner of finance shall deduct the applicable
99.10 amount or amounts from any state aid otherwise payable to the city and transmit the
99.11 amount required under subdivision 5 to the executive director for deposit in the public
99.12 employees police and fire fund. If the city of St. Paul fails to make a payment required
99.13 under subdivision 3, paragraph (c), if applicable, the commissioner of finance will make
99.14 any necessary refund, with reimbursement through the withholding of aid, as stated in
99.15 this subdivision.

99.16 Subd. 7. **Annuity application.** An eligible individual described in subdivision 2
99.17 shall apply in writing on forms provided by the Public Employees Retirement Association
99.18 for the annuity provided by this section. The application must be made before January 1,
99.19 2007, and must include all necessary documentation of the applicability of this section and
99.20 any other relevant information which the executive director may require.

99.21 Subd. 8. **Service credit grant.** Service credit in the public employees police and
99.22 fire retirement plan for the eligible individual's employment period as a St. Paul firefighter
99.23 shall be granted following the filing of a valid application for an annuity under subdivision
99.24 7 and receipt by the executive director of any amount applicable under subdivision 3,
99.25 paragraph (b).

99.26 **Sec. 2. PERA-P&F; PURCHASE OF SERVICE CREDIT.**

99.27 Subdivision 1. **Eligibility.** An eligible person may purchase allowable service credit
99.28 from the public employees police and fire plan for the period from November 23, 1984,
99.29 to March 16, 1985. An eligible person is a person who:

99.30 (1) is currently a member of the public employees police and fire plan; and

99.31 (2) was employed by the city of Faribault as a firefighter since November 23, 1984,
99.32 but was not covered by the public employees police and fire plan from November 23,
99.33 1984, until March 16, 1985, despite the provided firefighting service.

99.34 Subd. 2. **Purchase requirements.** An eligible person must apply to the executive
99.35 director of the Public Employees Retirement Association to make the service credit

100.1 purchase authorized in this section. The application must be in writing and must contain
100.2 documentation required by the executive director.

100.3 Subd. 3. **Payment.** If an eligible person meets the requirements to purchase service
100.4 credit under this section, the public employees police and fire fund must be paid the
100.5 amount determined under Minnesota Statutes, section 356.551.

100.6 Subd. 4. **Additional requirements.** (a) In addition to the one-year payment
100.7 limitation in Minnesota Statutes, section 356.551, the authority provided by this section is
100.8 voided if the amount required under subdivision 3, clause (1), from an eligible person is
100.9 not paid to the executive director of the Public Employees Retirement Association prior to
100.10 termination of service by the eligible person.

100.11 (b) Notwithstanding Minnesota Statutes, section 356.551, allowable service credit in
100.12 the public employees police and fire plan for the eligible person must be granted upon
100.13 receipt by the executive director of payment from the eligible person of the amount
100.14 required under subdivision 3, clause (1).

100.15 (c) If the city of Faribault fails to pay the amount required under subdivision 3,
100.16 clause (2), within 30 days of notification from the executive director of the amount
100.17 required, the executive director shall inform the commissioner of the Department of
100.18 Finance of the amount of the deficiency, and the amount must be deducted from any
100.19 subsequent state aid to the city.

100.20 **Sec. 3. TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF PRIOR**
100.21 **SERVICE CREDIT FOR MONTANA TEACHING SERVICE.**

100.22 (a) An eligible person described in paragraph (b) is authorized to purchase service
100.23 credit, in accordance with Minnesota Statutes, section 356.551, from the Teachers
100.24 Retirement Association coordinated program for a period of teaching service in Montana
100.25 public schools, not to exceed ten years.

100.26 (b) An eligible person is a person who:

100.27 (1) is currently an active member of the Teachers Retirement Association for
100.28 teaching service at the Northfield Middle School in Independent School District No. 659;

100.29 (2) was born on January 1, 1959; and

100.30 (3) was a teacher at the Pine Hills School in Miles City, Montana, for 11.2 years with
100.31 coverage for that service by the Montana Teachers Retirement System.

100.32 (c) An eligible person described in paragraph (b) is authorized to apply with the
100.33 executive director of the Teachers Retirement Association to make the service credit
100.34 purchase under this section. The application must be in writing and must include all
100.35 necessary documentation of the applicability of this section, and any other relevant

101.1 information which the executive director may require. The payment required under this
101.2 section to receive the service credit must be received by the executive director of the
101.3 Teachers Retirement Association before December 31, 2006, and before the eligible
101.4 person's retirement or termination from service. The service credit authorized by this
101.5 section shall be granted upon receipt of the service credit purchase payment by the
101.6 executive director.

101.7 (d) The authority under this section is voided if an eligible person under paragraph
101.8 (b) retains a right to an annuity from the Montana Teachers Retirement System.

101.9 Sec. 4. **PERA-GENERAL; PUBLIC DEFENDER SERVICE CREDIT**
101.10 **PURCHASE.**

101.11 (a) An eligible person described in paragraph (b) may purchase allowable service
101.12 credit in the general employees retirement plan of the Public Employees Retirement
101.13 Association for the period described in paragraph (c) by making the payment required
101.14 under paragraph (d).

101.15 (b) An eligible person is a person who:

101.16 (1) was born on October 7, 1949;

101.17 (2) was employed as a public defender by the Tenth Judicial District on July 1, 1987;

101.18 (3) was also retained as an independent contractor by Washington County as a
101.19 public defender as of June 12, 1989;

101.20 (4) was determined to have had deductions related to the Tenth Judicial District
101.21 employment for the general employees retirement plan of the Public Employees
101.22 Retirement Association taken in error and had those deductions returned on January 7,
101.23 1991; and

101.24 (5) is currently a member of the general state employees retirement plan of the
101.25 Minnesota State Retirement System.

101.26 (c) The period of allowable service credit available for purchase under this section
101.27 is 21 months.

101.28 (d) The prior service credit purchase payment must be calculated under Minnesota
101.29 Statutes, section 356.551.

101.30 Sec. 5. **PUBLIC EMPLOYEES POLICE AND FIRE PLAN; EMPLOYEE**
101.31 **ORGANIZATION BUSINESS AGENT LEAVE OF ABSENCE SERVICE CREDIT**
101.32 **PURCHASE.**

101.33 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
101.34 service credit in the public employees police and fire retirement plan for the period
101.35 described in paragraph (c) by making the payment required under paragraph (d).

101.36 (b) An eligible person is a person who:

102.1 (1) was born on January 3, 1959;

102.2 (2) was employed by the Minnetonka Police Department before 1995;

102.3 (3) was granted a leave of absence from employment by the Minnetonka Police

102.4 Department in 1995 to serve as the business agent for an employee labor organization; and

102.5 (4) returned to employment with the Minnetonka Police Department from the leave

102.6 of absence in 1997.

102.7 (c) The period of service credit available for purchase under this section is one year.

102.8 (d) The prior service credit purchase payment must be calculated under Minnesota

102.9 Statutes, section 356.551.

102.10 **Sec. 6. PERA-GENERAL; PUBLIC GOLF COURSE EMPLOYEE SERVICE**

102.11 **CREDIT PURCHASE .**

102.12 (a) An eligible person described in paragraph (b) is entitled to purchase allowable

102.13 service credit from the general employees retirement plan of the Public Employees

102.14 Retirement Association for the period of employment by the city of Anoka at the

102.15 Greenhaven Golf Course between March 1, 1984, and December 28, 1997, that qualified as

102.16 employment by a public employee under Minnesota Statutes, section 353.01, subdivisions

102.17 2, 2a, and 2b, that was not previously credited by the retirement plan.

102.18 (b) An eligible person is a person who:

102.19 (1) was born on July 18, 1954;

102.20 (2) was first employed by the city of Anoka at the Greenhaven Golf Course as a

102.21 part-time employee in 1978;

102.22 (3) was incorrectly characterized as an independent contractor by the city of Anoka

102.23 during the period 1982-1998, although the person was provided health insurance and other

102.24 employment recognition during portions of that period; and

102.25 (4) became a member of the general employees retirement plan of the Public

102.26 Employees Retirement Association in 1998.

102.27 (c) The eligible person described in paragraph (b) must apply with the executive

102.28 director of the Public Employees Retirement Association to make the service credit

102.29 purchase under this section. The application must be in writing and must include all

102.30 necessary documentation of the applicability of this section and any other relevant

102.31 information that the executive director may require.

102.32 (d) Allowable service credit under Minnesota Statutes, section 353.01, subdivision

102.33 16, must be granted by the general employees retirement plan of the Public Employees

102.34 Retirement Association to the account of the eligible person upon the receipt of the prior

102.35 service credit purchase payment amount required under Minnesota Statutes, section

102.36 356.551.

103.1 (e) Of the prior service credit purchase payment amount under Minnesota Statutes,
103.2 section 356.551, the eligible person must pay an amount equal to the employee
103.3 contribution rate or rates in effect during the uncredited employment period applied to the
103.4 actual salary rates in effect during the period, plus annual compound interest at the rate of
103.5 8.5 percent from the date the member contribution payment should have been made if
103.6 made in a timely fashion until the date on which the contribution is actually made. If the
103.7 equivalent member contribution payment, plus interest, is made, the city of Anoka shall
103.8 pay the balance of the total prior service credit purchase payment amount under Minnesota
103.9 Statutes, section 356.551, within 60 days of notification by the executive director of the
103.10 Public Employees Retirement Association of the member contribution equivalent payment.

103.11 (f) Authority for an eligible person to make a prior service credit purchase under this
103.12 section expires on June 30, 2007.

103.13 (g) If the city of Anoka fails to pay its portion of the prior service credit purchase
103.14 payment amount under paragraph (e), the executive director of the Public Employees
103.15 Retirement Association must notify the commissioners of finance and revenue of that fact
103.16 and the commissioners shall order the deduction of the required payment amount from
103.17 the next subsequent payment of any state aid to the city of Anoka and be transmitted
103.18 to the general employees retirement fund.

103.19 Sec. 7. **TEACHERS RETIREMENT ASSOCIATION; REFUND REPAYMENT**
103.20 **OF CERTAIN TRANSFERRED AMOUNTS.**

103.21 (a) Notwithstanding Minnesota Statutes, Section 352D.12 or 354.50, or any other
103.22 provision to the contrary, an eligible person described in paragraph (b) may repay to
103.23 the Teachers Retirement Association the amount specified in paragraph (c) and thereby
103.24 restore the person's prior allowable and formula service credit under Minnesota Statutes,
103.25 chapter 354.

103.26 (b) An eligible person is a person who:

103.27 (1) was born on July 17, 1947;

103.28 (2) taught for ten years with Independent School District No. 191, Burnsville;

103.29 (3) was employed by the Minnesota Educational Computing Corporation in 1984
103.30 and 1985;

103.31 (4) transferred accumulated employee contributions and an equal employer
103.32 contribution amount from the Teachers Retirement Association to the unclassified state
103.33 employees retirement program of the Minnesota State Retirement System in 1985; and

103.34 (5) after employment in the private sector in educational computing, returned to
103.35 teaching employed by Independent School District No. 196, Rosemount-Apple-Valley
103.36 Eagan.

104.1 (c) The amount of the refund to be repaid to the Teachers Retirement Association is
104.2 an amount equal to the amount transferred from the Teachers Retirement Association to
104.3 the unclassified state employees retirement program of the Minnesota State Retirement
104.4 System under Laws 1984, chapter 619, section 6, subdivision 3, plus compound annual
104.5 interest at the rate of 8.5 percent from the date on which the amount was transferred from
104.6 the Teachers Retirement Association to the date on which the transfer amount is repaid.

104.7 (d) Upon the repayment of the transfer amount, plus interest, the allowable and
104.8 formula service credit in the Teachers Retirement Association under Minnesota Statutes,
104.9 section 354.05, subdivisions 13 and 25, related to the transferred amount in 1985, must
104.10 be restored to the eligible person.

104.11 (e) The transfer amount repayment, plus interest, may be made through an institution
104.12 to institution transfer.

104.13 (f) This provision expires on July 1, 2007.

104.14 **Sec. 8. TEACHERS RETIREMENT ASSOCIATION; PROSPECTIVE**
104.15 **TEACHERS RETIREMENT ASSOCIATION COVERAGE; PURCHASE OF**
104.16 **PAST SERVICE CREDIT.**

104.17 (a) An eligible person described in paragraph (b) is authorized to become a
104.18 coordinated member of the Teachers Retirement Association, and to purchase service and
104.19 salary credit in the Teachers Retirement Association coordinated plan retroactive from
104.20 January 1, 1995, upon making an election under paragraph (c) and upon making the
104.21 required payment under paragraph (d).

104.22 (b) An eligible person is a person who:

104.23 (1) was born on September 10, 1958;

104.24 (2) has prior employment covered by the Public Employees Retirement Association
104.25 general plan;

104.26 (3) is the director of student support services at North Hennepin Community College;

104.27 (4) began working at North Hennepin Community College on February 3, 1992, with
104.28 coverage for that service by the higher education individual retirement account plan; and

104.29 (5) was not offered an election of Teachers Retirement Association coverage, as
104.30 required under Laws 1994, chapter 508, article 1, section 10.

104.31 (c)(1) To be eligible for coverage by the Teachers Retirement Association, an
104.32 eligible person must submit a written application to the executive director of the Teachers
104.33 Retirement Association on a form provided by the Teachers Retirement Association. The
104.34 application must include all documentation of the applicability of this section and any
104.35 other relevant information that the executive director may require. Following receipt by

105.1 the executive director of the written application specified in this paragraph and receipt
105.2 of the payment specified in paragraph (d):

105.3 (i) Teachers Retirement Association plan membership commences as of July 1, 2006;

105.4 (ii) individual retirement account plan coverage terminates for the applicable
105.5 eligible person; and

105.6 (iii) past salary and service credit is granted from January 1, 1995, as specified
105.7 in this section.

105.8 (2) The authority granted by this section is voided if the applicable eligible
105.9 individual terminates from Minnesota State Colleges and Universities system employment
105.10 prior to receipt by the executive director of the Teachers Retirement Association of the
105.11 application specified in this paragraph and the amount specified in paragraph (d).

105.12 (d) To receive the treatment specified in this section, an eligible person shall make
105.13 payment of the amount determined under Minnesota Statutes, section 356.551, to the
105.14 executive director of the Teachers Retirement Association for the period from January 1,
105.15 1995. The individual is authorized to cover the payment using assets transferred from the
105.16 eligible individual's individual retirement account plan account, or from any other sources
105.17 permitted by law. The total amount to be paid under this paragraph shall be determined
105.18 by the executive director of the Teachers Retirement Association. Written notification of
105.19 the amount required under this paragraph should be transmitted to the eligible individual.
105.20 The Teachers Retirement Association is authorized to utilize the actuary jointly retained
105.21 under Minnesota Statutes, section 356.214, to make the computations required under this
105.22 paragraph. The Teachers Retirement Association shall allocate the amount received under
105.23 this paragraph between the Teachers Retirement Association and the Public Employees
105.24 Retirement Association, or other applicable pension fund, as indicated by the full actuarial
105.25 cost determination required under this paragraph.

105.26 **Sec. 9. EFFECTIVE DATE.**

105.27 Sections 1 to 8 are effective the day following final enactment."

105.28 Renumber the sections in sequence and correct the internal references

105.29 Amend the title accordingly