



TO: Representative Mary Murphy
Senator Don Betzold

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

RE: Summary of the Substantive Differences Between the House and Senate Versions of H.F. 3082 (Murphy, M.), the 2008 Omnibus Retirement Bill

DATE: May 14, 2008

Introduction

To assist the conference committee on H.F. 3082 (Murphy, M.), the Pension Commission staff has prepared a summary of the substantive differences between the House version of H.F. 3082 (Murphy, M.), (document H3082-4) and the Senate version of H.F. 3082 (document S2720-3).

Substantive Differences Between the House and Senate Versions of H.F. 3082 (Murphy, M.)

There are five substantive differences between the House version of the 2008 Omnibus Retirement Bill (fourth engrossment of H.F. 3082) and the Senate version of the 2008 Omnibus Retirement Bill (third engrossment of S.F. 2720), as follows:

Difference #1: MSRS-Unclassified Retirement Program Changes

House Version: Includes Article 7, where, effective January 6, 2009, legislators and elected state officers are permitted to elect MSRS-General coverage rather than MSRS-Unclassified coverage during the first year of service and legislators and elected state officers in the defined contribution MSRS-Unclassified Program may transfer past and prospective coverage to the MSRS-General defined benefit plan after 10 years or more of state employment.

Senate Version: No provisions.

Comparison Text: See pages R56-R58 of Side-by-Side Comparison (attached)

Difference #2: Retirement Savings Programs

House Version: Article 12, Section 1, provides for collective bargaining over school district 403(b) tax-sheltered annuity vendors, without any specified qualifications for those vendors.

Senate Version: Article 11, Section 1, provides for collective bargaining over school district 403(b) tax-sheltered annuity vendors, and specifies seven mandatory items for considering qualified vendors. The mandatory considerations items are vendor's ability to comply with federal tax law, vendor's tax-sheltered annuity experience, vendor's effectiveness in providing services, nature and extent of rights and benefits under vendor's plan, suitability of the rights and benefits, vendor's ability to provide the rights and benefits, and vendor's financial stability.

Comparison Text: See page R103 of Side-by-Side Comparison (attached)

Difference #3: Teacher Retirement Benefit and Contribution Increases

House Version: Added Article 14, which amends portions of Minnesota Statutes, Chapters 127A, 354, 354A, and 356, relating to state education aid, the Teachers Retirement Association (TRA), the first class city teachers retirement fund associations, and retirement generally, by making the following changes:

1. Increase in State Education Aid Beginning in Fiscal Year 2011. School districts and other education employers covered by the Teachers Retirement Association (TRA), the Duluth Teachers Retirement Fund Association (DTRFA), or the St. Paul Teachers Retirement Fund Association (SPTRFA) would have their state education aid increased by one-quarter of one percent of their 2010 fiscal year teacher salaries each year from the 2010-2011 school year through the 2015-2016 school year (Article 14, Section 1).

2. Teacher Normal Retirement Age Set at Age 65. The normal retirement age for members of the TRA, the DTRFA, and the S PTRFA first employed after July 1, 1989, is reduced from age 66 to age 65 (Article 14, Sections 2 and 6).
3. Teacher Retirement Plan Member Contribution Increases. Member contributions for teachers covered by the TRA, the DTRFA, and the S PTRFA are increased, beginning for the 2010-2011 school year, by one-quarter of one percent annually through the 2015-2016 school year, with the last four contribution increases of the scheduled six contribution increases potentially suspended if the retirement plan's most recent actuarial valuation indicates that the total support (contributions and direct state aid) is not deficient when compared to its funding requirements (Article 14, Sections 3 and 7).
4. Teacher Retirement Plan Employer Contribution Increases. Employer contributions by employing entities covered by the TRA, the DTRFA, and the S PTRFA are increased, beginning for the 2010-2011 school year, by one-quarter of one percent annually through the 2015-2016 school year, with the last four contribution increases of the scheduled six contribution increases potentially suspended if the retirement plan's most recent actuarial valuation indicates that the total support (contributions and direct state aid) is not deficient when compared to its funding requirements (Article 14, Sections 4 and 8).
5. Prospective Benefit Accrual Formula Percentage Rate Increase. For service credit rendered in the TRA, the DTRFA, and the S PTRFA after July 1, 2008, the retirement annuity calculation percentage rate is 2.00 percent, increased from the rates in effect for pre-2008 service (1.7 percent before July 1, 2006, and 1.9 percent after June 30, 2006, and before July 1, 2008, for TRA and 1.7 percent before July 1, 2008, for DTRFA and S PTRFA) (Article 14, Sections 5, 9, and 12).
6. 30 Years of Service at Any Age Level Benefit Tier Retirement. For members of the TRA, the DTRFA, and the S PTRFA who retire utilizing the level benefit formula tier rather than the "Rule of 90" benefit tier, a full benefit is paid without any reduction for early retirement if the member has at least 30 years of service credit (Article 14, Sections 5, 9, 10, and 11).

Senate Version: No provisions.

Comparison Text: See pages R115-R135 of Side-by-Side Comparison (attached)

Difference #4: Membership Dues Withholding

House Version: Article 17 authorizes a labor organization to have retired member dues deducted from retirement annuities by MSRS, PERA, or MERF, but prohibits dues to be used for partisan political purposes.

Senate Version: Article 17 authorizes a labor organization to have retired member dues deducted from retirement annuities by MSRS, PERA, or MERF, without the partisan political purpose use restriction.

Comparison Text: See page R173 of Side-by-Side Comparison (attached)

Difference #5: Pension Commission Membership

House Version: Article 19 increases the Legislative Commission on Pensions and Retirement membership from 10 to 14 members (seven from the House and seven from the Senate), and restricts majority caucus representation to no more than five of the seven members from each body, effective January 1, 2009.

Senate Version: No provision

Comparison Text: See pages R187-R188 of Side-by-Side Comparison (attached)

Conclusion

The Commission staff is available to assist you and the other conferees on H.F. 3082 (Murphy, M.) as you attempt to resolve the differences between the House and Senate versions of the bill. Please contact the Pension Commission office (651-296-2750) if you want our assistance.

cc: Laura Sayles Kathleen Lonergan
 Carolyn LaViolette

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

59.1 Sec. 2. COVERAGE TRANSFER DATES.

- 59.2 (a) The coverage transfer under Minnesota Statutes, section 352.91, subdivision 3d,
59.3 paragraph (b), clause (20), also covers employment in that position after December 11,
59.4 2007, for purposes of Minnesota Statutes, section 352.955, subdivisions 1, 3, 4, 5, and 6.
59.5 (b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3d,
59.6 paragraph (b), clause (25), is prospective only.

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

59.8 ARTICLE 7

59.9 MSRS-UNCLASSIFIED RETIREMENT PROGRAM CHANGES

59.10 Section 1. Minnesota Statutes 2007 Supplement, section 352D.02, subdivision 1,
59.11 is amended to read:

59.12 Subdivision 1. **Coverage.** (a) Except as specified in paragraph (b), employees
59.13 enumerated in paragraph (c), clauses (2), (3), (4)-(6)-to-(14), and -(16)-to-(18); if they are
59.14 an elected official or in the unclassified service of the state or Metropolitan Council and
59.15 are eligible for coverage under the general state employees retirement plan under chapter
59.16 352, are participants in the unclassified program under this chapter unless the employee
59.17 gives notice to the executive director of the Minnesota State Retirement System within
59.18 one year following the commencement of employment in the unclassified service that the
59.19 employee desires coverage under the general state employees retirement plan. For the
59.20 purposes of this chapter, an employee who does not file notice with the executive director
59.21 is deemed to have exercised the option to participate in the unclassified program.

59.22 (b) Persons referenced in paragraph (c), clauses (5), are participants in the unclassified
59.23 program under this chapter unless the person was eligible to elect different coverage under
59.24 section 3A.07 and elected retirement coverage by the applicable alternative retirement
59.25 plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified
59.26 program under this chapter for judicial employment in excess of the service credit limit in
59.27 section 490.121, subdivision 22, and are not eligible for the choice of coverage specified
59.28 in paragraph (a).

59.29 (c) Enumerated employees and referenced persons are:

- 59.30 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
59.31 and the attorney general;
59.32 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary
59.33 of State, State Auditor, Attorney General;

- 59.34 (3) an employee of the State Board of Investment;
60.1 (4) the head of a department, division, or agency created by statute in the unclassified

60.2 service, an acting department head subsequently appointed to the position, or an employee
60.3 enumerated in section 15A.0815 or 15A.083, subdivision 4;

60.4 (5) a member of the legislature;

60.5 (6) a full-time unclassified employee of the legislature or a commission or agency of
60.6 the legislature who is appointed without a limit on the duration of the employment or a
60.7 temporary legislative employee having shares in the supplemental retirement fund as a
60.8 result of former employment covered by this chapter, whether or not eligible for coverage
60.9 under the Minnesota State Retirement System;

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

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

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

60.23 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
60.24 Constitution of the state of Minnesota, the state court administrator and judicial district
60.25 administrators;

60.26 (11) the chief executive officers of correctional facilities operated by the Department
60.27 of Corrections and of hospitals and nursing homes operated by the Department of Human
60.28 Services;

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

60.30 (13) an employee of the Agricultural Utilization Research Institute;
60.31 (14) an employee of the State Lottery who is covered by the managerial plan
60.32 established under section 43A.18, subdivision 3;

60.33 (15) a judge who has exceeded the service credit limit in section 490.121,
60.34 subdivision 22;

60.35 (16) an employee of Minnesota Technology Incorporated;

61.1 (17) a person employed by the Minnesota State Colleges and Universities as faculty
61.2 or in an eligible unclassified administrative position as defined in section 354B.20,

61.3 subdivision 6, who was employed by the former state university or the former community college system before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

61.6 (18) a person employed by the Minnesota State Colleges and Universities who was employed in state service before July 1, 1995, who subsequently is employed in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, and who elects coverage by the unclassified program.

61.10 EFFECTIVE DATE. This section is effective January 6, 2009.

61.11 Sec. 2. Minnesota Statutes 2007 Supplement, section 352D.02, subdivision 3, is amended to read:

61.13 Subd. 3. **Transfer to general plan.** (a) An employee, other than a judge as specified in subdivision 1, paragraph (c), clause (15), credited with employee shares in the unclassified program, after acquiring credit for ten years of allowable service and not later than one month following the termination of covered employment, may elect to terminate participation in the unclassified program and be covered by the general plan by filing a written election with the executive director. The executive director shall then redeem the employee's total shares and shall credit to the employee's account in the general plan the amount of contributions that would have been so credited had the employee been covered by the general plan during the employee's entire covered employment or elective state service. The balance of money so redeemed and not credited to the employee's account shall be transferred to the general plan retirement fund, except that (1) the employee contribution paid to the unclassified program must be compared to (2) the employee contributions that would have been paid to the general plan for the comparable period, if the individual had been covered by that plan. If clause (1) is greater than clause (2), the difference must be refunded to the employee as provided in section 352.22. If clause (2) is greater than clause (1), the difference must be paid by the employee within six months of electing general plan coverage or before the effective date of the annuity, whichever is sooner.

61.31 (b) An election under paragraph (a) to transfer coverage to the general plan is irrevocable during any period of covered employment.

61.33 EFFECTIVE DATE. This section is effective January 6, 2009.

62.1 ARTICLE 8

62.2 PERA BENEFITS FOLLOWING PRIVATIZATIONS

59.1 ARTICLE 7
59.2 PERA BENEFITS FOLLOWING PRIVATIZATIONS

92.22 Section 1. Minnesota Statutes 2006, section 123B.02, subdivision 15, is amended to read:

92.24 Subd. 15. **Annuity contract; payroll allocation.** At the request of an employee 92.25 and as part of the employee's compensation arrangement, the board may purchase an 92.26 individual annuity contract for an employee for retirement or other purposes and may 92.27 make payroll allocations in accordance with such arrangement for the purpose of paying 92.28 the entire premium due and to become due under such contract. The allocation must be 92.29 made in a manner which will qualify the annuity premiums, or a portion thereof, for the 92.30 benefit afforded under section 403(b) of the current Federal Internal Revenue Code or any 92.31 or any equivalent provision of subsequent federal income tax law. The employee shall own such 92.32 contract and the employee's rights under the contract shall be nonforfeitable except for 90.1 failure to pay premiums. Section 122A.40 shall not be applicable hereto and the board shall 90.2 have no liability thereunder because of its purchase of any individual annuity contracts. 90.3 This statute shall be applied in a nondiscriminatory manner to employees of the school 90.4 district. The identity and number of the available vendors under federal Internal Revenue 90.5 Code section 403(b) is a term and condition of employment under section 179A.03.

89.22 Section 1. Minnesota Statutes 2006, section 123B.02, subdivision 15, is amended to read:

89.24 Subd. 15. **Annuity contract; payroll allocation.** (a) At the request of an employee 89.25 and as part of the employee's compensation arrangement, the board may purchase an 89.26 individual annuity contract for an employee for retirement or other purposes and may 89.27 make payroll allocations in accordance with such arrangement for the purpose of paying 89.28 the entire premium due and to become due under such contract. The allocation must be 89.29 made in a manner which will qualify the annuity premiums, or a portion thereof, for the 89.30 benefit afforded under section 403(b) of the current Federal Internal Revenue Code or any 89.31 equivalent provision of subsequent federal income tax law. The employee shall own such 89.32 contract and the employee's rights under the contract shall be nonforfeitable except for 90.1 failure to pay premiums. Section 122A.40 shall not be applicable hereto and the board shall 90.2 have no liability thereunder because of its purchase of any individual annuity contracts. 90.3 This statute shall be applied in a nondiscriminatory manner to employees of the school 90.4 district. The identity and number of the available vendors under federal Internal Revenue 90.5 Code section 403(b) is a term and condition of employment under section 179A.03.

90.6 (b) When considering vendors under paragraph (a), the school district and the 90.7 exclusive representative of the employees shall consider all of the following:
90.8 (1) the vendor's ability to comply with all employer requirements imposed by
90.9 section 403(b) of the Internal Revenue Code of 1986 and its subsequent amendments,
90.10 other provisions of the Internal Revenue Code of 1986 that apply to section 403(b) of the
90.11 Internal Revenue Code, and any regulation adopted in relation to these laws;
90.12 (2) the vendor's experience in providing 403(b) plans;
90.13 (3) the vendor's potential effectiveness in providing client services attendant to
90.14 its plan and in relation to cost;
90.15 (4) the nature and extent of rights and benefits offered under the vendor's plan;
90.16 (5) the suitability of the rights and benefits offered under the vendor's plan;
90.17 (6) the vendor's ability to provide the rights and benefits offered under its plan; and
90.18 (7) the vendor's financial stability.
90.19 **EFFECTIVE DATE.** This section is effective August 1, 2008.

93.6 **EFFECTIVE DATE.** This section is effective August 1, 2008.

105.2 ARTICLE 13

105.3 PERA POLICE AND FIRE PLAN

105.5 Section 1. Minnesota Statutes 2007 Supplement, section 353.656, subdivision 1,
105.6 is amended to read:

105.7 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of
105.8 the police and fire plan who is determined to qualify for duty disability as defined in
105.9 section 353.01, subdivision 41, shall receive disability benefits during the period of such
105.10 disability in an amount equal to 60 percent of the average salary as defined in section
105.11 353.01, subdivision 17a, plus an additional percentage specified under section 356.31.5,
105.12 subdivision 6, of that average salary for each year of service in excess of 20 years.

105.13 (b) To be eligible for a benefit under paragraph (a), the member must have:

105.14 (1) not met the requirements for a retirement annuity under section 353.651,
105.15 subdivision 1; or

105.16 (2) met the requirements under that subdivision, but does not have at least 20 years
105.17 of allowable service credit.

105.18 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
105.19 period of 60 months from the disability benefit accrual date and at the end of that period
105.20 is subject to provisions of subdivision 5a.

105.21 (d) If the disability under this subdivision occurs before the member has at least five
105.22 years of allowable service credit in the police and fire plan, the disability benefit must be
105.23 computed on the average salary from which deductions were made for contribution to
105.24 the police and fire fund.

105.25 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2007.

105.26 ARTICLE 14

105.27 TEACHER RETIREMENT BENEFIT AND

102.16 ARTICLE 12

102.17 PERA POLICE AND FIRE PLAN

102.19 Section 1. Minnesota Statutes 2007 Supplement, section 353.656, subdivision 1,
102.20 is amended to read:

102.21 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of
102.22 the police and fire plan who is determined to qualify for duty disability as defined in
102.23 section 353.01, subdivision 41, shall receive disability benefits during the period of such
102.24 disability in an amount equal to 60 percent of the average salary as defined in section
102.25 353.01, subdivision 17a, plus an additional percentage specified under section 356.31.5,
102.26 subdivision 6, of that average salary for each year of service in excess of 20 years.

102.27 (b) To be eligible for a benefit under paragraph (a), the member must have:

102.28 (1) not met the requirements for a retirement annuity under section 353.651,
102.29 subdivision 1; or

102.30 (2) met the requirements under that subdivision, but does not have at least 20 years
102.31 of allowable service credit.

103.1 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
103.2 period of 60 months from the disability benefit accrual date and at the end of that period
103.3 is subject to provisions of subdivision 5a.

103.4 (d) If the disability under this subdivision occurs before the member has at least five
103.5 years of allowable service credit in the police and fire plan, the disability benefit must be
103.6 computed on the average salary from which deductions were made for contribution to
103.7 the police and fire fund.

103.8 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2007.

105.29 Section 1. Minnesota Statutes 2006, section 127A.50, subdivision 1, is amended to 105.30 read:

- 105.31 Subdivision 1. **Aid adjustment.** Beginning in fiscal year 1998 and each year 105.32 thereafter, the commissioner of education shall adjust state aid payments to school 105.33 operating funds for Independent School District No. 625 and Independent School-District 106.1 No.-709 by the net amount of clauses (1), ~~and~~ (2), and (6), for Special-Independent School 106.2 District No. 4-709 by the net amount of clauses (1), (2), and ~~(4)~~(7), and for all other 106.3 districts, including charter schools, but excluding any education organizations that are 106.4 prohibited from receiving direct state aids under section 123A.26 or 125A.75, subdivision 106.5 7, by the net amount of clauses (1), (2), (3), and (4), and (5);
106.6 (1) a decrease equal to each district's share of the fiscal year 1997 adjustment 106.7 effected under Minnesota Statutes 1996, section 124.2139;
106.8 (2) an increase equal to one percent of the salaries paid to members of the general 106.9 plan of the Public Employees Retirement Association in fiscal year 1997, multiplied by 106.10 0.35 for fiscal year 1998 and 0.70 each year thereafter;
106.11 (3) a decrease equal to 2.34 percent of the salaries paid to members of the Teachers 106.12 Retirement Association in fiscal year 1997; and
106.13 (4) an increase equal to 0.5 percent of the salaries paid to members of the Teachers 106.14 Retirement Association in fiscal year 2007;
106.15 (5) an increase equal to the specified percentage of the salaries paid to members of

106.16 the Teachers Retirement Association in fiscal year 2010 as follows:

106.17 for the 2010-2011 school year 0.25 percent

106.18 for the 2011-2012 school year 0.50 percent

106.19 for the 2012-2013 school year 0.75 percent

106.20 for the 2013-2014 school year 1.00 percent

106.21 for the 2014-2015 school year 1.25 percent

106.22 for the 2015-2016 school year and
each school year thereafter 1.50 percent

106.24 (6) an increase equal to the specified percentage of the salaries paid to members of

106.25 the St. Paul Teachers Retirement Fund Association in fiscal year 2010 as follows:

106.26	for the 2010-2011 school year	<u>0.25 percent</u>
106.27	for the 2011-2012 school year	<u>0.50 percent</u>
106.28	for the 2012-2013 school year	<u>0.75 percent</u>
106.29	for the 2013-2014 school year	<u>1.00 percent</u>
106.30	for the 2014-2015 school year	<u>1.25 percent</u>
106.31	for the 2015-2016 school year and each school year thereafter	<u>1.50 percent</u>
106.32		

106.33 (7) an increase equal to the specified percentage of the salaries paid to members of

106.34 the Duluth Teachers Retirement Fund Association in fiscal year 2010 as follows:

106.35 for the 2010-2011 school year 0.25 percent

106.36 for the 2011-2012 school year 0.50 percent

106.37 for the 2012-2013 school year 0.75 percent

106.38 for the 2013-2014 school year 1.00 percent

107.1 for the 2014-2015 school year 1.25 percent

107.2 for the 2015-2016 school year and
107.3 each school year thereafter 1.50 percent

107.4 **EFFECTIVE DATE.** This section is effective July 1, 2008.

107.5 Sec. 2. Minnesota Statutes 2006, section 354.05, subdivision 38, is amended to read:

107.6 Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 for a

107.7 person who first became a member of the association or a member of a pension fund listed

107.8 in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a

107.9 member of the association after June 30, 1989, normal retirement age means the higher of

107.10 age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as

107.11 amended, but not to exceed age 66.

107.12 **EFFECTIVE DATE.** This section is effective July 1, 2008.

107.13 Sec. 3. Minnesota Statutes 2006, section 354.42, subdivision 2, is amended to read:

107.14 Subd. 2. Employee. (a) The employee contribution to the fund is an amount equal
107.15 to the following percentage of the salary of a member:

107.16 (1) after July 1, 2006, for a teacher employed by Special School District No. 1,
107.17 Minneapolis, 5.5 percent if the teacher is a coordinated member, and 9.0 percent if the
107.18 teacher is a basic member;

107.19 (2) for every other teacher, after July 1, 2006, 5.5 percent if the teacher is a

107.20 coordinated member and 9.0 percent if the teacher is a basic member.

	<u>period</u>	<u>coordinated member</u>	<u>basic member</u>
107.21	(1) before July 1, 2010	<u>5.50 percent</u>	<u>9.00 percent</u>
107.22	(2) after June 30, 2010, and before July 1, 2011	<u>5.75 percent</u>	<u>9.25 percent</u>
107.23	(3) after June 30, 2011, and before July 1, 2012	<u>6.00 percent</u>	<u>9.50 percent</u>
107.24	(4) after June 30, 2012, and before July 1, 2013	<u>6.25 percent</u>	<u>9.75 percent</u>
107.25	(5) unless paragraph (b) applies, after June 30, 2013, and before July 1, 2014	<u>6.50 percent</u>	<u>10.00 percent</u>
107.26	(6) unless paragraph (b) applies, after June 30, 2014, and before July 1, 2015	<u>6.75 percent</u>	<u>10.25 percent</u>
107.27	(7) unless paragraph (b) applies, after June 30, 2015	<u>7.00 percent</u>	<u>10.50 percent</u>
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108.1 (b) After July 1, 2012, a scheduled contribution increase under paragraph (a),
 108.2 clause (5), (6), or (7), is suspended if the most recent actuarial valuation prepared under
 108.3 section 356.2(5) indicates that there is no contribution deficiency when the total employee
 108.4 contributions, employer contributions under subdivision 3, and direct state aid under
 108.5 section 354.A.12 are compared to the total financial requirements of the retirement plan.

108.6 (c) This contribution must be made by deduction from salary. Where any portion of a

108.7 member's salary is paid from other than public funds, the member's employee contribution
108.8 must be based on the entire salary received.

108.9 EFFECTIVE DATE. This section is effective July 1, 2008.

108.10 Sec. 4. Minnesota Statutes 2006, section 354.42, subdivision 3, is amended to read:
108.11 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special
108.12 School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an
108.13 amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated
108.14 member and 9.0 percent of the salary of each of its teachers who is a basic member. After
108.15 July 1, 2007, and before July 1, 2010, the regular employer contribution to the fund by
108.16 Special School District No. 1, Minneapolis, is an amount equal to 5.5 percent of salary of
108.17 each coordinated member and 9.5 percent of salary of each basic member. The regular
108.18 employer contribution to the fund by Special School District No. 1, Minneapolis, is an

108.19 amount equal to the following percentage of the salary of each teacher:

			<u>coordinated member</u>	<u>basic member</u>
108.20	period			
108.21	(1) after June 30, 2010, and before July 1, 2011		<u>5.75 percent</u>	<u>9.25 percent</u>
108.22				
108.23	(2) after June 30, 2011, and before July 1, 2012		<u>6.00 percent</u>	<u>9.50 percent</u>
108.24				
108.25	(3) after June 30, 2012, and before July 1, 2013		<u>6.25 percent</u>	<u>9.75 percent</u>
108.26				
108.27	(4) unless paragraph (d) applies, after June 30, 2013, and before July 1, 2014		<u>6.50 percent</u>	<u>10.00 percent</u>
108.28				
108.29				
108.30	(5) unless paragraph (d) applies, after June 30, 2014, and before July 1, 2015		<u>6.75 percent</u>	<u>10.25 percent</u>
108.31				
108.32				
108.33	(6) unless paragraph (d) applies, after June 30, 2015		<u>7.00 percent</u>	<u>10.50 percent</u>
108.34				

108.35 (b) The additional employer contribution to the fund by Special School District No. 108.36 1, Minneapolis, after July 1, 2006, is an amount equal to 3.64 percent of the salary of each 108.37 teacher who is a coordinated member or is a basic member.

109.1 (b) (c) The employer contribution to the fund for every other employer is an amount

109.2 equal to 5.0 percent of the salary of each coordinated member and 9.0 percent of the salary

109.3 of each basic member before July 1, 2007, and 5.5 percent of the salary of each coordinated

109.4 member and 9.5 percent of the salary of each basic member after June 30, 2007, and before

109.5 July 1, 2010. The regular employer contribution to the fund by every other employer is an

109.6 amount equal to the following percentage of the salary of each teacher:

	period	coordinated member	basic member
109.7			
109.8	(1) after June 30, 2010, and before July 1, 2011	<u>5.75 percent</u>	<u>9.25 percent</u>
109.9			
109.10	(2) after June 30, 2011, and before July 1, 2012	<u>6.00 percent</u>	<u>9.50 percent</u>
109.11			
109.12	(3) after June 30, 2012, and before July 1, 2013	<u>6.25 percent</u>	<u>9.75 percent</u>
109.13			
109.14	(4) unless paragraph (d) applies, after June 30, 2013, and before July 1, 2014	<u>6.50 percent</u>	<u>10.00 percent</u>
109.15			
109.16			
109.17	(5) unless paragraph (d) applies, after June 30, 2014, and before July 1, 2015	<u>6.75 percent</u>	<u>10.25 percent</u>
109.18			
109.19			
109.20	(6) unless paragraph (d) applies, after June 30, 2015	<u>7.00 percent</u>	<u>10.50 percent</u>
109.21			

109.22 (d) After July 1, 2012, a scheduled contribution increase under paragraph (a),
 109.23 clause (4), (5), or (6), and paragraph (c), clause (4), (5), or (6), is suspended if the most
 109.24 recent actuarial valuation prepared under section 356.215 indicates that there is no
 109.25 contribution deficiency when the total employee contributions, employer contributions
 109.26 under subdivision 3, and direct state aid under section 354A.12 are compared to the total
 109.27 financial requirements of the retirement plan.

109.28 **EFFECTIVE DATE.** This section is effective July 1, 2008.

109.29 Sec. 5. Minnesota Statutes 2007 Supplement, section 354.44, subdivision 6, is
109.30 amended to read:

109.31 Subd. 6. Computation of formula program retirement annuity. (a) The formula

109.32 retirement annuity must be computed in accordance with the applicable provisions of the
109.33 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under
109.34 section 354.05, subdivision 13a, for the period of the member's formula service credit.

109.35 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first

109.36 became a member of the association or a member of a pension fund listed in section
109.37 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with

109.38 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The
109.39 average salary as defined in section 354.05, subdivision 13a, multiplied by the following
109.40 percentages per year of formula service credit shall determine the amount of the annuity to.

109.41 110.3 which the member qualifying therefor is entitled for service rendered before July 1, 2006:

		Basic Member	Coordinated Member
110.4			
110.5	Each year of service during first ten	the percent specified in section 356.315, subdivision 1, per year	the percent specified in section 356.315, subdivision 3, per year
110.6			
110.7			
110.8			
110.9	Each year of service	the percent specified in section 356.315, subdivision 2, per year	the percent specified in section 356.315, subdivision 4, per year
110.10	thereafter		
110.11			
110.12			
110.13	Each year of service during first ten	the percent specified in section 356.315,	the percent specified in section 356.315, subdivision 4, per year
110.14			
110.15	determines the amount the annuity to which the member qualifying therefor is entitled:		
110.16			
110.17	Each year of service during first ten	the percent specified in section 356.315,	the percent specified in section 356.315,
110.18			

110.13 For service rendered on or after July 1, 2006, the average salary as defined in section
110.14 354.05, subdivision 13a, multiplied by the following percentages per year of service
credit,

110.15 determines the amount the annuity to which the member qualifying therefor is entitled:

		Basic Member	Coordinated Member
110.16			
110.17	Each year of service during first ten	the percent specified in section 356.315,	the percent specified in section 356.315,
110.18			

110.19		subdivision 1a, per year	subdivision 3, per year
110.20			
110.21	Each year of service after ten years of service	the percent specified in section 356.315, subdivision 2b, per year	the percent specified in section 356.315, subdivision 4, per year
110.22			
110.23			
110.24			

110.25 (c)(i) This paragraph applies only to a person who first became a member of the 110.26 association or a member of a pension fund listed in section 356.30, subdivision 3, before 110.27 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in 110.28 conjunction with this paragraph than when calculated under paragraph (d), in conjunction 110.29 with paragraph (e).

110.30 (ii) Where any member retires prior to normal retirement age under a formula 110.31 annuity, the member shall be paid a retirement annuity in an amount equal to the normal 110.32 annuity provided in paragraph (b) reduced by one-quarter of one percent for each month 110.33 that the member is under normal retirement age at the time of retirement except that for 110.34 any member who has 30 or more years of allowable service credit, the reduction shall be 110.35 applied only for each month that the member is under age 62.

110.36 (iii) Any member whose attained age plus credited allowable service totals 90 years 110.37 is entitled, upon application, to a retirement annuity in an amount equal to the normal 110.38 annuity provided in paragraph (b), without any reduction by reason of early retirement.

110.39 (d) This paragraph applies to a member who has become at least 55 years old and 110.40 first became a member of the association after June 30, 1989, and to any other member 110.41 who has become at least 55 years old and whose annuity amount when calculated under 111.1 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated 111.2 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average 111.3 salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified 111.4 by section 356.315, subdivision 4, for each year of service for a basic member shall 111.5 determine the amount of the retirement annuity to which the basic member is entitled.

111.6 The annuity of a basic member who was a member of the former Minneapolis Teachers 111.7 Retirement Fund Association as of June 30, 2006, must be determined according to the 111.8 annuity formula under the articles of incorporation of the former Minneapolis Teachers 111.9 Retirement Fund Association in effect as of that date. For a coordinated member, the 111.10 average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent 111.11 specified in section 356.315, subdivision 2, for each year of service rendered before July 111.12 1, 2006, and by the percent specified in section 356.315, subdivision 2b, for each year 111.13 of service rendered on or after July 1, 2006, and before July 1, 2008, and by the percent 111.14 specified in section 356.315, subdivision 2c, for each year of service rendered after June

111.15 30, 2008, determines the amount of the retirement annuity to which the coordinated
111.16 member is entitled. If the member has 30 or more years of service credit, the minimum
111.17 age requirement of this paragraph does not apply.

111.18 (e) This paragraph applies to a person who has become at least 55 years old and first
111.19 becomes a member of the association after June 30, 1989, and to any other member who
111.20 has become at least 55 years old and whose annuity is higher when calculated under
111.21 paragraph (d) in conjunction with this paragraph than when calculated under paragraph
111.22 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity
111.23 before the normal retirement age shall must be paid the normal annuity provided in
111.24 paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity
111.25 that would be payable to the employee if the employee deferred receipt of the annuity
111.26 and the annuity amount were augmented at an annual rate of three percent compounded
111.27 annually from the day the annuity begins to accrue until the normal retirement age if the
111.28 employee became an employee before July 1, 2006, and at 2.5 percent compounded.
111.29 annually if the employee becomes an employee after June 30, 2006. If the member has
111.30 30 or more years of service credit, the minimum age requirement of this paragraph does
111.31 not apply and the reductions and augmentations specified in this paragraph apply to age
111.32 62, rather than to normal retirement age.

111.33 (f) No retirement annuity is payable to a former employee with a salary that exceeds
111.34 95 percent of the governor's salary unless and until the salary figures used in computing
111.35 the highest five successive years average salary under paragraph (a) have been audited by
112.1 the Teachers Retirement Association and determined by the executive director to comply
112.2 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

112.3 **EFFECTIVE DATE.** This section is effective July 1, 2008.

112.4 Sec. 6. Minnesota Statutes 2006, section 354A.011, subdivision 15a, is amended to
112.5 read:

112.6 Subd. 15a. **Normal retirement age.** (a) "Normal retirement age" means age 65

112.7 for a person who first became a member of the coordinated program of the St. Paul
112.8 Teachers Retirement Fund Association or the new law coordinated program of the Duluth
112.9 Teachers Retirement Fund Association or a member-of-a-pension-fund-listed-in-section

112.10 356-30, subdivision 3, before July 1, 1989. For a person who first became a member of the

112.11 coordinated program of the St. Paul Teachers Retirement Fund Association or the new law

112.12 coordinated program of the Duluth Teachers Retirement Fund Association after June 30,

112.13 1989, normal retirement age means the higher of age 65 or retirement age, as defined in

112.14 United States Code, title 42, section 416(f), as amended, but not to exceed age 66.

112.15 (b) For a person who is a member of the basic program of the St. Paul Teachers

112.16 Retirement Fund Association or the old law coordinated program of the Duluth Teachers

112.17 Retirement Fund Association, normal retirement age means the age at which a teacher

112.18 becomes eligible for a normal retirement annuity computed upon meeting the age and

112.19 service requirements specified in the applicable provisions of the articles of incorporation

112.20 or bylaws of the respective teachers retirement fund association.

112.21 **EFFECTIVE DATE.** This section is effective July 1, 2008.

112.22 Sec. 7. Minnesota Statutes 2006, section 354A.12, subdivision 1, is amended to read:

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

	Association and Program	Percentage of Total Salary
112.26		
112.27		
112.28	Duluth Teachers Retirement Association	
112.29	old law and new law	
112.30	coordinated programs	5.5 percent
112.31	(1) before July 1, 2010	5.50 percent
112.32	(2) after June 30, 2010, and before July 1, 2011	5.75 percent
112.33	(3) after June 30, 2011, and before July 1, 2012	6.00 percent
112.34	(4) after June 30, 2012, and before July 1, 2013	6.25 percent
113.1 113.2	(5) unless paragraph (6) applies, after June 30, 2013, and before July 1, 2014	6.50 percent

113.3 113.4	(6) unless paragraph (b) applies, after June 30, 2014, and before July 1, 2015	<u>6.75 percent</u>
113.5 113.6	(7) unless paragraph (b) applies, after June 30, 2015	<u>7.00 percent</u>
113.7 St. Paul Teachers Retirement Association		
113.8	basic program	8 percent
113.9	coordinated program	<u>5.5 percent</u>
113.10	(1) before July 1, 2010	<u>5.50 percent</u>
113.11	(2) after June 30, 2010, and before July 1, 2011	<u>5.75 percent</u>
113.12	(3) after June 30, 2011, and before July 1, 2012	<u>6.00 percent</u>
113.13	(4) after June 30, 2012, and before July 1, 2013	<u>6.25 percent</u>
113.14 113.15	(5) unless paragraph (b) applies, after June 30, 2013, and before July 1, 2014	<u>6.50 percent</u>
113.16 113.17	(6) unless paragraph (b) applies, after June 30, 2014, and before July 1, 2015	<u>6.75 percent</u>

113.18 (7) unless paragraph (6) applies, after June 30,
113.19 2015 7.00 percent

113.20 (b) After July 1, 2012, a scheduled contribution increase under paragraph (a),
113.21 clause (5), (6), or (7), is suspended if the most recent actuarial valuation prepared under
113.22 section 356.215 indicates that there is no contribution deficiency when the total employee
113.23 contributions, employer contributions under subdivision 3, and direct state aid are
113.24 compared to the total financial requirements of the retirement plan.

113.25 (c) Contributions shall be made by deduction from salary and must be remitted
113.26 directly to the respective teachers retirement fund association at least once each month.

113.27 **EFFECTIVE DATE.** This section is effective July 1, 2008.

113.28 Sec. 8. Minnesota Statutes 2006, section 354A.12, subdivision 2a, is amended to read:
113.29 Subd. 2a. **Employer regular and additional contribution rates.** (a) The
113.30 employing units shall make the following employer contributions to teachers retirement
113.31 fund associations:

113.32 (1) for any coordinated member of a teachers retirement fund association in a city
113.33 of the first class, the employing unit shall pay the employer Social Security taxes in
113.34 accordance with section 355.46, subdivision 3, clause (b);
113.35 (2) for any coordinated member of one of the following teachers retirement fund
113.36 associations in a city of the first class, the employing unit shall make a regular employer
113.37 contribution to the respective retirement fund association in an amount equal to the
113.38 designated percentage of the salary of the coordinated member as provided below:

114.1	Duluth Teachers Retirement	<u>4.50 percent</u>
114.2	Fund Association	<u>4.50 percent</u>
114.3	<u>(A) before July 1, 2010</u>	<u>4.50 percent</u>
114.4	<u>(B) after June 30, 2010, and before July 1, 2011</u>	<u>4.75 percent</u>
114.5	<u>(C) after June 30, 2011, and before July 1, 2012</u>	<u>5.00 percent</u>

114.6	(D) after June 30, 2012, and before July 1, 2013	5.25 percent
114.7 114.8	(E) unless clause (3) applies, after June 30, 2013, and before July 1, 2014	5.50 percent
114.9 114.10	(F) unless clause (3) applies, after June 30, 2014, and before July 1, 2015	5.75 percent
114.11	(G) unless clause (3) applies, after June 30, 2015	6.00 percent
114.12	St. Paul Teachers Retirement	
114.13	Fund Association	4.50 percent
114.14	(H) before July 1, 2010	4.50 percent
114.15	(I) after June 30, 2010, and before July 1, 2011	4.75 percent
114.16	(J) after June 30, 2011, and before July 1, 2012	5.00 percent
114.17	(K) after June 30, 2012, and before July 1, 2013	5.25 percent
114.18 114.19	(L) unless clause (3) applies, after June 30, 2013, and before July 1, 2014	5.50 percent

114.20 (M) unless clause (3) applies, after June 30, 2014, and
114.21 before July 1, 2015 5.75 percent

114.22 (N) unless clause (3) applies, after June 30, 2015 6.00 percent

114.23 (3) After July 1, 2012, a scheduled contribution increase under paragraph (a), clause

114.24 (2), item (E), (F), (G), (L), (M), or (N), is suspended if the most recent actuarial valuation
114.25 prepared under section 356.215 indicates that there is no contribution deficiency when the
114.26 total employee contributions, employer contributions under subdivision 3, and direct state
114.27 aid are compared to the total financial requirements of the retirement plan;

114.28 (3) (4) for any basic member of the St. Paul Teachers Retirement Fund Association,
114.29 the employing unit shall make a regular employer contribution to the respective retirement
114.30 fund in an amount equal to 8.00 percent of the salary of the basic member;

114.31 (4) (5) for a basic member of the St. Paul Teachers Retirement Fund Association, the
114.32 employing unit shall make an additional employer contribution to the respective fund in
114.33 an amount equal to 3.64 percent of the salary of the basic member;

114.34 (5) (6) for a coordinated member of a teachers retirement fund association in a city
114.35 of the first class, the employing unit shall make an additional employer contribution to
114.36 the respective fund in an amount equal to the applicable percentage of the coordinated
114.37 member's salary, as provided below:

114.38 Duluth Teachers Retirement

114.39 Fund Association 1.29 percent

114.40 St. Paul Teachers Retirement

114.41 Fund Association

115.1 July 1, 1993 - June 30, 1994 0.50 percent

115.2 July 1, 1994 - June 30, 1995 1.50 percent

115.3 July 1, 1997, and thereafter 3.84 percent

115.4. (b) The regular and additional employer contributions must be remitted directly to 115.5 the respective teachers retirement fund association at least once each month. Delinquent 115.6 amounts are payable with interest under the procedure in subdivision 1a.

115.7. (c) Payments of regular and additional employer contributions for school district 115.8 or technical college employees who are paid from normal operating funds must be made 115.9 from the appropriate fund of the district or technical college.

115.10 **EFFECTIVE DATE.** This section is effective July 1, 2008.

115.11 Sec. 9. Minnesota Statutes 2006, section 354A.31, subdivision 4, is amended to read:

115.12 Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul 115.13 fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers 115.14 Retirement Fund Association.

115.15 (b) The normal coordinated retirement annuity is an amount equal to a retiring 115.16 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied 115.17 by the retirement annuity formula percentage.

115.18 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first 115.19 became a member or a member in a pension fund listed in section 356.30, subdivision 3, 115.20 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a 115.21 higher annuity amount, in which case paragraph (d) will apply. The retirement annuity 115.22 formula percentage for purposes of this paragraph is the percent specified in section 115.23 356.315, subdivision 1, per year for each year of coordinated service for the first ten years 115.24 and the percent specified in section 356.315, subdivision 2, for each year of coordinated 115.25 service thereafter.

115.26 (d) This paragraph applies to a person who has become at least 55 years old and who 115.27 first becomes a member after June 30, 1989, and to any other member who has become 115.28 at least 55 years old and whose annuity amount, when calculated under this paragraph 115.29 and in conjunction with subdivision 7 is higher than it is when calculated under paragraph 115.30 (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula 115.31 percentage for purposes of this paragraph is the percent specified in section 356.315, 115.32 subdivision 2, for each year of coordinated service before July 1, 2008, and by the percent 115.33 specified in section 356.315, subdivision 2c, for each year of service rendered after 115.34 June 30, 2008. If the member has 30 or more years of service credit, the minimum age

115.35 requirement of this paragraph does not apply.

116.1 **EFFECTIVE DATE.** This section is effective July 1, 2008.

116.2 Sec. 10. Minnesota Statutes 2006, section 354A.31, subdivision 4a, is amended to read:

116.3 Subd. 4a. **Computation of the normal coordinated retirement annuity; Duluth**

116.4 **fund.** (a) This subdivision applies to the new law coordinated program of the Duluth
116.5 Teachers Retirement Fund Association.

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

116.9 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first

116.10 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
116.11 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
116.12 higher annuity amount, in which case paragraph (d) applies. The retirement annuity
116.13 formula percentage for purposes of this paragraph is the percent specified in section
116.14 356.315, subdivision 1, per year for each year of coordinated service for the first ten years
116.15 and the percent specified in section 356.315, subdivision 2, for each subsequent year of
116.16 coordinated service.

116.17 (d) This paragraph applies to a person who is at least 55 years old and who first

116.18 becomes a member after June 30, 1989, and to any other member who is at least 55 years
116.19 old and whose annuity amount, when calculated under this paragraph and in conjunction
116.20 with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction
116.21 with subdivision 6. The retirement annuity formula percentage for purposes of this
116.22 paragraph is the percent specified in section 356.315, subdivision 2, for each year of
116.23 coordinated service before July 1, 2008, and by the percent specified in section 356.315,
116.24 subdivision 2c, for each year of service rendered after June 30, 2008. If the member
116.25 has 30 or more years of service credit, the minimum age requirement of this paragraph
116.26 does not apply.

116.27 **EFFECTIVE DATE.** This section is effective July 1, 2008.

116.28 Sec. 11. Minnesota Statutes 2006, section 354A.31, subdivision 7, is amended to read:

116.29 Subd. 7. **Actuarial reduction for early retirement.** This subdivision applies to

116.30 a person who has become at least 55 years old and first becomes a coordinated member
116.31 after June 30, 1989, and to any other coordinated member who has become at least 55
116.32 years old and whose annuity is higher when calculated using the retirement annuity
116.33 formula percentage in subdivision 4, paragraph (d), and subdivision 4a, paragraph (d), in
116.34 conjunction with this subdivision than when calculated under subdivision 4, paragraph
117.1 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6. A coordinated
117.2 member who retires before the full-benefit normal retirement age shall must be paid

117.3 the retirement annuity calculated using the retirement annuity formula percentage in

117.4 subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), reduced so that the reduced

117.5 annuity is the actuarial equivalent of the annuity that would be payable to the member if

117.6 the member deferred receipt of the annuity and the annuity amount were augmented at

117.7 an annual rate of three percent compounded annually from the day the annuity begins to

117.8 accrue until the normal retirement age if the employee became an employee before July 1,

117.9 2006, and at 2.5 percent compounded annually from the day the annuity begins to accrue

117.10 until the normal retirement age if the person initially becomes a teacher after June 30,

117.11 2006. If the member has 30 or more years of service credit, the minimum age requirement

117.12 of this paragraph does not apply and the reductions and augmentations specified in this

117.13 paragraph apply to age 62, rather than to normal retirement age.

117.14 **EFFECTIVE DATE.** This section is effective July 1, 2008.

117.15 Sec. 12. Minnesota Statutes 2006, section 356.315, is amended by adding a subdivision

117.16 to read:

117.17 Subd. 2c. **Certain coordinated members.** The applicable benefit accrual rate

117.18 is 2.0 percent.

117.19 **EFFECTIVE DATE.** This section is effective July 1, 2008.

117.20 ARTICLE 15

117.21 LOCAL POLICE AND PAID FIRE

103.9 ARTICLE 13
103.10 LOCAL POLICE AND PAID FIRE

139.34 (1) Subdivision 9 is effective the day after the governing body of White Bear Lake
139.35 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
139.36 section 645.021, subdivisions 2 and 3, after June 30, 2009.

140.1 ARTICLE 17
140.2 MEMBERSHIP DUES WITHHOLDING

140.3 Section 1. [356.91] VOLUNTARY MEMBERSHIP DUES DEDUCTION.

140.4 (a) Upon written authorization of a person receiving an annuity from a public
140.5 pension fund administered by the Minnesota State Retirement System, the Public
140.6 Employees Retirement Fund, the Minneapolis Employees Retirement Fund, the
140.7 executive director of the public pension fund may deduct from the retirement annuity an
140.8 amount requested by the annuitant to be paid as dues to any labor organization that is an
140.9 exclusive bargaining agent representing public employees or an organization representing
140.10 retired public employees of which the annuitant is a member and shall pay the amount to
140.11 the organization so designated by the annuitant.

140.12 (b) A pension fund and the plan fiduciaries which authorize or administer deductions
140.13 of dues payments under paragraph (a) are not liable for failure to properly deduct or
140.14 transmit the dues amounts, provided that the fund and the fiduciaries have acted in good
140.15 faith.

140.16 (c) The deductions under paragraph (a) may occur no more frequently than two
140.17 times per year and may not be used for partisan political purposes.

140.18 (d) Any labor organization specified in paragraph (a) shall reimburse the public
140.19 pension fund for the administrative expense of withholding premium amounts.

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

140.21 ARTICLE 18
140.22 SMALL GROUP PROVISIONS

140.23 Section 1. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION COVERAGE

140.24 TERMINATION.

125.27 ARTICLE 15
125.28 MEMBERSHIP DUES WITHHOLDING

125.29 Section 1. [356.91] VOLUNTARY MEMBERSHIP DUES DEDUCTION.

125.30 (a) Upon written authorization of a person receiving an annuity from a public
125.31 pension fund administered by the Minnesota State Retirement System, the Public
125.32 Employees Retirement Association, or the Minneapolis Employees Retirement Fund, the
125.33 executive director of the public pension fund may deduct from the retirement annuity an
125.34 amount requested by the annuitant to be paid as dues to any labor organization that is an
125.35 exclusive bargaining agent representing public employees or an organization representing
126.1 retired public employees of which the annuitant is a member and shall pay the amount to
126.2 the organization so designated by the annuitant.

126.3 (b) A pension fund and the plan fiduciaries which authorize or administer deductions
126.4 of dues payments under paragraph (a) are not liable for failure to properly deduct or
126.5 transmit the dues amounts, provided that the fund and the fiduciaries have acted in good
126.6 faith.

126.7 (c) The deductions under paragraph (a) may occur no more frequently than two
126.8 times per year.

126.9 (d) Any labor organization specified in paragraph (a) shall reimburse the public
126.10 pension fund for the administrative expense of withholding premium amounts.

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

126.12 ARTICLE 16
126.13 SMALL GROUP PROVISIONS

126.14 Section 1. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION COVERAGE

126.15 TERMINATION.

152.16 Sec. 11. MSRS UNCLASSIFIED PROGRAM; MARITAL PROPERTY**152.17 DIVISION.**

152.18 (a) An eligible state employee described in paragraph (b) may elect to have the
 152.19 person's account in the unclassified state employees retirement program of the Minnesota
 152.20 State Retirement System governed by Minnesota Statutes, chapter 352D, divided as
 152.21 provided in a marital property division decree as part of a marriage dissolution action prior
 152.22 to the date on which the person terminates state employment.

152.23 (b) An eligible state employee is a person who:

152.24 (1) was born on July 19, 1953;

152.25 (2) was employed by the State Lottery in October 1989; and

152.26 (3) filed a marital property division decree from a marriage dissolution action with
 152.27 the executive director of the Minnesota State Retirement System.

152.28 (G) The former spouse of an eligible state employee, following the division election
 152.29 under paragraph (a), may, upon filing a written application, withdraw the cash value
 152.30 of the shares to the credit of the former spouse or leave those shares on deposit in the
 152.31 supplemental investment fund.

152.32 (d) If the eligible state employee described in paragraph (b) exercises a retirement
 152.33 coverage transfer option election under Minnesota Statutes, section 352D.02, subdivision
 152.34 3, and if the eligible state employee had previously exercised the division election under
 152.35 paragraph (a), the redemption of shares by the eligible state employee under Minnesota
 153.1 Statutes, section 352D.02, subdivision 3, is limited to the employee's portion of the total
 153.2 account amount and the allowable service credit of the employee in the general state
 153.3 employees retirement plan obtained by the election must bear the same relationship
 153.4 to the total state employment of the employee that the employee's portion of the total
 153.5 account bears to the total account amount. An election by an eligible state employee
 153.6 under Minnesota Statutes, section 352D.02, subdivision 3, does not apply to the former
 153.7 spouse and does not prevent the former spouse from utilizing Minnesota Statutes, section
 153.8 352D.05, at any time after the division election under paragraph (a) is made or Minnesota
 153.9 Statutes, section 352D.06, when the former spouse attains at least age 55.

153.10 (e) A division election under paragraph (a) is irrevocable.

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

153.12 ARTICLE 19

153.13 PENSION COMMISSION MEMBERSHIP

138.6 Sec. 11. MSRS UNCLASSIFIED PROGRAM; MARITAL PROPERTY**138.7 DIVISION.**

138.8 (a) An eligible state employee described in paragraph (b) may elect to have the
 138.9 person's account in the unclassified state employees retirement program of the Minnesota
 138.10 State Retirement System governed by Minnesota Statutes, chapter 352D, divided as
 138.11 provided in a marital property division decree as part of a marriage dissolution action prior
 138.12 to the date on which the person terminates state employment.

138.13 (b) An eligible state employee is a person who:

138.14 (1) was born on July 19, 1953;

138.15 (2) was employed by the State Lottery in October 1989; and

138.16 (3) filed a marital property division decree from a marriage dissolution action with
 138.17 the executive director of the Minnesota State Retirement System.

138.18 (C) The former spouse of an eligible state employee, following the division election
 138.19 under paragraph (a), may, upon filing a written application, withdraw the cash value
 138.20 of the shares to the credit of the former spouse or leave those shares on deposit in the
 138.21 supplemental investment fund.

138.22 (d) If the eligible state employee described in paragraph (b) exercises a retirement
 138.23 coverage transfer option election under Minnesota Statutes, section 352D.02, subdivision
 138.24 3, and if the eligible state employee had previously exercised the division election under
 138.25 paragraph (a), the redemption of shares by the eligible state employee under Minnesota
 138.26 Statutes, section 352D.02, subdivision 3, is limited to the employee's portion of the total
 138.27 account amount and the allowable service credit of the employee in the general state
 138.28 employees retirement plan obtained by the election must bear the same relationship
 138.29 to the total state employment of the employee that the employee's portion of the total
 138.30 account bears to the total account amount. An election by an eligible state employee
 138.31 under Minnesota Statutes, section 352D.02, subdivision 3, does not apply to the former
 138.32 spouse and does not prevent the former spouse from utilizing Minnesota Statutes, section
 138.33 352D.05, at any time after the division election under paragraph (a) is made or Minnesota
 138.34 Statutes, section 352D.06, when the former spouse attains at least age 55.

138.35 (e) A division election under paragraph (a) is irrevocable.

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

153.14 Section 1. Minnesota Statutes 2006, section 3.85, subdivision 3, is amended to read:

153.15 Subd. 3. **Membership.** The commission consists of five seven members of the
153.16 senate appointed by the Subcommittee on Committees of the Committee on Rules and
153.17 Administration and five seven members of the house of representatives appointed by
153.18 the speaker. No more than five members from each chamber may be from the majority
153.19 caucus in that chamber. Members shall be appointed at the commencement of each regular
153.20 session of the legislature for a two-year term beginning January 16 of the first year of the
153.21 regular session. Members continue to serve until their successors are appointed. Vacancies
153.22 that occur while the legislature is in session shall be filled like regular appointments. If the
153.23 legislature is not in session, senate vacancies shall be filled by the last Subcommittee on
153.24 Committees of the senate Committee on Rules and Administration or other appointing
153.25 authority designated by the senate rules, and house vacancies shall be filled by the last
153.26 speaker of the house, or if the speaker is not available, by the last chair of the house
153.27 Rules Committee.

153.28 **EFFECTIVE DATE.** This section is effective January 1, 2009.