

1.1 moves to amend S.F. No. 2918, the third engrossment, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 FINANCIAL SUSTAINABILITY PROVISIONS

1.5 Section 1. Minnesota Statutes 2008, section 3A.02, subdivision 4, is amended to read:

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

1.8 (b) The required reserves applicable to the deferred retirement allowance,
1.9 determined as of the date the benefit begins to accrue using an appropriate mortality table
1.10 and an interest assumption of six percent, must be augmented from the first of the month
1.11 following the termination of active service, or July 1, 1973, whichever is later, to the first
1.12 day of the month in which the allowance begins to accrue, at the following annually
1.13 compounded rate or rates:

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

1.15 (2) three percent from January 1, 1981, or from the first day of the month following
1.16 the termination of active service, whichever is later, until January 1 of the year in which
1.17 the former legislator attains age 55 or until January 1, 2012, whichever is earlier; ~~and~~

1.18 (3) five percent from the period end date under clause (2) ~~to~~ until the effective date
1.19 of retirement or until January 1, 2012, whichever is earlier; and

1.20 (4) two percent after December 31, 2011.

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

1.22 Sec. 2. Minnesota Statutes 2008, section 352.113, subdivision 1, is amended to read:

1.23 Subdivision 1. **Age and service requirements.** (a) An employee covered by the
1.24 system, who is less than normal retirement age and who becomes totally and permanently
1.25 disabled after three or more years of allowable service if employed before July 1, 2010, or
1.26 after five or more years of allowable service if employed after June 30, 2010, is entitled to
1.27 a disability benefit in an amount provided in subdivision 3.

1.28 (b) If the disabled employee's state service has terminated at any time, the employee
1.29 must have at least two years of allowable service after last becoming a state employee
1.30 covered by the system.

1.31 (c) Refunds may be repaid under section 352.23 before the effective accrual date of
1.32 the disability benefit under subdivision 2.

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

2.1 Sec. 3. Minnesota Statutes 2008, section 352.115, subdivision 1, is amended to read:

2.2 Subdivision 1. **Age and service requirements.** After separation from state service,
2.3 any employee (1) who has attained the age of at least 55 years and who is entitled to
2.4 credit for at least three years allowable service if employed before July 1, 2010, or after
2.5 five or more years of allowable service if employed after June 30, 2010, or (2) who has
2.6 received credit for at least 30 years allowable service regardless of age, is entitled upon
2.7 application to a retirement annuity.

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

2.9 Sec. 4. Minnesota Statutes 2008, section 352.12, subdivision 2, is amended to read:

2.10 Subd. 2. **Surviving spouse benefit.** (a) If an employee or former employee has
2.11 credit for at least three years allowable service if the employee was employed before July
2.12 1, 2010, or for at least five years of allowable service if the employee was employed
2.13 after June 30, 2010, and dies before an annuity or disability benefit has become payable,
2.14 notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the
2.15 employee may elect to receive, in lieu of the refund with interest under subdivision 1, an
2.16 annuity equal to the joint and 100 percent survivor annuity which the employee or former
2.17 employee could have qualified for on the date of death.

2.18 (b) If the employee was under age 55 and has credit for at least 30 years of allowable
2.19 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
2.20 and survivor annuity based on the age of the employee and surviving spouse on the date
2.21 of death. The annuity is payable using the full early retirement reduction under section
2.22 352.116, subdivision 1, paragraph (a), to age 55 and one-half of the early retirement
2.23 reduction from age 55 to the age payment begins.

2.24 (c) If the employee was under age 55 and has credit for at least three years of
2.25 allowable service credit on the date of death if the employee was employed before July 1,
2.26 2010, or for at least five years of allowable service if the employee was employed after
2.27 June 30, 2010, but did not yet qualify for retirement, the surviving spouse may elect
2.28 to receive a 100 percent joint and survivor annuity based on the age of the employee
2.29 and surviving spouse at the time of death. The annuity is payable using the full early
2.30 retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of
2.31 the early retirement reduction from age 55 to the age payment begins.

2.32 (d) The surviving spouse eligible for benefits under paragraph (a) may apply for the
2.33 annuity at any time after the date on which the employee or former employee would
2.34 have attained the required age for retirement based on the allowable service earned.
2.35 The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c)

3.1 may apply for the annuity at any time after the employee's death. The annuity must be
3.2 computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1,
3.3 1a, and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred
3.4 annuity or surviving spouse benefit payable under this subdivision. The annuity must cease
3.5 with the last payment received by the surviving spouse in the lifetime of the surviving
3.6 spouse, or upon expiration of a term certain benefit payment to a surviving spouse under
3.7 subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions
3.8 credited to the account of the deceased employee in excess of the total of the benefits paid
3.9 and payable to the surviving spouse must be paid to the deceased employee's or former
3.10 employee's last designated beneficiary or, if none, as specified under subdivision 1.

3.11 (e) Any employee or former employee may request in writing, with the signed
3.12 consent of the spouse, that this subdivision not apply and that payment be made only to a
3.13 designated beneficiary as otherwise provided by this chapter.

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

3.15 Sec. 5. Minnesota Statutes 2008, section 352.22, subdivision 2, is amended to read:

3.16 Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund
3.17 payable to a person who ceased to be a state employee by reason of a termination of state
3.18 service is an amount equal to employee accumulated contributions plus interest at the rate
3.19 of six percent per year compounded daily from the date that the contribution was made
3.20 until June 30, 2011, or until the date on which the refund is paid, whichever is earlier, and
3.21 at the rate of four percent per year compounded daily from the date that the contribution
3.22 was made or from July 1, 2011, whichever is later, until the date on which the refund is
3.23 paid. Included with the refund is any interest paid as part of repayment of a past refund,
3.24 plus interest thereon from the date of repayment.

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

3.26 Sec. 6. Minnesota Statutes 2008, section 352.22, subdivision 3, is amended to read:

3.27 Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of
3.28 allowable service if employed before July 1, 2010, or who has at least five years of
3.29 allowable service if employed after June 30, 2010, when termination occurs may elect
3.30 to leave the accumulated contributions in the fund and thereby be entitled to a deferred
3.31 retirement annuity. The annuity must be computed under the law in effect when state
3.32 service terminated, on the basis of the allowable service credited to the person before
3.33 the termination of service.

4.1 (b) An employee on layoff or on leave of absence without pay, except a leave of
4.2 absence for health reasons, and who does not return to state service must have an annuity,
4.3 deferred annuity, or other benefit to which the employee may become entitled computed
4.4 under the law in effect on the employee's last working day.

4.5 (c) No application for a deferred annuity may be made more than 60 days before
4.6 the time the former employee reaches the required age for entitlement to the payment of
4.7 the annuity. The deferred annuity begins to accrue no earlier than 60 days before the date
4.8 the application is filed in the office of the system, but not (1) before the date on which
4.9 the employee reaches the required age for entitlement to the annuity nor (2) before the
4.10 day following the termination of state service in a position which is not covered by the
4.11 retirement system.

4.12 (d) Application for the accumulated contributions left on deposit with the fund may
4.13 be made at any time following the date of the termination of service.

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

4.15 Sec. 7. Minnesota Statutes 2008, section 352.72, subdivision 1, is amended to read:

4.16 Subdivision 1. **Entitlement to annuity.** (a) Any person who has been an employee
4.17 covered by a retirement system listed in paragraph (b) is entitled when qualified to an
4.18 annuity from each fund if total allowable service in all funds or in any two of these funds
4.19 totals three or more years if employed before July 1, 2010, or totals five or more years
4.20 if employed after June 30, 2010.

4.21 (b) This section applies to the Minnesota State Retirement System, the Public
4.22 Employees Retirement Association including the Public Employees Retirement
4.23 Association police and fire fund, the Teachers Retirement Association, the State Patrol
4.24 Retirement Association, or any other public employee retirement system in the state with
4.25 a similar provision, except as noted in paragraph (c).

4.26 (c) This section does not apply to other funds providing benefits for police officers
4.27 or firefighters.

4.28 (d) No portion of the allowable service upon which the retirement annuity from
4.29 one fund is based shall be again used in the computation for benefits from another fund.
4.30 No refund may have been taken from any one of these funds since service entitling the
4.31 employee to coverage under the system or the employee's membership in any of the
4.32 associations last terminated. The annuity from each fund must be determined by the
4.33 appropriate provisions of the law except that the requirement that a person must have at
4.34 least ~~three~~ a specific number of years of allowable service in the respective system or
4.35 association does not apply for the purposes of this section if the combined service in two

5.1 or more of these funds equals ~~three or more years~~ at least the longest period of allowable
5.2 service of any of the applicable retirement plans.

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

5.4 Sec. 8. Minnesota Statutes 2008, section 352.72, subdivision 2, is amended to read:

5.5 Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any,
5.6 accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as
5.7 provided in section 352.22, subdivision 3, on the basis of allowable service before
5.8 termination of state service and augmented as provided herein. The required reserves
5.9 applicable to a deferred annuity or to an annuity for which a former employee was eligible
5.10 but had not applied or to any deferred segment of an annuity must be determined as of
5.11 the date the benefit begins to accrue and augmented by interest compounded annually
5.12 from the first day of the month following the month in which the employee ceased to be
5.13 a state employee, or July 1, 1971, whichever is later, to the first day of the month in
5.14 which the annuity begins to accrue. The rates of interest used for this purpose must be
5.15 five percent compounded annually until January 1, 1981, and three percent compounded
5.16 annually thereafter until January 1 of the year following the year in which the former
5.17 employee attains age 55 or until January 1, 2012, whichever is earlier, and from ~~that date~~
5.18 the January 1 next following the attainment of age 55 to the effective date of retirement or
5.19 until January 1, 2012, whichever is earlier, ~~the rate is~~ five percent compounded annually if
5.20 the employee became an employee before July 1, 2006, ~~and at~~ 2.5 percent compounded
5.21 annually until January 1, 2012, if the employee becomes an employee after June 30, 2006,
5.22 and two percent compounded annually after December 31, 2011, irrespective of when the
5.23 employee became a state employee. If a person has more than one period of uninterrupted
5.24 service, the required reserves related to each period must be augmented by interest under
5.25 this subdivision. The sum of the augmented required reserves so determined is the present
5.26 value of the annuity. "Uninterrupted service" for the purpose of this subdivision means
5.27 periods of covered employment during which the employee has not been separated from
5.28 state service for more than two years. If a person repays a refund, the service restored by
5.29 the repayment must be considered continuous with the next period of service for which the
5.30 employee has credit with this system. The formula percentages used for each period of
5.31 uninterrupted service must be those applicable to a new employee. The mortality table
5.32 and interest assumption used to compute the annuity must be those in effect when the
5.33 employee files application for annuity. This section does not reduce the annuity otherwise
5.34 payable under this chapter.

6.1 (b) The retirement annuity or disability benefit of, or the survivor benefit payable on
6.2 behalf of, a former state employee who terminated service before July 1, 1997, which is
6.3 not first payable until after June 30, 1997, must be increased on an actuarial equivalent
6.4 basis to reflect the change in the postretirement interest rate actuarial assumption under
6.5 section 356.215, subdivision 8, from five percent to six percent under a calculation
6.6 procedure and the tables adopted by the board and approved by the actuary retained under
6.7 section 356.214.

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

6.9 Sec. 9. Minnesota Statutes 2009 Supplement, section 352.75, subdivision 4, is
6.10 amended to read:

6.11 Subd. 4. **Existing deferred retirees.** Any former member of the former
6.12 Metropolitan Transit Commission-Transit Operating Division employees retirement
6.13 fund is entitled to a retirement annuity from the Minnesota State Retirement System if
6.14 the employee:

6.15 (1) is not an active employee of the Transit Operating Division of the former
6.16 Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active
6.17 continuous service with the Transit Operating Division of the former Metropolitan
6.18 Transit Commission as defined by the former Metropolitan Transit Commission-Transit
6.19 Operating Division employees retirement plan document in effect on December 31, 1977;
6.20 (3) has not received a refund of contributions; (4) has not retired or begun receiving an
6.21 annuity or benefit from the former Metropolitan Transit Commission-Transit Operating
6.22 Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid
6.23 application for a retirement annuity to the executive director of the Minnesota State
6.24 Retirement System.

6.25 The person is entitled to a retirement annuity in an amount equal to the normal
6.26 old age retirement allowance calculated under the former Metropolitan Transit
6.27 Commission-Transit Operating Division employees retirement fund plan document in
6.28 effect on December 31, 1977, subject to an early retirement reduction or adjustment in
6.29 amount on account of retirement before the normal retirement age specified in that former
6.30 Metropolitan Transit Commission-Transit Operating Division employees retirement fund
6.31 plan document.

6.32 The deferred retirement annuity of any person to whom this subdivision applies
6.33 must be augmented. The required reserves applicable to the deferred retirement annuity,
6.34 determined as of the date the allowance begins to accrue using an appropriate mortality
6.35 table and an interest assumption of five percent, must be augmented by interest at the

7.1 rate of five percent per year compounded annually from January 1, 1978, to January 1,
7.2 1981, ~~and~~ three percent per year compounded annually from January 1, 1981, until the
7.3 date that the annuity begins to accrue or June 30, 2011, whichever is earlier, and two
7.4 percent after June 30, 2011, to the first day of the month in which the annuity begins to
7.5 accrue. After the commencement of the retirement annuity, the annuity is eligible for
7.6 postretirement adjustments under section 356.415. On applying for a retirement annuity
7.7 under this subdivision, the person is entitled to elect a joint and survivor optional annuity
7.8 under section 352.116, subdivision 3.

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

7.10 Sec. 10. Minnesota Statutes 2008, section 352.93, subdivision 1, is amended to read:

7.11 Subdivision 1. **Basis of annuity; when to apply.** After separation from state
7.12 service, an employee covered under section 352.91 who has reached age 55 years and has
7.13 credit for at least three years of covered correctional service or a combination of covered
7.14 correctional service and general state employees state retirement plan allowable service
7.15 if first employed as a state employee before July 1, 2010, or has credit for at least ten
7.16 years of covered correctional service or a combination of covered correctional service
7.17 and general state employees retirement plan allowable service if first employed as a state
7.18 employee after June 30, 2010, is entitled upon application to a retirement annuity under
7.19 this section, based only on covered correctional employees' service. Application may be
7.20 made no earlier than 60 days before the date the employee is eligible to retire by reason of
7.21 both age and service requirements.

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

7.23 Sec. 11. Minnesota Statutes 2008, section 352.93, subdivision 2a, is amended to read:

7.24 Subd. 2a. **Early retirement.** Any covered correctional employee who becomes at
7.25 least 50 years old and who has at least three years of allowable service if first employed
7.26 as a correctional state employee before July 1, 2010, or has credit for at least ten years
7.27 of allowable service if first employed as a correctional state employee after June 30,
7.28 2010, is entitled upon application to a reduced retirement annuity equal to the annuity
7.29 calculated under subdivision 2, reduced by two-tenths of one percent for each month that
7.30 the correctional employee is under age 55 at the time of retirement if first employed as
7.31 a correctional state employee before July 1, 2010, and if retired before July 1, 2015, or
7.32 reduced by 0.417 percent for each month that the correctional employee is under age 55
7.33 at the time of retirement if first employed as a correctional state employee after June 30,

8.1 2010, or if first employed as a correctional state employee before July 1, 2010, and if
8.2 retired after June 30, 2015.

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

8.4 Sec. 12. Minnesota Statutes 2008, section 352.93, subdivision 3a, is amended to read:

8.5 Subd. 3a. **Optional annuities.** The board may establish optional annuity forms to
8.6 pay a higher amount from the date of retirement until an employee is first eligible to draw
8.7 Social Security benefits, reaches age 65, or up to reaches the age the employee is eligible
8.8 to receive unreduced Social Security benefits, at which time the monthly benefits must be
8.9 reduced. The optional annuity forms must be actuarially equivalent to the normal single
8.10 life annuity form provided in subdivision 2. The optional annuity forms must be ~~approved~~
8.11 certified as actuarially equivalent by the actuary retained under section 356.214.

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

8.13 Sec. 13. Minnesota Statutes 2008, section 352.931, subdivision 1, is amended to read:

8.14 Subdivision 1. **Surviving spouse benefit.** (a) If the correctional employee was at
8.15 least age 50, has credit for at least three years of allowable service if first employed as
8.16 a correctional state employee before July 1, 2010, or has credit for at least ten years of
8.17 allowable service if first employed as a correctional state employee after June 30, 2010,
8.18 and dies before an annuity or disability benefit has become payable, notwithstanding any
8.19 designation of beneficiary to the contrary, the surviving spouse of the employee may
8.20 elect to receive, in lieu of the refund under section 352.12, subdivision 1, an annuity for
8.21 life equal to the joint and 100 percent survivor annuity which the employee could have
8.22 qualified for had the employee terminated service on the date of death. The election
8.23 may be made at any time after the date of death of the employee. The surviving spouse
8.24 benefit begins to accrue as of the first of the month next following the date on which
8.25 the application for the benefit was filed.

8.26 (b) If the employee was under age 50, dies, and had credit for at least three years
8.27 of allowable service ~~credit~~ on the date of death if first employed as a correctional state
8.28 employee before July 1, 2010, or had credit for at least ten years of allowable service on
8.29 the date of death if first employed as a correctional state employee after June 30, 2010, but
8.30 did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent
8.31 joint and survivor annuity based on the age of the employee and surviving spouse at the
8.32 time of death. The annuity is payable using the early retirement reduction under section
8.33 352.93, subdivision 2a, to age 50, and one-half of the early retirement reduction from age

9.1 50 to the age payment begins. The surviving spouse eligible for surviving spouse benefits
9.2 under this paragraph may apply for the annuity at any time after the employee's death.
9.3 Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or
9.4 surviving spouse benefit payable under this subdivision.

9.5 (c) The annuity must cease with the last payment received by the surviving spouse
9.6 in the lifetime of the surviving spouse. Any employee may request in writing, with the
9.7 signed consent of the spouse, that this subdivision not apply and that payment be made
9.8 only to a designated beneficiary as otherwise provided by this chapter.

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

9.10 Sec. 14. Minnesota Statutes 2009 Supplement, section 352.95, subdivision 2, is
9.11 amended to read:

9.12 Subd. 2. **Regular disability; computation of benefit.** A covered correctional
9.13 employee who was hired before July 1, 2009, after rendering at least one year of covered
9.14 correctional service, or a covered correctional employee who was first hired after June
9.15 30, 2009, after rendering at least three years of covered correctional plan service if first
9.16 employed as a correctional state employee before July 1, 2010, or after rendering at least
9.17 ten years of covered correctional plan service if first employed as a correctional state
9.18 employee after June 30, 2010, and who is determined to have a regular disability, physical
9.19 or psychological, as defined under section 352.01, subdivision 17c, is entitled to a regular
9.20 disability benefit. The regular disability benefit must be based on covered correctional
9.21 service only. The regular disability benefit must be computed as provided in section
9.22 352.93, subdivisions 1 and 2. The regular disability benefit of a covered correctional
9.23 employee who was first hired before July 1, 2009, and who is determined to have a regular
9.24 disability, physical or psychological, under this subdivision must be computed as though
9.25 the employee had at least 15 years of covered correctional service.

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

9.27 Sec. 15. Minnesota Statutes 2008, section 352B.02, as amended by Laws 2009, chapter
9.28 101, article 2, section 109; and Laws 2009, chapter 169, article 1, section 23; article 2,
9.29 section 16; and article 4, sections 3 and 4, is amended to read:

9.30 **352B.02 STATE PATROL RETIREMENT FUND.**

9.31 Subdivision 1. **Fund created; membership.** A State Patrol retirement fund
9.32 is established. Its membership consists of all persons defined in section 352B.011,
9.33 subdivision 10.

10.1 Subd. 1a. **Member contributions.** (a) The member contribution is ~~10.40 percent~~
 10.2 the following percentage of the member's salary:

10.3 (1) before the first day of the first pay
 10.4 period beginning after July 1, 2011 10.40 percent

10.5 (2) on or after the first day of the first
 10.6 pay period beginning after July 1, 2011 12.40 percent

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

10.9 Subd. 1b. **Salary deductions.** Member contribution amounts must be deducted each
 10.10 pay period by the department head, who shall have the total amount of the deductions paid
 10.11 to the commissioner of management and budget for deposit in the State Patrol retirement
 10.12 fund, and have a detailed report of all deductions made each pay period to the executive
 10.13 director of the Minnesota State Retirement System.

10.14 Subd. 1c. **Employer contributions.** (a) In addition to member contributions,
 10.15 department heads shall pay a sum equal to ~~15.60 percent~~ the specified percentage of the
 10.16 salary upon which deductions were made, which constitutes the employer contribution
 10.17 to the fund: as follows:

10.18 (1) before the first day of the first pay
 10.19 period beginning after July 1, 2011 15.60 percent

10.20 (2) on or after the first day of the first
 10.21 pay period beginning after July 1, 2011 18.60 percent

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

10.24 Subd. 1d. **Fund revenue and expenses.** The amounts provided for in this section
 10.25 must be credited to the State Patrol retirement fund. All money received must be deposited
 10.26 by the commissioner of management and budget in the State Patrol retirement fund. The
 10.27 fund must be used to pay the administrative expenses of the retirement fund, and the
 10.28 benefits and annuities provided in this chapter.

10.29 Subd. 1e. **Audit; actuarial valuation.** (a) The legislative auditor shall audit the
 10.30 fund.

10.31 (b) Any actuarial valuation of the fund required under section 356.215 must be
 10.32 prepared by the actuary retained under section 356.214.

10.33 (c) Any approved actuary retained by the executive director under section 352.03,
 10.34 subdivision 6, may perform actuarial valuations and experience studies to supplement
 10.35 those performed by the actuary retained under section 356.214. Any supplemental
 10.36 actuarial valuation or experience studies must be filed with the executive director of the
 10.37 Legislative Commission on Pensions and Retirement.

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

11.2 Sec. 16. Minnesota Statutes 2008, section 352B.08, subdivision 1, is amended to read:

11.3 Subdivision 1. **Eligibility; when to apply; accrual.** (a) Every member who is
 11.4 credited with three or more years of allowable service if first employed before July 1,
 11.5 2010, or with at least five years of allowable service if first employed after June 30, 2010,
 11.6 is entitled to separate from state service and upon becoming 50 years old, is entitled to
 11.7 receive a life annuity, upon separation from state service.

11.8 (b) Members ~~shall~~ must apply for an annuity in a form and manner prescribed by the
 11.9 executive director.

11.10 (c) No application may be made more than 90 days before the date the member is
 11.11 eligible to retire by reason of both age and service requirements.

11.12 (d) An annuity begins to accrue no earlier than 180 days before the date the
 11.13 application is filed with the executive director.

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

11.15 Sec. 17. Minnesota Statutes 2008, section 352B.08, subdivision 2a, is amended to read:

11.16 Subd. 2a. **Early retirement.** Any member who has become at least 50 years old and
 11.17 who has at least three years of allowable service if first employed before July 1, 2010, or
 11.18 who has at least five years of allowable service if first employed after June 30, 2010, is
 11.19 entitled upon application to a reduced retirement annuity equal to the annuity calculated
 11.20 under subdivision 2, reduced by one-tenth of one percent for each month that the member
 11.21 is under age 55 at the time of retirement if first employed before July 1, 2010, or reduced
 11.22 by two-tenths of one percent for each month that the member is under age 55 at the time of
 11.23 retirement if first employed after June 30, 2010.

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

11.25 Sec. 18. Minnesota Statutes 2008, section 352B.11, subdivision 2b, is amended to read:

11.26 Subd. 2b. **Surviving spouse benefit eligibility.** (a) If an active member with three or
 11.27 more years of allowable service if first employed before July 1, 2010, or with at least five
 11.28 years of allowable service if first employed after June 30, 2010, dies before attaining age
 11.29 55, the surviving spouse is entitled to the benefit specified in subdivision 2c, paragraph (b).

11.30 (b) If an active member with less than three years of allowable service if first
 11.31 employed before July 1, 2010, or with fewer than five years of allowable service if first

12.1 employed after June 30, 2010, dies at any age, the surviving spouse is entitled to receive
12.2 the benefit specified in subdivision 2c, paragraph (c).

12.3 (c) If an active member with three or more years of allowable service if first
12.4 employed before July 1, 2010, or with at least five years of allowable service if first
12.5 employed after June 30, 2010, dies on or after attaining exact age 55, the surviving spouse
12.6 is entitled to receive the benefits specified in subdivision 2c, paragraph (d).

12.7 (d) If a disabilitant dies while receiving a disability benefit under section 352B.10 or
12.8 before the benefit under that section commenced, and an optional annuity was not elected
12.9 under section 352B.10, subdivision 5, the surviving spouse is entitled to receive the benefit
12.10 specified in subdivision 2c, paragraph (b).

12.11 (e) If a former member with three or more years of allowable service if first
12.12 employed before July 1, 2010, or with at least five years of allowable service if first
12.13 employed after June 30, 2010, who terminated from service and has not received a refund
12.14 or commenced receipt of any other benefit provided by this chapter, dies, the surviving
12.15 spouse is entitled to receive the benefit specified in subdivision 2c, paragraph (e).

12.16 (f) If a former member with less than three years of allowable service if first
12.17 employed before July 1, 2010, or with fewer than five years of allowable service if first
12.18 employed after June 30, 2010, who terminated from service and has not received a refund
12.19 or commenced receipt of any other benefit, if applicable, provided by this chapter, dies, the
12.20 surviving spouse is entitled to receive the refund specified in subdivision 2c, paragraph (f).

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

12.22 Sec. 19. Minnesota Statutes 2008, section 352B.30, subdivision 1, is amended to read:

12.23 Subdivision 1. **Entitlement to annuity.** Any person who has been an employee
12.24 covered by the Minnesota State Retirement System, or a member of the Public Employees
12.25 Retirement Association including the Public Employees Retirement Association Police
12.26 and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund,
12.27 or any other public employee retirement system in Minnesota having a like provision but
12.28 excluding all other funds providing benefits for police or firefighters is entitled when
12.29 qualified to an annuity from each fund if total allowable service in all funds or in any two
12.30 of these funds totals ~~three or more~~ the number of years of allowable service required by
12.31 the applicable retirement plan with the longest vesting period for the person. No part of
12.32 the allowable service upon which the retirement annuity from one fund is based may
12.33 again be used in the computation for benefits from another fund. The member must not
12.34 have taken a refund from any one of these funds since service entitling the member to
12.35 coverage under the system or membership in any of the associations last terminated.

13.1 The annuity from each fund must be determined by the appropriate law except that the
 13.2 requirement that a person must have at least ~~three~~ a specific number of years allowable
 13.3 service in the respective system or association does not apply for the purposes of this
 13.4 section if the combined service in two or more of these funds equals ~~three or more~~ the
 13.5 number of years of allowable service required by the applicable retirement plan with
 13.6 the longest vesting period for the person.

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

13.8 Sec. 20. Minnesota Statutes 2008, section 352B.30, subdivision 2, is amended to read:

13.9 Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed
 13.10 according to this chapter on the basis of allowable service before termination of service
 13.11 and augmented as provided in this chapter. The required reserves applicable to a deferred
 13.12 annuity must be augmented by interest compounded annually from the first day of the
 13.13 month following the month in which the member terminated service, or July 1, 1971,
 13.14 whichever is later, to the first day of the month in which the annuity begins to accrue. The
 13.15 rates of interest used for this purpose ~~shall~~ must be five percent per year compounded
 13.16 annually until January 1, 1981, ~~and after that date~~ three percent per year compounded
 13.17 annually after January 1, 1981, until January 1, 2012, if the employee became an employee
 13.18 before July 1, 2006, ~~and at~~ 2.5 percent compounded annually if the employee becomes
 13.19 an employee after June 30, 2006, and two percent per year compounded annually after
 13.20 December 31, 2011, irrespective of when the employee was first employed. The mortality
 13.21 table and interest assumption used to compute the annuity ~~shall~~ must be those in effect
 13.22 when the member files application for annuity.

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

13.24 Sec. 21. Minnesota Statutes 2008, section 352F.07, is amended to read:

13.25 **352F.07 EFFECT ON REFUND.**

13.26 Notwithstanding any provision of chapter 352 to the contrary, terminated hospital
 13.27 employees may receive a refund of employee accumulated contributions plus interest
 13.28 ~~at the rate of six percent per year compounded annually~~ in accordance with ~~Minnesota~~
 13.29 ~~Statutes 1994~~, section 352.22, subdivision 2, at any time after the transfer of employment
 13.30 to Fairview, University of Minnesota Physicians, or University Affiliated Family
 13.31 Physicians. If a terminated hospital employee has received a refund from a pension plan
 13.32 enumerated in section 356.30, subdivision 3, the person may not repay that refund unless

14.1 the person again becomes a member of one of those enumerated plans and complies
14.2 with section 356.30, subdivision 2.

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

14.4 Sec. 22. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
14.5 to read:

14.6 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement
14.7 to an annuity or benefit from a retirement plan administered by the Public Employees
14.8 Retirement Association by having credit for sufficient allowable service under paragraph
14.9 (b) or (c), whichever applies.

14.10 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
14.11 member of the general employees retirement plan of the Public Employees Retirement
14.12 Association:

14.13 (1) a member who first became a public employee before July 1, 2010, is vested
14.14 when the person has accrued credit for not less than three years of allowable service as
14.15 defined under subdivision 16; and

14.16 (2) a member who first becomes a public employee after June 30, 2010, is vested
14.17 when the person has accrued credit for not less than five years of allowable service
14.18 as defined under subdivision 16.

14.19 (c) For purposes of qualifying for an annuity or benefit as a member of the police
14.20 and fire plan or a member of the local government correctional employees retirement plan:

14.21 (1) a member who first became a public employee before July 1, 2010, is vested
14.22 when the person has accrued credit for not less than three years of allowable service as
14.23 defined under subdivision 16; and

14.24 (2) a member who first becomes a public employee after June 30, 2010, is vested
14.25 at the following percentages when the person has accrued credited allowable service as
14.26 defined under subdivision 16, as follows:

14.27 (i) 50 percent after five years;

14.28 (ii) 60 percent after six years;

14.29 (iii) 70 percent after seven years;

14.30 (iv) 80 percent after eight years;

14.31 (v) 90 percent after nine years; and

14.32 (vi) 100 percent after ten years.

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

15.1 Sec. 23. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 2, is
15.2 amended to read:

15.3 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
15.4 contribution is 9.10 percent of salary. For a coordinated member, the employee
15.5 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
15.6 adjustment under subdivision 3b:

15.7	<u>Effective before January 1, 2011</u>	<u>6.00</u>
15.8	<u>Effective after December 31, 2010</u>	<u>6.25</u>

15.9 (b) These contributions must be made by deduction from salary as defined in section
15.10 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
15.11 member's salary is paid from other than public funds, the member's employee contribution
15.12 must be based on the total salary received by the member from all sources.

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

15.14 Sec. 24. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 3, is
15.15 amended to read:

15.16 Subd. 3. **Employer contribution.** (a) For a basic member, the employer
15.17 contribution is 9.10 percent of salary. For a coordinated member, the employer
15.18 contribution is ~~six percent~~ the following percentage of salary plus any contribution rate
15.19 adjustment under subdivision 3b:

15.20	<u>Effective before January 1, 2011</u>	<u>6.00</u>
15.21	<u>Effective after December 31, 2010</u>	<u>6.25</u>

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

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

15.25 Sec. 25. Minnesota Statutes 2008, section 353.27, subdivision 3b, is amended to read:

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

15.27 (a) For purposes of this section:

15.28 (1) a contribution sufficiency exists if the total of the employee contribution under
15.29 subdivision 2, the employer contribution under subdivision 3, the additional employer
15.30 contribution under subdivision 3a, and any additional contribution previously imposed
15.31 under this subdivision exceeds the total of the normal cost, the administrative expenses,
15.32 and the amortization contribution of the retirement plan as reported in the most recent
15.33 actuarial valuation of the retirement plan prepared by the actuary retained under section

16.1 356.214 and prepared under section 356.215 and the standards for actuarial work of the
 16.2 Legislative Commission on Pensions and Retirement. ~~For purposes of this section,; and~~

16.3 (2) a contribution deficiency exists if the total of the employee contributions under
 16.4 subdivision 2, the employer contributions under subdivision 3, the additional employer
 16.5 contribution under subdivision 3a, and any additional contribution previously imposed
 16.6 under this subdivision is less than the total of the normal cost, the administrative expenses,
 16.7 and the amortization contribution of the retirement plan as reported in the most recent
 16.8 actuarial valuation of the retirement plan prepared by the actuary retained under section
 16.9 356.214 and prepared under section 356.215 and the standards for actuarial work of the
 16.10 Legislative Commission on Pensions and Retirement.

16.11 (b) Employee and employer contributions under subdivisions 2 and 3 must be
 16.12 adjusted:

16.13 (1) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the
 16.14 general employees retirement plan of the Public Employees Retirement Association under
 16.15 section 356.215 ~~indicate~~ indicates that there is a contribution sufficiency under paragraph
 16.16 (a) ~~equal to or~~ greater than ~~0.5~~ one percent of covered payroll and that the sufficiency
 16.17 has existed for at least two consecutive years, the coordinated program employee and
 16.18 employer contribution rates must be decreased as determined under paragraph (c) to a
 16.19 level such that the sufficiency ~~equals~~ is no more greater than ~~0.25~~ one percent of covered
 16.20 payroll based on the most recent actuarial valuation; or

16.21 (2) if, on or after July 1, 2010, the regular actuarial ~~valuations~~ valuation of the
 16.22 general employees retirement plan of the Public Employees Retirement Association under
 16.23 section 356.215 ~~indicate~~ indicates that there is a contribution deficiency equal to or greater
 16.24 than 0.5 percent of covered payroll and that the deficiency has existed for at least two
 16.25 consecutive years, the coordinated program employee and employer contribution rates
 16.26 must be increased as determined under paragraph ~~(c)~~ (d) to a level such that no deficiency
 16.27 exists based on the most recent actuarial valuation.

16.28 (c) ~~The contribution rate increase or decrease must be determined by the executive~~
 16.29 ~~director of the Public Employees Retirement Association, must be reported to the chair~~
 16.30 ~~and the executive director of the Legislative Commission on Pensions and Retirement~~
 16.31 ~~on or before the next February 1, and, if the Legislative Commission on Pensions and~~
 16.32 ~~Retirement does not recommend against the rate change or does not recommend a~~
 16.33 ~~modification in the rate change, is effective on the next July 1 following the determination~~
 16.34 ~~by the executive director that a contribution deficiency or sufficiency has existed for~~
 16.35 ~~two consecutive fiscal years based on the most recent actuarial valuations under section~~
 16.36 ~~356.215. If the actuarially required contribution exceeds or is less than the total support~~

17.1 provided by the combined employee and employer contribution rates under subdivisions
17.2 2, 3, and 3a, by more than ~~0.5~~ one percent of covered payroll, the coordinated program
17.3 employee and employer contribution rates under subdivisions 2 and 3 must be ~~adjusted~~
17.4 decreased incrementally over one or more years by no more than 0.25 percent of pay each
17.5 for employee and employer matching contribution rates to a level such that there remains
17.6 a contribution sufficiency of ~~no more than 0.25~~ at least one percent of covered payroll. No
17.7 contribution rate decrease may be made until at least two years have elapsed since any
17.8 adjustment under this subdivision has been fully implemented.

17.9 (d) ~~No~~ If the actuarially required contribution exceeds the total support provided
17.10 by the combined employee and employer contribution rates under subdivisions 2, 3, and
17.11 3a, the employee and matching employer contribution rates must be increased equally to
17.12 eliminate that contribution deficiency. If the contribution deficiency is:

17.13 (1) less than two percent, the incremental ~~adjustment~~ increase may ~~exceed~~ be up
17.14 to 0.25 percent for either the ~~coordinated program~~ employee and matching employer
17.15 contribution rates per year in which any adjustment is implemented. ~~A contribution rate~~
17.16 ~~adjustment under this subdivision must not be made until at least two years have passed~~
17.17 ~~since fully implementing a previous adjustment under this subdivision.~~

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

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

17.22 (e) Any recommended adjustment to the contribution rates must be reported
17.23 to the chair and the executive director of the Legislative Commission on Pensions
17.24 and Retirement by January 15 following receipt of the most recent annual actuarial
17.25 valuation prepared under section 356.215. If the Legislative Commission on Pensions
17.26 and Retirement does not recommend against the rate change or does not recommend a
17.27 modification in the rate change, the recommended adjustment becomes effective on the
17.28 first day of the first full payroll period in the fiscal year following receipt of the most
17.29 recent actuarial valuation that gave rise to the adjustment.

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

17.33 (g) Before any reduction in contributions to eliminate a sufficiency in excess of one
17.34 percent of covered pay may be recommended, the executive director must review any
17.35 need for a change in actuarial assumptions, as recommended by the actuary retained under
17.36 section 356.214 in the most recent experience study of the general employees retirement

18.1 plan prepared under section 356.215 and the standards for actuarial work promulgated by
18.2 the Legislative Commission on Pensions and Retirement that may result in an increase
18.3 in the actuarially required contribution and must report to the Legislative Commission
18.4 on Pensions and Retirement any recommendation by the board to use the sufficiency
18.5 exceeding one percent of covered payroll to offset the impact of an actuarial assumption
18.6 change recommended by the actuary retained under section 356.214, subdivision 1, and
18.7 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

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

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

18.16 Sec. 26. Minnesota Statutes 2008, section 353.29, subdivision 1, is amended to read:

18.17 Subdivision 1. **Age and allowable service requirements.** Upon termination of
18.18 membership, a person who has attained normal retirement age and who ~~received credit for~~
18.19 ~~not less than three years of allowable service~~ is vested under section 353.01, subdivision
18.20 47, is entitled upon application to a retirement annuity. The retirement annuity is known
18.21 as the "normal" retirement annuity.

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

18.23 Sec. 27. Minnesota Statutes 2008, section 353.30, subdivision 1c, is amended to read:

18.24 Subd. 1c. **Pre-July 1, 1989, members: early retirement.** Upon termination of
18.25 public service, a person who first became a public employee or a member of a pension
18.26 fund listed in section 356.30, subdivision 3, before July 1, 1989, who has become at least
18.27 55 years old but not normal retirement age, and ~~has received credit for at least three years~~
18.28 ~~of allowable service~~ is vested under section 353.01, subdivision 47, is entitled₂ upon
18.29 application₂ to a retirement annuity in an amount equal to the normal annuity provided in
18.30 section 353.29, subdivision 3, paragraph (a), reduced by one-quarter of one percent for
18.31 each month that the member is under normal retirement age at the time of retirement.

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

19.1 Sec. 28. Minnesota Statutes 2008, section 353.32, subdivision 1, is amended to read:

19.2 Subdivision 1. **Before retirement.** If a member or former member who terminated
19.3 public service dies before retirement or before receiving any retirement annuity and no
19.4 other payment of any kind is or may become payable to any person, a refund ~~shall be paid~~
19.5 is payable to the designated beneficiary or, if there be none, to the surviving spouse,
19.6 or, if none, to the legal representative of the decedent's estate. ~~Such~~ The refund ~~shall~~
19.7 must be in an amount equal to accumulated deductions plus annual compound interest
19.8 thereon at the rate of ~~six percent per annum compounded annually~~ specified in section
19.9 353.34, subdivision 2, and less the sum of any disability or survivor benefits, if any, that
19.10 may have been paid by the fund; provided that a survivor who has a right to benefits
19.11 pursuant to ~~under~~ section 353.31 may waive such benefits in writing, except such benefits
19.12 for a dependent child under the age of 18 years may only be waived ~~pursuant to~~ under an
19.13 order of the district court.

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

19.15 Sec. 29. Minnesota Statutes 2008, section 353.32, subdivision 1a, is amended to read:

19.16 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member
19.17 who ~~has credit for not less than three years of allowable service~~ is vested under section
19.18 353.01, subdivision 47, and who dies before the annuity or disability benefit begins to
19.19 accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any
19.20 designation of beneficiary to the contrary, the surviving spouse may elect to receive,
19.21 instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise
19.22 payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity
19.23 computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

19.24 (b) If a member first became a public employee or a member of a pension fund listed
19.25 in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years
19.26 of allowable service on the date of death, the surviving spouse may elect to receive a
19.27 100 percent joint and survivor annuity computed using section 353.30, subdivision 1b,
19.28 except that the early retirement reduction under that provision will be applied from age
19.29 62 back to age 55 and one-half of the early retirement reduction from age 55 back to
19.30 the age payment begins.

19.31 (c) If a member who was under age 55 and ~~has credit for at least three years of~~
19.32 allowable service who is vested under section 353.01, subdivision 47, dies, but did not
19.33 qualify for retirement on the date of death, the surviving spouse may elect to receive a
19.34 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or
19.35 5, as applicable, except that the early retirement reduction specified in the applicable

20.1 subdivision will be applied to age 55 and one-half of the early retirement reduction from
20.2 age 55 back to the age payment begins.

20.3 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
20.4 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
20.5 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
20.6 with the association. If there is no surviving spouse or child or children, a former spouse
20.7 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
20.8 marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite
20.9 the terms of a marriage dissolution decree filed with the association.

20.10 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a)
20.11 may apply for the annuity at any time after the date on which the deceased employee
20.12 would have attained the required age for retirement based on the employee's allowable
20.13 service. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or
20.14 (c) may apply for an annuity any time after the member's death.

20.15 (f) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred
20.16 annuity or surviving spouse benefit payable under this subdivision.

20.17 (g) An amount equal to any excess of the accumulated contributions that were
20.18 credited to the account of the deceased employee over and above the total of the annuities
20.19 paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

20.20 (h) A member may specify in writing, with the signed consent of the spouse, that
20.21 this subdivision does not apply and that payment may be made only to the designated
20.22 beneficiary as otherwise provided by this chapter. The waiver of a surviving spouse
20.23 annuity under this section does not make a dependent child eligible for benefits under
20.24 subdivision 1c.

20.25 (i) If the deceased member or former member first became a public employee or a
20.26 member of a public pension plan listed in section 356.30, subdivision 3, on or after July
20.27 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as
20.28 specified in section 353.30, subdivision 5, except for the revised early retirement reduction
20.29 specified in paragraph (c), if paragraph (c) is the applicable provision.

20.30 (j) For any survivor annuity determined under this subdivision, the payment is to be
20.31 based on the total allowable service that the member had accrued as of the date of death
20.32 and the age of the member and surviving spouse on that date.

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

20.34 Sec. 30. Minnesota Statutes 2009 Supplement, section 353.33, subdivision 1, is
20.35 amended to read:

21.1 Subdivision 1. **Age, service, and salary requirements.** (a) A coordinated or
21.2 basic member who ~~has at least three years of allowable service~~ is vested under section
21.3 353.01, subdivision 47, and who becomes totally and permanently disabled before normal
21.4 retirement age, upon application as defined under section 353.031, is entitled to a disability
21.5 benefit in an amount determined under subdivision 3.

21.6 (b) If the disabled person's public service has terminated at any time, at least two of
21.7 the ~~required three~~ years of allowable service required to be vested under section 353.01,
21.8 subdivision 47, must have been rendered after last becoming an active member.

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

21.10 Sec. 31. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

21.11 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to
21.12 either a refund of accumulated employee deductions under subdivision 2, or to a deferred
21.13 annuity under subdivision 3. Application for a refund may not be made before the date of
21.14 termination of public service. Except as specified in paragraph (b), a refund must be paid
21.15 within 120 days following receipt of the application unless the applicant has again become
21.16 a public employee required to be covered by the association.

21.17 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,
21.18 a refund is not payable before termination of service under section 353.01, subdivision 11a.

21.19 (c) An individual who terminates public service covered by the Public Employees
21.20 Retirement Association general employees retirement plan, the Public Employees
21.21 Retirement Association police and fire retirement plan, or the public employees local
21.22 government ~~corrections~~ correctional service retirement plan, and who is employed by a
21.23 different employer and who becomes an active member covered by one of the other two
21.24 plans, may receive a refund of employee contributions plus ~~six percent~~ annual compound
21.25 interest ~~compounded annually~~ from the plan from which the member terminated service at
21.26 the applicable rate specified in subdivision 2.

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

21.28 Sec. 32. Minnesota Statutes 2008, section 353.34, subdivision 2, is amended to read:

21.29 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person
21.30 who ceases to be a public employee ~~shall~~ is entitled to receive a refund in an amount equal
21.31 to accumulated deductions with annual compound interest to the first day of the month
21.32 in which the refund is processed ~~at the rate of six percent compounded annually based~~
21.33 ~~on fiscal year balances.~~

22.1 (b) For a person who ceases to be a public employee before July 1, 2011, the refund
22.2 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after
22.3 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the
22.4 refund interest is at the rate of four percent.

22.5 (c) If a person repays a refund and subsequently applies for another refund, the
22.6 repayment amount, including interest, is added to the fiscal year balance in which the
22.7 repayment was made.

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

22.9 Sec. 33. Minnesota Statutes 2008, section 353.34, subdivision 3, is amended to read:

22.10 Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member ~~with at least~~
22.11 ~~three years of allowable service~~ who is vested under section 353.01, subdivision 47, when
22.12 termination of public service or termination of membership occurs has the option of
22.13 leaving the accumulated deductions in the fund and being entitled to a deferred retirement
22.14 annuity commencing at normal retirement age or to a deferred early retirement annuity
22.15 under section 353.30, subdivision 1a, 1b, 1c, or 5.

22.16 (b) The deferred annuity must be computed under section 353.29, subdivision 3, on
22.17 the basis of the law in effect on the date of termination of public service or termination of
22.18 membership, whichever is earlier, and must be augmented as provided in section 353.71,
22.19 subdivision 2.

22.20 (c) A former member qualified to apply for a deferred retirement annuity may
22.21 revoke this option at any time before the commencement of deferred annuity payments
22.22 by making application for a refund. The person is entitled to a refund of accumulated
22.23 member contributions within 30 days following date of receipt of the application by the
22.24 executive director.

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

22.26 Sec. 34. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 2, is
22.27 amended to read:

22.28 Subd. 2. **Employee contribution.** The employee contribution is 9.4 percent of the
22.29 salary of the member in calendar year 2010 and is 9.6 percent of the salary of the member
22.30 in each calendar year after 2010. This contribution must be made by deduction from
22.31 salary in the manner provided in subdivision 4. Where any portion of a member's salary
22.32 is paid from other than public funds, the member's employee contribution is based on
22.33 the total salary received from all sources.

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

23.2 Sec. 35. Minnesota Statutes 2009 Supplement, section 353.65, subdivision 3, is
23.3 amended to read:

23.4 Subd. 3. **Employer contribution.** The employer contribution is 14.1 percent of the
23.5 salary of the member in calendar year 2010 and is 14.4 percent of the salary of the member
23.6 in each calendar year after 2010. This contribution must be made from funds available to
23.7 the employing subdivision by the means and in the manner provided in section 353.28.

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

23.9 Sec. 36. Minnesota Statutes 2008, section 353.651, subdivision 1, is amended to read:

23.10 Subdivision 1. **Age and allowable service requirements.** Upon separation from
23.11 public service, any police officer or firefighter member who has attained the age of at
23.12 least 55 years and who ~~received credit for not less than three years of allowable service~~
23.13 is vested under section 353.01, subdivision 47, is entitled upon application to a retirement
23.14 annuity. ~~Such retirement annuity is,~~ known as the "normal" retirement annuity.

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

23.16 Sec. 37. Minnesota Statutes 2008, section 353.651, subdivision 4, is amended to read:

23.17 Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan
23.18 member after June 30, 2007, or a former member who is reinstated as a member of the
23.19 plan after that date, who is at least 50 years of age ~~with at least three years of allowable~~
23.20 ~~service~~ and who is vested under section 353.01, subdivision 47, upon the termination of
23.21 public service is entitled upon application to a retirement annuity equal to the normal
23.22 annuity calculated under subdivision 3, reduced by two-tenths of one percent for each
23.23 month that the member is under age 55 at the time of retirement.

23.24 (b) Upon the termination of public service, any police and fire plan member not
23.25 specified in paragraph (a), upon attaining at least 50 years of age with at least three years
23.26 of allowable service is entitled upon application to a retirement annuity equal to the
23.27 normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for
23.28 each month that the member is under age 55 at the time of retirement.

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

23.30 Sec. 38. Minnesota Statutes 2008, section 353.657, subdivision 1, is amended to read:

24.1 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire
24.2 fund dies from any cause before retirement or before becoming disabled and receiving
24.3 disability benefits, the association shall grant survivor benefits to a surviving spouse, as
24.4 defined in section 353.01, subdivision 20, and to a dependent child or children, as defined
24.5 in section 353.01, subdivision 15, except that if the death is not a line of duty death, the
24.6 member must ~~have accrued at least three years of credited service~~ be vested under section
24.7 353.01, subdivision 47.

24.8 (b) Notwithstanding the definition of surviving spouse, a former spouse of the
24.9 member, if any, is entitled to a portion of the monthly surviving spouse benefit if
24.10 stipulated under the terms of a marriage dissolution decree filed with the association. If
24.11 there is no surviving spouse or child or children, a former spouse may be entitled to
24.12 a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a
24.13 marriage dissolution decree but not a monthly surviving spouse benefit despite the terms
24.14 of a marriage dissolution decree filed with the association.

24.15 (c) The spouse and child or children are entitled to monthly benefits as provided in
24.16 subdivisions 2 to 4.

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

24.18 Sec. 39. Minnesota Statutes 2008, section 353.657, subdivision 2a, is amended to read:

24.19 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
24.20 who has attained the age of at least 50 years and ~~has credit for not less than three years~~
24.21 ~~allowable service~~ either who is vested under section 353.01, subdivision 47, or who has
24.22 credit for at least 30 years of allowable service, regardless of age attained, dies before
24.23 the annuity or disability benefit becomes payable, notwithstanding any designation of
24.24 beneficiary to the contrary, the surviving spouse may elect to receive a death while
24.25 eligible survivor benefit.

24.26 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
24.27 20, a former spouse of the member, if any, is entitled to a portion of the death while
24.28 eligible survivor benefit if stipulated under the terms of a marriage dissolution decree
24.29 filed with the association. If there is no surviving spouse or child or children, a former
24.30 spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision
24.31 1, if provided for in a marriage dissolution decree but not a death while eligible survivor
24.32 benefit despite the terms of a marriage dissolution decree filed with the association.

24.33 (c) The benefit may be elected instead of a refund with interest under section 353.32,
24.34 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and
24.35 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity

25.1 which the member could have qualified for on the date of death, computed as provided in
 25.2 sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3.

25.3 (d) The surviving spouse may apply for the annuity at any time after the date
 25.4 on which the deceased employee would have attained the required age for retirement
 25.5 based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71,
 25.6 subdivision 2, apply to a deferred annuity payable under this subdivision.

25.7 (e) No payment accrues beyond the end of the month in which entitlement to
 25.8 such annuity has terminated. An amount equal to the excess, if any, of the accumulated
 25.9 contributions which were credited to the account of the deceased employee over and
 25.10 above the total of the annuities paid and payable to the surviving spouse must be paid to
 25.11 the deceased member's last designated beneficiary or, if none, to the legal representative of
 25.12 the estate of such deceased member.

25.13 (f) Any member may request in writing, with the signed consent of the spouse, that
 25.14 this subdivision not apply and that payment be made only to the designated beneficiary, as
 25.15 otherwise provided by this chapter.

25.16 (g) For a member who is employed as a full-time firefighter by the Department of
 25.17 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
 25.18 Affairs Department firefighter credited by the Minnesota State Retirement System may be
 25.19 used in meeting the minimum allowable service requirement of this subdivision.

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

25.21 Sec. 40. Minnesota Statutes 2008, section 353.71, subdivision 1, is amended to read:

25.22 Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit
 25.23 retirement plan administered by the Public Employees Retirement Association, or a
 25.24 retirement plan administered by the Minnesota State Retirement System, or the Teachers
 25.25 Retirement Association, or any other public retirement system in the state of Minnesota
 25.26 having a like provision, except a ~~fund~~ retirement plan providing benefits for police officers
 25.27 or firefighters governed by sections 69.77 or 69.771 to 69.776, ~~shall be~~ is entitled, when
 25.28 qualified, to an annuity from each fund retirement plan if the total allowable service in all
 25.29 ~~funds~~ retirement plans or in any two of these ~~funds~~ retirement plans totals three or more
 25.30 years the number of years of allowable service required to receive a normal retirement
 25.31 annuity for that retirement plan, provided that no portion of the allowable service upon
 25.32 which the retirement annuity from one ~~fund~~ retirement plan is based is again used in the
 25.33 computation for benefits from another ~~fund~~ retirement plan and provided further that the
 25.34 person has not taken a refund from any one of these ~~funds~~ retirement plans since the
 25.35 person's membership in that association or system last terminated. The annuity from

26.1 each fund ~~shall~~ must be determined by the appropriate provisions of the law except that
 26.2 the requirement that a person must have at least ~~three years~~ a specific minimum period
 26.3 of allowable service in the respective association or system ~~shall~~ does not apply for the
 26.4 purposes of this section ~~provided~~ if the combined service in two or more of these funds
 26.5 retirement plans equals ~~three or more~~ the number of years of allowable service required to
 26.6 receive a normal retirement annuity for that retirement plan.

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

26.8 Sec. 41. Minnesota Statutes 2008, section 353.71, subdivision 2, is amended to read:

26.9 Subd. 2. **Deferred annuity computation; augmentation.** (a) The deferred annuity
 26.10 accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68,
 26.11 subdivision 4, must be computed on the basis of allowable service prior to the termination
 26.12 of public service and augmented as provided in this ~~paragraph~~ subdivision. The required
 26.13 reserves applicable to a deferred annuity, or to any deferred segment of an annuity must
 26.14 be determined as of the first day of the month following the month in which the former
 26.15 member ceased to be a public employee, or July 1, 1971, whichever is later. ~~These~~

26.16 (b) For a person who became a public employee before July 1, 2006, whose period
 26.17 of deferral began after June 30, 1971, and who terminated public employment before
 26.18 January 1, 2012, the required reserves of the deferred annuity must be augmented at
 26.19 the following applicable rate ~~of~~ or rates:

26.20 (1) five percent ~~annually compounded annually~~ annual compound interest until
 26.21 January 1, 1981, ~~and at the rate of;~~

26.22 (2) three percent ~~thereafter~~ annual compound interest after January 1, 1981, or until
 26.23 the earlier of December 31, 2011, or after the date of the termination of public service or
 26.24 the termination of membership, whichever is later, until January 1 of the year following
 26.25 the year in which the former member attains age 55 ~~and;~~

26.26 (3) five percent annual compound interest from ~~that date to the effective date of~~
 26.27 retirement, the rate is five percent compounded annually if the employee became an
 26.28 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
 26.29 becomes an January 1 of the year following the year in which the former member attains
 26.30 age 55, or until December 31, 2011, whichever is earlier; and

26.31 (4) one percent annual compound interest from January 1, 2012.

26.32 (c) For a person who became a public employee after June 30, 2006, and who
 26.33 terminated public employment before January 1, 2012, the required reserves of the
 26.34 deferred annuity must be augmented at 2.5 percent annual compound interest from the date

27.1 of termination of public service or termination of membership, whichever is earlier, until
 27.2 December 31, 2011, and one percent annual compound interest after December 31, 2011.

27.3 (d) For a person who terminates public employment after December 31, 2011, the
 27.4 required reserves of the deferred annuity must not be augmented.

27.5 (e) If a person has more than one period of uninterrupted service, the required
 27.6 reserves related to each period must be augmented as specified in this paragraph. The sum
 27.7 of the augmented required reserves is the present value of the annuity. Uninterrupted
 27.8 service for the purpose of this subdivision means periods of covered employment during
 27.9 which the employee has not been separated from public service for more than two years.
 27.10 If a person repays a refund, the restored service must be considered as continuous with the
 27.11 next period of service for which the employee has credit with this association. This section
 27.12 must not reduce the annuity otherwise payable under this chapter. This paragraph applies
 27.13 to individuals who become deferred annuitants on or after July 1, 1971. For a member
 27.14 who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1,
 27.15 1971, if the former active member applies for an annuity after July 1, 1973.

27.16 ~~(b)~~ (f) The retirement annuity or disability benefit of, or the survivor benefit payable
 27.17 on behalf of, a former member who terminated service before July 1, 1997, or the
 27.18 survivor benefit payable on behalf of a basic or police and fire member who was receiving
 27.19 disability benefits before July 1, 1997, which is first payable after June 30, 1997, must
 27.20 be increased on an actuarial equivalent basis to reflect the change in the postretirement
 27.21 interest rate actuarial assumption under section 356.215, subdivision 8, from five percent
 27.22 to six percent under a calculation procedure and tables adopted by the board and approved
 27.23 by the actuary retained under section 356.214.

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

27.25 Sec. 42. Minnesota Statutes 2008, section 353E.04, subdivision 1, is amended to read:

27.26 Subdivision 1. **Eligibility requirements.** After termination of public employment,
 27.27 an employee covered under section 353E.02 who has attained the age of at least 55 years
 27.28 and ~~has credit for not less than three years of coverage~~ who is vested under section
 27.29 353.01, subdivision 47, in the local government correctional service plan is entitled, upon
 27.30 application, to a normal retirement annuity. Instead of a normal retirement annuity, a
 27.31 retiring employee may elect to receive the optional annuity provided in section 353.30,
 27.32 subdivision 3.

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

28.1 Sec. 43. Minnesota Statutes 2008, section 353E.04, subdivision 4, is amended to read:

28.2 Subd. 4. **Early retirement.** An employee covered under section 353E.02 who has
28.3 attained the age of at least 50 years and ~~has credit for not less than three years of coverage~~
28.4 who is vested under section 353.01, subdivision 47, in the local government correctional
28.5 service plan is entitled, upon application, to a reduced retirement annuity equal to the
28.6 annuity calculated under subdivision 3, reduced so that the reduced annuity is the actuarial
28.7 equivalent of the annuity that would be payable if the employee deferred receipt of the
28.8 annuity from the day the annuity begins to accrue until age 55.

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

28.10 Sec. 44. Minnesota Statutes 2008, section 353E.07, subdivision 1, is amended to read:

28.11 Subdivision 1. **Member at least age 50.** If a member or former member of the local
28.12 government correctional service retirement plan who has attained the age of at least 50
28.13 years and ~~has credit for not less than three years of allowable service~~ who is vested under
28.14 section 353.01, subdivision 47, dies before the annuity or disability benefit has become
28.15 payable, notwithstanding any designation of beneficiary to the contrary, the surviving
28.16 spouse may elect to receive, in lieu of a refund with interest provided in section 353.32,
28.17 subdivision 1, a surviving spouse annuity equal to the 100 percent joint and survivor
28.18 annuity for which the member could have qualified had the member terminated service
28.19 on the date of death.

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

28.21 Sec. 45. Minnesota Statutes 2008, section 353E.07, subdivision 2, is amended to read:

28.22 Subd. 2. **Member not yet age 50.** If the member was under age 50, dies, and ~~had~~
28.23 ~~credit for not less than three years of allowable service~~ was vested under section 353.01,
28.24 subdivision 47, on the date of death but did not yet qualify for retirement, the surviving
28.25 spouse may elect to receive a 100 percent joint and survivor annuity based on the age
28.26 of the employee and the surviving spouse at the time of death. The annuity is payable
28.27 using the early retirement reduction under section 353E.04, subdivision 4, to age 50 and
28.28 one-half the early retirement reduction from age 50 to the age payment begins. Sections
28.29 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving
28.30 spouse benefit payable under this subdivision.

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

28.32 Sec. 46. Minnesota Statutes 2008, section 353F.03, is amended to read:

29.1 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

29.2 Notwithstanding any provision of chapter 353 to the contrary, a terminated medical
 29.3 facility or other public employing unit employee is eligible to receive a retirement annuity
 29.4 under section 353.29 of the edition of Minnesota Statutes published in the year before the
 29.5 year in which the privatization occurred, without regard to the requirement ~~for three years~~
 29.6 ~~of allowable service~~ specified in section 353.01, subdivision 47.

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

29.8 Sec. 47. Minnesota Statutes 2009 Supplement, section 354.42, subdivision 2, is
 29.9 amended to read:

29.10 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
 29.11 contribution to the fund is ~~9.0 percent~~ the following percentage of the member's salary:

29.12	<u>before July 1, 2011</u>	<u>9.0 percent</u>
29.13	<u>from July 1, 2011, until June 30, 2012</u>	<u>9.5 percent</u>
29.14	<u>from July 1, 2012, until June 30, 2013</u>	<u>10.0 percent</u>
29.15	<u>from July 1, 2013, until June 30, 2014</u>	<u>10.5 percent</u>
29.16	<u>after June 30, 2014</u>	<u>11.0 percent</u>

29.17 (b) For a coordinated member, the employee contribution is ~~5.5 percent~~ the following
 29.18 percentage of the member's salary:

29.19	<u>before July 1, 2011</u>	<u>5.5 percent</u>
29.20	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>
29.21	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>
29.22	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>
29.23	<u>after June 30, 2014</u>	<u>7.5 percent</u>

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

29.27 (d) After June 30, 2015, if a contribution rate revision is required under subdivisions
 29.28 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted
 29.29 accordingly.

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

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

29.34 Sec. 48. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

30.1 Subd. 3. **Employer.** (a) ~~The regular employer contribution to the fund by Special~~
 30.2 ~~School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an~~
 30.3 ~~amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated~~
 30.4 ~~member and 9.0 percent of the salary of each of its teachers who is a basic member. After~~
 30.5 ~~July 1, 2007, the regular employer contribution to the fund by Special School District No.~~
 30.6 1, Minneapolis, is an amount equal to 5.5 percent the applicable following percentage of
 30.7 salary of each coordinated member and 9.5 percent the applicable following percentage
 30.8 of salary of each basic member.:

30.9	<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
30.10	<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
30.11	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
30.12	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
30.13	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
30.14	<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

30.15 The additional employer contribution to the fund by Special School District No. 1,
 30.16 Minneapolis, ~~after July 1, 2006,~~ is an amount equal to 3.64 percent of the salary of each
 30.17 teacher who is a coordinated member or is a basic member.

30.18 (b) The employer contribution to the fund for every other employer is an amount
 30.19 equal to 5.0 percent the applicable following percentage of the salary of each coordinated
 30.20 member and 9.0 percent the applicable following percentage of the salary of each basic
 30.21 member ~~before July 1, 2007, and 5.5 percent of the salary of each coordinated member~~
 30.22 ~~and 9.5 percent of the salary of each basic member after June 30, 2007.:~~

30.23	<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
30.24	<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
30.25	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
30.26	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
30.27	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
30.28	<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

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

30.32 (d) After June 30, 2015, if a contribution rate revision is made under subdivisions
 30.33 4a, 4b, and 4c, the employer contributions under paragraphs (a) and (b) must be adjusted
 30.34 accordingly.

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

31.1 Sec. 49. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
31.2 to read:

31.3 Subd. 4a. **Determination.** (a) For purposes of this section, a contribution
31.4 sufficiency exists if the total of the employee contributions, the employer contributions,
31.5 and any additional employer contributions, if applicable, exceeds the total of the normal
31.6 cost, the administrative expenses, and the amortization contribution of the retirement plan
31.7 as reported in the most recent actuarial valuation of the retirement plan prepared by the
31.8 approved actuary retained under section 356.214 and prepared under section 356.215
31.9 and the standards for actuarial work of the Legislative Commission on Pensions and
31.10 Retirement.

31.11 (b) For purposes of this section, a contribution deficiency exists if the total of
31.12 the employee contributions, the employer contributions, and any additional employer
31.13 contributions are less than the total of the normal cost, the administrative expenses, and
31.14 the amortization contribution of the retirement plan as reported in the most recent actuarial
31.15 valuation of the retirement plan prepared by the approved actuary retained under section
31.16 356.214 and prepared under section 356.215 and the standards for actuarial work of the
31.17 Legislative Commission on Pensions and Retirement.

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

31.19 Sec. 50. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
31.20 to read:

31.21 Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate
31.22 provisions under subdivisions 2 and 3, the employee and employer contribution rates
31.23 may be adjusted as follows:

31.24 (1) if, after June 30, 2015, the regular actuarial valuation of the plan under section
31.25 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to
31.26 or greater than one percent of covered payroll and the sufficiency has existed for at least
31.27 two consecutive years, the employee and employer contribution rates for the plan may
31.28 each be decreased to a level such that the sufficiency equals no more than one percent of
31.29 covered payroll based on the most recent actuarial valuation; or

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

31.34 (i) 0.25 percent if the deficiency is less than 2.00 percent of covered payroll;

- 32.1 (ii) 0.5 percent if the deficiency is equal to or greater than 2.00 percent of covered
32.2 payroll and less than or equal to four percent; and
32.3 (iii) 0.75 percent if the deficiency is greater than four percent.

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

32.5 Sec. 51. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
32.6 to read:

32.7 **Subd. 4c. Contribution sufficiency measures.** (a) A contribution sufficiency of up
32.8 to one percent of covered payroll must be held in reserve to be used to offset any future
32.9 actuarially required contributions that are more than the total combined employee and
32.10 employer contributions being collected.

32.11 (b) Before any reduction in contributions to eliminate a sufficiency in excess of one
32.12 percent of covered pay may be recommended, the executive director must review any
32.13 need for a change in actuarial assumptions, as recommended by the actuary retained
32.14 under section 356.214 in the most recent experience study of the retirement plan, that
32.15 may result in an increase in the actuarially required contribution and must report to the
32.16 Legislative Commission on Pensions and Retirement any recommendation by the board
32.17 to use the sufficiency exceeding one percent of covered payroll to offset the impact of
32.18 an actuarial assumption change recommended by the actuary retained under section
32.19 356.214, subdivision 1, and reviewed by the actuary retained by the commission under
32.20 section 356.214, subdivision 4.

32.21 (c) A contribution sufficiency in excess of one percent of covered pay must not be
32.22 used to increase benefits, and a benefit increase must not be proposed that would initiate
32.23 an automatic adjustment under this section to increase contributions. A proposed benefit
32.24 improvement must include a recommendation, prepared by the actuary retained under
32.25 section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative
32.26 Commission on Pensions and Retirement, as provided under section 356.214, subdivision
32.27 4, on the manner in which the benefit modification is to be funded.

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

32.29 Sec. 52. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
32.30 to read:

32.31 **Subd. 4d. Reporting; commission review.** A contribution rate increase or decrease
32.32 under subdivision 4b, as determined by the executive director of the Teachers Retirement
32.33 Association, must be reported to the chair and the executive director of the Legislative

33.1 Commission on Pensions and Retirement on or before the next February 1 and, if the
33.2 Legislative Commission on Pensions and Retirement does not recommend against the rate
33.3 change or does not recommend a modification in the rate change, is effective on the next
33.4 July 1 following the determination by the executive director that a contribution deficiency
33.5 or sufficiency exists based on the most recent actuarial valuation under section 356.215.

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

33.7 Sec. 53. Minnesota Statutes 2009 Supplement, section 354.47, subdivision 1, is
33.8 amended to read:

33.9 Subdivision 1. **Death before retirement.** (a) If a member dies before retirement
33.10 and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a
33.11 reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the
33.12 survivors if the member was a basic member, then the surviving spouse, or if there is no
33.13 surviving spouse, the designated beneficiary is entitled to an amount equal to the member's
33.14 accumulated deductions with interest credited to the account of the member to the date of
33.15 death of the member. If the designated beneficiary is a minor, interest must be credited to
33.16 the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

33.17 (b) If a member dies before retirement and is covered under section 354.44,
33.18 subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit
33.19 described in section 354.46, subdivision 1, is payable to the survivors if the member
33.20 was a basic member, then the surviving spouse, or if there is no surviving spouse, then
33.21 the designated beneficiary is entitled to an amount equal to the member's accumulated
33.22 deductions credited to the account of the member as of June 30, 1957, and from July 1,
33.23 1957, to the date of death of the member, the member's accumulated deductions plus six
33.24 percent interest compounded annually. a refund equal to the accumulated deductions
33.25 credited to the member's account plus interest compounded annually until the member's
33.26 date of death using the following interest rates:

33.27 (1) before July 1, 1957, no interest accrues;

33.28 (2) July 1, 1957, to June 30, 2011, six percent; and

33.29 (3) after June 30, 2011, four percent.

33.30 (c) If the designated beneficiary under paragraph (b) is a minor, any interest credited
33.31 under that paragraph must be credited to the date the beneficiary reaches legal age, or
33.32 the date of receipt, whichever is earlier.

33.33 (d) The amount of any refund payable under this subdivision must be reduced by
33.34 any permanent disability payment under section 354.48 received by the member.

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

34.2 Sec. 54. Minnesota Statutes 2009 Supplement, section 354.49, subdivision 2, is
34.3 amended to read:

34.4 Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1,
34.5 any person who ceases to be a member by reason of termination of teaching service, is
34.6 entitled to receive a refund in an amount equal to the accumulated deductions credited
34.7 to the account ~~as of June 30, 1957, and after July 1, 1957, the accumulated deductions~~
34.8 ~~with interest at the rate of six percent per annum compounded annually.~~ plus interest
34.9 compounded annually using the following interest rates:

34.10 (1) before July 1, 1957, no interest accrues;

34.11 (2) July 1, 1957, to June 30, 2011, six percent; and

34.12 (3) after June 30, 2011, four percent.

34.13 For the purpose of this subdivision, interest must be computed on fiscal year end
34.14 balances to the first day of the month in which the refund is issued.

34.15 (b) If the person has received permanent disability payments under section 354.48,
34.16 the refund amount must be reduced by the amount of those payments.

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

34.18 Sec. 55. Minnesota Statutes 2009 Supplement, section 354.55, subdivision 11, is
34.19 amended to read:

34.20 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
34.21 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
34.22 accumulated deductions in the fund for the purpose of receiving a deferred annuity
34.23 at retirement.

34.24 (b) The amount of the deferred retirement annuity is determined by section 354.44,
34.25 subdivision 6, and augmented as provided in this subdivision. The required reserves for
34.26 the annuity which had accrued when the member ceased to render teaching service must
34.27 be augmented, as further specified in this subdivision, by the applicable interest rate
34.28 compounded annually from the first day of the month following the month during which
34.29 the member ceased to render teaching service to the effective date of retirement.

34.30 (c) No augmentation is not creditable if the deferral period is less than three months
34.31 or if deferral commenced before July 1, 1971.

34.32 (d) For persons who became covered employees before July 1, 2006, with a deferral
34.33 period commencing after June 30, 1971, the annuity must be augmented ~~using~~ as follows:

34.34 (1) five percent interest compounded annually until January 1, 1981,~~and;~~

35.1 (2) three percent interest compounded annually thereafter from January 1, 1981, until
35.2 January 1 of the year following the year in which the deferred annuitant attains age 55;

35.3 ~~From that date~~ (3) five percent interest compounded annually from the date
35.4 established in clause (2) to the effective date of retirement, the rate is five percent
35.5 compounded annually, or until June 30, 2012, whichever is earlier; and

35.6 (4) two percent interest compounded annually after June 30, 2012.

35.7 (e) For persons who become covered employees after June 30, 2006, the interest
35.8 rate used to augment the deferred annuity is 2.5 percent interest compounded annually
35.9 until June 30, 2012, or until the effective date of retirement, whichever is earlier, and two
35.10 percent interest compounded annually after June 30, 2012.

35.11 (f) If a person has more than one period of uninterrupted service, a separate average
35.12 salary determined under section 354.44, subdivision 6, must be used for each period
35.13 and the required reserves related to each period must be augmented as specified in this
35.14 subdivision. The sum of the augmented required reserves is the present value of the
35.15 annuity. For the purposes of this subdivision, "period of uninterrupted service" means a
35.16 period of covered teaching service during which the member has not been separated from
35.17 active service for more than one fiscal year.

35.18 (g) If a person repays a refund, the service restored by the repayment must be
35.19 considered as continuous with the next period of service for which the person has
35.20 allowable service credit in the Teachers Retirement Association.

35.21 (h) If a person does not render teaching service in any one fiscal year or more
35.22 consecutive fiscal years and then resumes teaching service, the formula percentages used
35.23 from the date of the resumption of teaching service must be those applicable to new
35.24 members.

35.25 (i) The mortality table and interest rate actuarial assumption used to compute the
35.26 annuity must be the applicable mortality table established by the board under section
35.27 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in
35.28 effect when the member retires.

35.29 (j) In no case may the annuity payable under this subdivision be less than the amount
35.30 of annuity payable under section 354.44, subdivision 6.

35.31 (k) The requirements and provisions for retirement before normal retirement age
35.32 contained in section 354.44, subdivision 6, also apply to an employee fulfilling the
35.33 requirements with a combination of service as provided in section 354.60.

35.34 (l) The augmentation provided by this subdivision applies to the benefit provided
35.35 in section 354.46, subdivision 2.

36.1 (m) The augmentation provided by this subdivision does not apply to any period
 36.2 in which a person is on an approved leave of absence from an employer unit covered
 36.3 by the provisions of this chapter.

36.4 (n) The retirement annuity or disability benefit of, or the survivor benefit payable on
 36.5 behalf of, a former teacher who terminated service before July 1, 1997, which is not first
 36.6 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to
 36.7 reflect the change in the postretirement interest rate actuarial assumption under section
 36.8 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
 36.9 tables adopted by the board as recommended by an approved actuary and approved by the
 36.10 actuary retained under section 356.214.

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

36.12 Sec. 56. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

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

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law	
coordinated programs	5.5 percent
<u>before July 1, 2011</u>	<u>5.5 percent</u>
<u>effective July 1, 2011</u>	<u>6.0 percent</u>
<u>effective July 1, 2012</u>	<u>6.5 percent</u>
St. Paul Teachers Retirement Fund Association	
basic program <u>before July 1, 2010</u>	8 percent
<u>basic program after June 30, 2010</u>	<u>8.5 percent</u>
<u>basic program after June 30, 2011</u>	<u>9.0 percent</u>
coordinated program <u>before July 1, 2010</u>	5.5 percent
<u>coordinated program after June 30, 2010</u>	<u>6.0 percent</u>
<u>coordinated program after June 30, 2011</u>	<u>6.5 percent</u>

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

36.32 (c) When an employee contribution rate changes for a fiscal year, the new
 36.33 contribution rate is effective for the entire salary paid by the employer with the first
 36.34 payroll cycle reported.

36.35 **EFFECTIVE DATE.** This section is effective July 1, 2010.

37.1 Sec. 57. Minnesota Statutes 2009 Supplement, section 354A.12, subdivision 2a,
37.2 is amended to read:

37.3 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
37.4 units shall make the following employer contributions to teachers retirement fund
37.5 associations:

37.6 (1) for any coordinated member of one of the following teachers retirement fund
37.7 associations in a city of the first class, the employing unit shall make a regular employer
37.8 contribution to the respective retirement fund association in an amount equal to the
37.9 designated percentage of the salary of the coordinated member as provided below:

37.10	Duluth Teachers Retirement Fund Association	4.50 percent
37.11	<u>before July 1, 2011</u>	<u>5.79 percent</u>
37.12	<u>effective July 1, 2011</u>	<u>6.29 percent</u>
37.13	<u>effective July 1, 2012</u>	<u>6.79 percent</u>
37.14	St. Paul Teachers Retirement Fund Association	
37.15	<u>before July 1, 2010</u>	4.50 percent
37.16	<u>after June 30, 2010</u>	<u>5.0 percent</u>
37.17	<u>after June 30, 2011</u>	<u>5.5 percent</u>
37.18	<u>after June 30, 2013</u>	<u>6.5 percent</u>

37.19 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the
37.20 employing unit shall make a regular employer contribution to the respective retirement
37.21 fund in an amount ~~equal to 8.00 percent of the salary of the basic member~~, according to
37.22 the schedule below:

37.23	<u>before July 1, 2010</u>	<u>8.0 percent of the salary of the basic member</u>
37.24	<u>before July 1, 2011</u>	<u>8.5 percent of the salary of the basic member</u>
37.25	<u>before July 1, 2012</u>	<u>9.0 percent of the salary of the basic member</u>
37.26	<u>before July 1, 2013</u>	<u>9.5 percent of the salary of the basic member</u>
37.27	<u>before July 1, 2014</u>	<u>10.0 percent of the salary of the basic member</u>

37.28 (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the
37.29 employing unit shall make an additional employer contribution to the respective fund in
37.30 an amount equal to 3.64 percent of the salary of the basic member;

37.31 (4) for a coordinated member of ~~a teachers retirement fund association in a city of~~
37.32 ~~the first class~~ the St. Paul Teachers Retirement Fund Association, the employing unit shall
37.33 make an additional employer contribution to the respective fund in an amount equal to the
37.34 applicable percentage of the coordinated member's salary, as provided below:

37.35	Duluth Teachers Retirement	
37.36	Fund Association	1.29 percent
37.37	St. Paul Teachers Retirement	
37.38	Fund Association	3.84 percent

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

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

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

38.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

38.11 Sec. 58. Minnesota Statutes 2008, section 354A.12, subdivision 3c, is amended to read:

38.12 Subd. 3c. **Termination of supplemental contributions and direct matching**
 38.13 **and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers
 38.14 Retirement Fund Association by Special School District No. 1 and the city of Minneapolis
 38.15 under section 423A.02, subdivision 3, must be paid to the Teachers Retirement
 38.16 Association and must continue until the current assets of the fund equal or exceed the
 38.17 actuarial accrued liability of the fund as determined in the most recent actuarial report
 38.18 for the fund by the actuary retained under section 356.214, or 2037, whichever occurs
 38.19 earlier. The supplemental contributions payable to the St. Paul Teachers Retirement Fund
 38.20 Association by Independent School District No. 625 under section 423A.02, subdivision
 38.21 3, or the direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund
 38.22 Association ~~terminate at the end of the fiscal year in which the accrued liability funding~~
 38.23 ~~ratio for that fund, as determined in the most recent actuarial report for that fund by the~~
 38.24 ~~actuary retained under section 356.214, equals or exceeds the accrued liability funding~~
 38.25 ~~ratio for the Teachers Retirement Association, as determined in the most recent actuarial~~
 38.26 ~~report for the Teachers Retirement Association by the actuary retained under section~~
 38.27 ~~356.214.~~ must continue until the current assets of the fund equal or exceed the actuarial
 38.28 accrued liability of the fund as determined in the most recent actuarial report for the fund
 38.29 by the actuary retained under section 356.214 or until 2037, whichever occurs earlier.

38.30 ~~(b) If the St. Paul Teachers Retirement Fund Association is funded at an amount~~
 38.31 ~~equal to or greater than the funding ratio applicable to the Teachers Retirement~~
 38.32 ~~Association, then any future state aid under subdivision 3a is payable to the Teachers~~
 38.33 ~~Retirement Association.~~

38.34 **EFFECTIVE DATE.** This section is effective July 1, 2010.

39.1 Sec. 59. Minnesota Statutes 2008, section 354A.27, subdivision 5, is amended to read:

39.2 Subd. 5. ~~Calculation~~ **Eligibility for and payment of postretirement adjustments.**

39.3 (a) Annually, after June 30, the board of trustees of the Duluth Teachers Retirement Fund
39.4 Association determines the amount of any postretirement adjustment using the procedures
39.5 in this subdivision and subdivision 6 or 7, whichever is applicable.

39.6 (b) Each person who has been receiving an annuity or benefit under the articles
39.7 of incorporation, bylaws, or under this section for at least 12 months as of the date of
39.8 the postretirement adjustment shall be eligible for a postretirement adjustment. The
39.9 postretirement adjustment shall be payable each January 1. The postretirement adjustment
39.10 shall be ~~equal to two percent of a permanent percentage increase as specified under~~
39.11 subdivision 6 or 7, whichever is applicable, applied to the annuity or benefit to which the
39.12 person is entitled one month prior to the payment of the postretirement adjustment.

39.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

39.14 Sec. 60. Minnesota Statutes 2008, section 354A.27, subdivision 6, is amended to read:

39.15 Subd. 6. ~~Additional increase~~ **Calculation of postretirement adjustments;**
39.16 **transitional provision.** ~~(a) In addition to the postretirement increases granted under~~
39.17 ~~subdivision 5, an additional percentage increase must be computed and paid under this~~
39.18 ~~subdivision.~~

39.19 ~~(b) The board of trustees shall determine the number of annuitants or benefit~~
39.20 ~~recipients who have been receiving an annuity or benefit for at least 12 months as of the~~
39.21 ~~current June 30. These recipients are entitled to receive the surplus investment earnings~~
39.22 ~~additional postretirement increase.~~

39.23 ~~(c) Annually, as of each June 30, the board shall determine the five-year annualized~~
39.24 ~~rate of return attributable to the assets of the Duluth Teachers Retirement Fund Association~~
39.25 ~~under the formula or formulas specified in section 11A.04, clause (11).~~

39.26 ~~(d) The board shall determine the amount of excess five-year annualized rate of~~
39.27 ~~return over the preretirement interest assumption as specified in section 356.215.~~

39.28 ~~(e) The additional percentage increase must be determined by multiplying the~~
39.29 ~~quantity one minus the rate of contribution deficiency, as specified in the most recent~~
39.30 ~~actuarial report of the actuary retained under section 356.214, times the rate of return~~
39.31 ~~excess as determined in paragraph (d).~~

39.32 ~~(f) The additional increase is payable to all eligible annuitants or benefit recipients~~
39.33 ~~on the following January 1.~~

39.34 (a) For purposes of computing postretirement adjustments after the effective date
39.35 of this section for eligible benefit recipients of the Duluth Teachers Retirement Fund

40.1 Association, the funding ratio of the plan, as determined by dividing the market value of
 40.2 assets by the actuarial accrued liability as reported in the most recent actuarial valuation
 40.3 prepared under sections 356.214 and 356.215, determines the postretirement increase
 40.4 as follows:

	<u>Funding Ratio</u>	<u>Postretirement Increase</u>
40.5	<u>less than 80 percent</u>	<u>0 percent</u>
40.6	<u>at least 80 percent but less than 90</u>	
40.7	<u>percent</u>	<u>1 percent</u>
40.8	<u>at least 90 percent</u>	<u>2 percent</u>

40.10 (b) If the funding ratio of the plan based on actuarial value, rather than market value,
 40.11 is at least 90 percent as reported in the most recent actuarial valuation prepared under
 40.12 sections 356.214 and 356.215, this subdivision expires and subsequent postretirement
 40.13 increases must be paid as specified under subdivision 7.

40.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

40.15 Sec. 61. Minnesota Statutes 2008, section 354A.27, is amended by adding a
 40.16 subdivision to read:

40.17 **Subd. 7. Calculation of postretirement adjustments.** (a) This subdivision applies
 40.18 if subdivision 6 has expired.

40.19 (b) A percentage adjustment must be computed and paid under this subdivision to
 40.20 eligible persons under subdivision 5. This adjustment is determined by reference to the
 40.21 Consumer Price Index for urban wage earners and clerical workers all items index as
 40.22 reported by the Bureau of Labor Statistics within the United States Department of Labor
 40.23 each year as part of the determination of annual cost-of-living adjustments to recipients
 40.24 of federal old-age, survivors, and disability insurance. For calculations of cost-of-living
 40.25 adjustments under paragraph (c), the term "average third quarter Consumer Price Index
 40.26 value" means the sum of the monthly index values as initially reported by the Bureau of
 40.27 Labor Statistics for the months of July, August, and September, divided by 3.

40.28 (c) Before January 1 of each year, the executive director must calculate the amount
 40.29 of the cost-of-living adjustment by dividing the most recent average third quarter index
 40.30 value by the same average third quarter index value from the previous year, subtract one
 40.31 from the resulting quotient, and express the result as a percentage amount, which must be
 40.32 rounded to the nearest one-tenth of one percent.

40.33 (d) The amount calculated under paragraph (c) is the full cost-of-living adjustment
 40.34 to be applied as a permanent increase to the regular payment of each eligible member
 40.35 on January 1 of the next calendar year. For any eligible member whose effective date

41.1 of benefit commencement occurred during the calendar year before the cost-of-living
 41.2 adjustment is applied, the full increase amount must be prorated on the basis of whole
 41.3 calendar quarters in benefit payment status in the calendar year prior to the January 1 on
 41.4 which the cost-of-living adjustment is applied, calculated to the third decimal place.

41.5 (e) The adjustment must not be less than zero nor greater than five percent.

41.6 (f) If the funding ratio of the plan as determined in the most recent actuarial
 41.7 valuation using the actuarial value of assets is less than 80 percent there will be no
 41.8 postretirement adjustment the following January 1.

41.9 **EFFECTIVE DATE.** This section is effective July 1, 2010.

41.10 Sec. 62. Minnesota Statutes 2008, section 354A.31, subdivision 1, is amended to read:

41.11 Subdivision 1. **Age and service requirements.** Any coordinated member or former
 41.12 coordinated member of the St. Paul Teachers Retirement Fund Association who has
 41.13 ceased to render teaching service for the school district in which the teachers retirement
 41.14 fund association exists and who has either attained the age of at least 55 years with not
 41.15 less than three years of allowable service credit or received credit for not less than 30
 41.16 years of allowable service regardless of age, shall be entitled upon written application to a
 41.17 retirement annuity. Any coordinated member or former coordinated member of the Duluth
 41.18 Teachers Retirement Fund Association who has ceased to render teaching service for the
 41.19 school district in which the teacher retirement fund association exists and who has either
 41.20 attained the age of at least 55 years with not less than three years of allowable service
 41.21 credit if the member became an employee before July 1, 2010, or not less than five years
 41.22 of allowable service credit if the member became an employee after June 30, 2010, or
 41.23 received service credit for not less than 30 years of allowable service regardless of age,
 41.24 shall be entitled upon written application to a retirement annuity.

41.25 **EFFECTIVE DATE.** This section is effective July 1, 2010.

41.26 Sec. 63. Minnesota Statutes 2008, section 354A.35, subdivision 1, is amended to read:

41.27 Subdivision 1. **Death before retirement; refund.** If a coordinated member
 41.28 or former coordinated member dies prior to retirement or prior to the receipt of any
 41.29 retirement annuity or other benefit payment which is or may be payable and a surviving
 41.30 spouse optional annuity is not payable pursuant to subdivision 2, a refund shall be paid to
 41.31 the person's surviving spouse, or if there is none, to the person's designated beneficiary,
 41.32 or if there is none, to the legal representative of the person's estate. For a coordinated
 41.33 member or former coordinated member of the St. Paul Teachers Retirement Fund

42.1 Association, the refund shall be in an amount equal to the person's accumulated employee
42.2 contributions plus interest at the rate of six percent per annum compounded annually. For
42.3 a coordinated member or former coordinated member of the Duluth Teachers Retirement
42.4 Fund Association, the refund shall be in an amount equal to the person's accumulated
42.5 employee contributions plus interest at the rate of six percent per annum compounded
42.6 annually to July 1, 2010, and four percent per annum compounded annually thereafter.

42.7 **EFFECTIVE DATE.** This section is effective July 1, 2010.

42.8 Sec. 64. Minnesota Statutes 2008, section 354A.37, subdivision 2, is amended to read:

42.9 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member
42.10 who ceases to render teaching services for the school district in which the teachers
42.11 retirement fund association is located, with sufficient allowable service credit to meet
42.12 the minimum service requirements specified in section 354A.31, subdivision 1, shall be
42.13 entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The
42.14 deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be
42.15 augmented as provided in this subdivision. The deferred annuity shall commence upon
42.16 application after the person on deferred status attains at least the minimum age specified in
42.17 section 354A.31, subdivision 1.

42.18 (b) The monthly annuity amount that had accrued when the member ceased to
42.19 render teaching service must be augmented from the first day of the month following the
42.20 month during which the member ceased to render teaching service to the effective date
42.21 of retirement. There is no augmentation if this period is less than three months. For a
42.22 member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation
42.23 is three percent compounded annually until January 1 of the year following the year in
42.24 which the former member attains age 55, and five percent compounded annually after that
42.25 date to the effective date of retirement if the employee became an employee before July
42.26 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee
42.27 after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association,
42.28 the rate of augmentation is three percent compounded annually until January 1 of the year
42.29 following the year in which the former member attains age 55, five percent compounded
42.30 annually after that date to July 1, 2012, and two percent compounded annually after that
42.31 date to the effective date of retirement if the employee became an employee before
42.32 July 1, 2006, and at 2.5 percent compounded annually to July 1, 2012, and two percent
42.33 compounded annually after that date to the effective date of retirement if the employee
42.34 becomes an employee after June 30, 2006. If a person has more than one period of
42.35 uninterrupted service, a separate average salary determined under section 354A.31 must

43.1 be used for each period, and the monthly annuity amount related to each period must be
 43.2 augmented as provided in this subdivision. The sum of the augmented monthly annuity
 43.3 amounts determines the total deferred annuity payable. If a person repays a refund, the
 43.4 service restored by the repayment must be considered as continuous with the next period
 43.5 of service for which the person has credit with the fund. If a person does not render
 43.6 teaching services in any one fiscal year or more consecutive fiscal years and then resumes
 43.7 teaching service, the formula percentages used from the date of resumption of teaching
 43.8 service are those applicable to new members. The mortality table and interest assumption
 43.9 used to compute the annuity are the table established by the fund to compute other
 43.10 annuities, and the interest assumption under section 356.215 in effect when the member
 43.11 retires. A period of uninterrupted service for the purpose of this subdivision means a
 43.12 period of covered teaching service during which the member has not been separated from
 43.13 active service for more than one fiscal year.

43.14 (c) The augmentation provided by this subdivision applies to the benefit provided
 43.15 in section 354A.35, subdivision 2. The augmentation provided by this subdivision does
 43.16 not apply to any period in which a person is on an approved leave of absence from an
 43.17 employer unit.

43.18 **EFFECTIVE DATE.** This section is effective July 1, 2010.

43.19 Sec. 65. Minnesota Statutes 2008, section 354A.37, subdivision 3, is amended to read:

43.20 Subd. 3. **Computation of refund amount.** A former coordinated member of the
 43.21 St. Paul Teachers Retirement Fund Association who qualifies for a refund ~~pursuant to~~
 43.22 under subdivision 1 shall receive a refund equal to the amount of the former coordinated
 43.23 member's accumulated employee contributions with interest at the rate of six percent per
 43.24 annum compounded annually. A former coordinated member of the Duluth Teachers
 43.25 Retirement Fund Association who qualifies for a refund under subdivision 1 shall receive
 43.26 a refund equal to the amount of the former coordinated member's accumulated employee
 43.27 contributions with interest at the rate of six percent per annum compounded annually to
 43.28 July 1, 2010, and four percent per annum compounded annually thereafter.

43.29 **EFFECTIVE DATE.** This section is effective July 1, 2010.

43.30 Sec. 66. Minnesota Statutes 2008, section 354A.37, subdivision 4, is amended to read:

43.31 Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member
 43.32 who has attained the normal retirement age with less than ten years of allowable service
 43.33 credit and has terminated active teaching service shall be entitled to a refund in lieu of

44.1 a proportionate annuity pursuant to section 356.32. The refund for a member of the St.
 44.2 Paul Teachers Retirement Fund Association shall be equal to the coordinated member's
 44.3 accumulated employee contributions plus interest at the rate of six percent compounded
 44.4 annually. The refund for a member of the Duluth Teachers Retirement Fund Association
 44.5 shall be equal to the coordinated member's accumulated employee contributions plus
 44.6 interest at the rate of six percent compounded annually to July 1, 2010, and four percent
 44.7 per annum compounded annually thereafter.

44.8 **EFFECTIVE DATE.** This section is effective July 1, 2010.

44.9 Sec. 67. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

44.10 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 44.11 the applicable following preretirement interest assumption and the applicable following
 44.12 postretirement interest assumption:

44.13		preretirement	postretirement
44.14		interest rate	interest rate
44.15	plan	assumption	assumption
44.16	general state employees retirement plan	8.5%	6.0%
44.17	correctional state employees retirement plan	8.5	6.0
44.18	State Patrol retirement plan	8.5	6.0
44.19	legislators retirement plan	8.5	6.0
44.20	elective state officers retirement plan	8.5	6.0
44.21	judges retirement plan	8.5	6.0
44.22	general public employees retirement plan	8.5	6.0
44.23	public employees police and fire retirement plan	8.5	6.0
44.24	local government correctional service retirement		
44.25	plan	8.5	6.0
44.26	teachers retirement plan	8.5	6.0
44.27	Minneapolis employees retirement plan	6.0	5.0
44.28	Duluth teachers retirement plan	8.5	8.5
44.29	St. Paul teachers retirement plan	8.5	8.5
44.30	Minneapolis Police Relief Association	6.0	6.0
44.31	Fairmont Police Relief Association	5.0	5.0
44.32	Minneapolis Fire Department Relief Association	6.0	6.0
44.33	Virginia Fire Department Relief Association	5.0	5.0
44.34	Bloomington Fire Department Relief Association	6.0	6.0
44.35	local monthly benefit volunteer firefighters relief		
44.36	associations	5.0	5.0

44.37 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 44.38 single rate future salary increase assumption, the applicable following modified single

45.1 rate future salary increase assumption, or the applicable following graded rate future
 45.2 salary increase assumption:

45.3 (1) single rate future salary increase assumption

45.4	45.5	45.6	45.7	45.8	45.9	45.10	45.11	45.12	45.13	45.14
	plan									
		legislators retirement plan								
		judges retirement plan								
		Minneapolis Police Relief Association								
		Fairmont Police Relief Association								
		Minneapolis Fire Department Relief Association								
		Virginia Fire Department Relief Association								
		Bloomington Fire Department Relief Association								

45.15 (2) modified single rate future salary increase assumption

45.16	45.17	45.18	45.19	45.20	45.21
	plan	Minneapolis employees retirement plan			

the prior calendar year amount increased first by 1.0198 percent to prior fiscal year date and then increased by 4.0 percent annually for each future year

45.22 (3) age-related select and ultimate future salary increase assumption or graded rate
 45.23 future salary increase assumption

45.24	45.25	45.26	45.27	45.28	45.29	45.30	45.31	45.32	45.33	45.34	45.35	45.36
	plan	general state employees retirement plan										
		correctional state employees retirement plan										
		State Patrol retirement plan										
		general public employees retirement plan										
		public employees police and fire fund retirement plan										
		local government correctional service retirement plan										
		teachers retirement plan										
		Duluth teachers retirement plan										
		St. Paul teachers retirement plan										

45.37 The select calculation is: during the
 45.38 designated select period, a designated
 45.39 percentage rate is multiplied by the result of
 45.40 the designated integer minus T, where T is the
 45.41 number of completed years of service, and is
 45.42 added to the applicable future salary increase

46.1 assumption. The designated select period is
 46.2 five years and the designated integer is five
 46.3 for the general state employees retirement
 46.4 plan ~~and the general public employees~~
 46.5 ~~retirement plan~~. The designated select period
 46.6 is ten years and the designated integer is ten
 46.7 for all other retirement plans covered by
 46.8 this clause. The designated percentage rate
 46.9 is: (1) 0.2 percent for the correctional state
 46.10 employees retirement plan, the State Patrol
 46.11 retirement plan, the public employees police
 46.12 and fire plan, and the local government
 46.13 correctional service plan; (2) 0.6 percent
 46.14 for the general state employees retirement
 46.15 plan ~~and the general public employees~~
 46.16 ~~retirement plan~~; and (3) 0.3 percent for the
 46.17 teachers retirement plan, the Duluth Teachers
 46.18 Retirement Fund Association, and the St.
 46.19 Paul Teachers Retirement Fund Association.
 46.20 The select calculation for the Duluth Teachers
 46.21 Retirement Fund Association is 8.00 percent
 46.22 per year for service years one through seven,
 46.23 7.25 percent per year for service years seven
 46.24 and eight, and 6.50 percent per year for
 46.25 service years eight and nine.

46.26 The ultimate future salary increase assumption is:

46.27	age	A	B	<u>€ B</u>	<u>Ɔ C</u>	<u>Ɛ D</u>	<u>Ƒ E</u>	<u>Ɔ F</u>	<u>H G</u>
46.28	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
46.29	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
46.30	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
46.31	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
46.32	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
46.33	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
46.34	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
46.35	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
46.36	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
46.37	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
46.38	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000

47.1	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
47.2	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
47.3	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
47.4	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
47.5	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
47.6	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
47.7	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
47.8	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
47.9	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
47.10	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
47.11	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
47.12	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
47.13	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
47.14	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
47.15	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
47.16	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
47.17	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
47.18	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
47.19	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
47.20	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
47.21	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
47.22	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
47.23	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
47.24	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
47.25	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
47.26	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
47.27	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
47.28	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
47.29	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
47.30	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
47.31	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
47.32	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
47.33	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
47.34	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
47.35	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
47.36	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
47.37	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
47.38	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
47.39	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
47.40	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
47.41	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
47.42	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
47.43	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500

48.1	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
48.2	71	4.25	4.00		5.20				

48.3 (4) service-related ultimate future salary increase assumption

48.4 general employees retirement plan of the Public
 48.5 Employees Retirement Association

48.6	<u>1</u>	<u>12.03%</u>
48.7	<u>2</u>	<u>8.90</u>
48.8	<u>3</u>	<u>7.46</u>
48.9	<u>4</u>	<u>6.58</u>
48.10	<u>5</u>	<u>5.97</u>
48.11	<u>6</u>	<u>5.52</u>
48.12	<u>7</u>	<u>5.16</u>
48.13	<u>8</u>	<u>4.87</u>
48.14	<u>9</u>	<u>4.63</u>
48.15	<u>10</u>	<u>4.42</u>
48.16	<u>11</u>	<u>4.24</u>
48.17	<u>12</u>	<u>4.08</u>
48.18	<u>13</u>	<u>3.94</u>
48.19	<u>14</u>	<u>3.82</u>
48.20	<u>15</u>	<u>3.70</u>
48.21	<u>16</u>	<u>3.60</u>
48.22	<u>17</u>	<u>3.51</u>
48.23	<u>18</u>	<u>3.50</u>
48.24	<u>19</u>	<u>3.50</u>
48.25	<u>20</u>	<u>3.50</u>
48.26	<u>21</u>	<u>3.50</u>
48.27	<u>22</u>	<u>3.50</u>
48.28	<u>23</u>	<u>3.50</u>
48.29	<u>24</u>	<u>3.50</u>
48.30	<u>25</u>	<u>3.50</u>
48.31	<u>26</u>	<u>3.50</u>
48.32	<u>27</u>	<u>3.50</u>
48.33	<u>28</u>	<u>3.50</u>
48.34	<u>29</u>	<u>3.50</u>
48.35	<u>30 or more</u>	<u>3.50</u>

48.36 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 48.37 payroll growth assumption for calculating the amortization requirement for the unfunded
 48.38 actuarial accrued liability where the amortization retirement is calculated as a level
 48.39 percentage of an increasing payroll:

48.40		payroll growth
48.41	plan	assumption
48.42	general state employees retirement plan	4.50%

49.1	correctional state employees retirement plan	4.50
49.2	State Patrol retirement plan	4.50
49.3	legislators retirement plan	4.50
49.4	judges retirement plan	4.00
49.5	general public employees retirement plan of the	
49.6	<u>Public Employees Retirement Association</u>	4.50 4.00
49.7	public employees police and fire retirement plan	4.50
49.8	local government correctional service retirement	
49.9	plan	4.50
49.10	teachers retirement plan	4.50
49.11	Duluth teachers retirement plan	4.50
49.12	St. Paul teachers retirement plan	5.00

49.13 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 49.14 apply, unless a different salary assumption or a different payroll increase assumption:

49.15 (1) has been proposed by the governing board of the applicable retirement plan;

49.16 (2) is accompanied by the concurring recommendation of the actuary retained under
 49.17 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 49.18 most recent actuarial valuation report if section 356.214 does not apply; and

49.19 (3) has been approved or deemed approved under subdivision 18.

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

49.21 Sec. 68. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11,
 49.22 is amended to read:

49.23 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
 49.24 the level normal cost, the actuarial valuation of the retirement plan must contain an
 49.25 exhibit for financial reporting purposes indicating the additional annual contribution
 49.26 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
 49.27 for contribution determination purposes indicating the additional contribution sufficient
 49.28 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
 49.29 subdivision 8, paragraph (c), the additional contribution must be calculated on a level
 49.30 percentage of covered payroll basis by the established date for full funding in effect when
 49.31 the valuation is prepared, assuming annual payroll growth at the applicable percentage
 49.32 rate set forth in subdivision 8, paragraph (c). For all other retirement plans, the additional
 49.33 annual contribution must be calculated on a level annual dollar amount basis.

49.34 (b) For any retirement plan other than the Minneapolis Employees Retirement Fund,
 49.35 the general employees retirement plan of the Public Employees Retirement Association,
 49.36 the general state employees retirement plan of the Minnesota State Retirement System,
 49.37 and the St. Paul Teachers Retirement Fund Association, if there has not been a change in

50.1 the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
50.2 change in the benefit plan governing annuities and benefits payable from the fund, a
50.3 change in the actuarial cost method used in calculating the actuarial accrued liability of all
50.4 or a portion of the fund, or a combination of the three, which change or changes by itself
50.5 or by themselves without inclusion of any other items of increase or decrease produce a
50.6 net increase in the unfunded actuarial accrued liability of the fund, the established date for
50.7 full funding is the first actuarial valuation date occurring after June 1, 2020.

50.8 (c) For any retirement plan other than the Minneapolis Employees Retirement
50.9 Fund and the general employees retirement plan of the Public Employees Retirement
50.10 Association, if there has been a change in any or all of the actuarial assumptions used
50.11 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
50.12 governing annuities and benefits payable from the fund, a change in the actuarial cost
50.13 method used in calculating the actuarial accrued liability of all or a portion of the fund,
50.14 or a combination of the three, and the change or changes, by itself or by themselves and
50.15 without inclusion of any other items of increase or decrease, produce a net increase in the
50.16 unfunded actuarial accrued liability in the fund, the established date for full funding must
50.17 be determined using the following procedure:

50.18 (i) the unfunded actuarial accrued liability of the fund must be determined in
50.19 accordance with the plan provisions governing annuities and retirement benefits and the
50.20 actuarial assumptions in effect before an applicable change;

50.21 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
50.22 needed to amortize the unfunded actuarial accrued liability amount determined under item
50.23 (i) by the established date for full funding in effect before the change must be calculated
50.24 using the interest assumption specified in subdivision 8 in effect before the change;

50.25 (iii) the unfunded actuarial accrued liability of the fund must be determined in
50.26 accordance with any new plan provisions governing annuities and benefits payable from
50.27 the fund and any new actuarial assumptions and the remaining plan provisions governing
50.28 annuities and benefits payable from the fund and actuarial assumptions in effect before
50.29 the change;

50.30 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
50.31 needed to amortize the difference between the unfunded actuarial accrued liability amount
50.32 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
50.33 under item (iii) over a period of 30 years from the end of the plan year in which the
50.34 applicable change is effective must be calculated using the applicable interest assumption
50.35 specified in subdivision 8 in effect after any applicable change;

51.1 (v) the level annual dollar or level percentage amortization contribution under item
51.2 (iv) must be added to the level annual dollar amortization contribution or level percentage
51.3 calculated under item (ii);

51.4 (vi) the period in which the unfunded actuarial accrued liability amount determined
51.5 in item (iii) is amortized by the total level annual dollar or level percentage amortization
51.6 contribution computed under item (v) must be calculated using the interest assumption
51.7 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
51.8 integral number of years, but not to exceed 30 years from the end of the plan year in
51.9 which the determination of the established date for full funding using the procedure set
51.10 forth in this clause is made and not to be less than the period of years beginning in the
51.11 plan year in which the determination of the established date for full funding using the
51.12 procedure set forth in this clause is made and ending by the date for full funding in effect
51.13 before the change; and

51.14 (vii) the period determined under item (vi) must be added to the date as of which
51.15 the actuarial valuation was prepared and the date obtained is the new established date
51.16 for full funding.

51.17 (d) For the Minneapolis Employees Retirement Fund, the established date for full
51.18 funding is June 30, 2020.

51.19 (e) For the general employees retirement plan of the Public Employees Retirement
51.20 Association, the established date for full funding is June 30, 2031.

51.21 (f) For the Teachers Retirement Association, the established date for full funding is
51.22 June 30, 2037.

51.23 (g) For the correctional state employees retirement plan of the Minnesota State
51.24 Retirement System, the established date for full funding is June 30, 2038.

51.25 (h) For the judges retirement plan, the established date for full funding is June
51.26 30, 2038.

51.27 (i) For the public employees police and fire retirement plan, the established date
51.28 for full funding is June 30, 2038.

51.29 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
51.30 full funding is June 30 of the 25th year from the valuation date. In addition to other
51.31 requirements of this chapter, the annual actuarial valuation shall contain an exhibit
51.32 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
51.33 comparing liabilities to the market value of the assets of the fund as of the close of the
51.34 most recent fiscal year.

51.35 (k) For the general state employees retirement plan of the Minnesota State
51.36 Retirement System, the established date for full funding is June 30, 2040.

52.1 (1) For the retirement plans for which the annual actuarial valuation indicates an
 52.2 excess of valuation assets over the actuarial accrued liability, the valuation assets in
 52.3 excess of the actuarial accrued liability must be recognized as a reduction in the current
 52.4 contribution requirements by an amount equal to the amortization of the excess expressed
 52.5 as a level percentage of pay over a 30-year period beginning anew with each annual
 52.6 actuarial valuation of the plan.

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

52.8 Sec. 69. Minnesota Statutes 2008, section 356.30, subdivision 1, is amended to read:

52.9 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any
 52.10 provisions of the laws governing the retirement plans enumerated in subdivision 3, a
 52.11 person who has met the qualifications of paragraph (b) may elect to receive a retirement
 52.12 annuity from each enumerated retirement plan in which the person has at least one-half
 52.13 year of allowable service, based on the allowable service in each plan, subject to the
 52.14 provisions of paragraph (c).

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

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

52.23 (2) the person has sufficient allowable service in total that equals or exceeds the
 52.24 applicable service credit vesting requirement of the retirement plan with the longest
 52.25 applicable service credit vesting requirement; and

52.26 ~~(2)~~ (3) the person has not begun to receive an annuity from any enumerated plan or
 52.27 the person has made application for benefits from each applicable plan and the effective
 52.28 dates of the retirement annuity with each plan under which the person chooses to receive
 52.29 an annuity are within a one-year period.

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

52.33 (1) the laws governing annuities must be the law in effect on the date of termination
 52.34 from the last period of public service under a covered retirement plan with which the

53.1 person earned a minimum of one-half year of allowable service credit during that
53.2 employment;

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

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

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

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

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

53.17 (e) For the purpose of computing annuities under this section, the accrual rates
53.18 used by any covered plan, except the public employees police and fire plan, the judges
53.19 retirement fund, and the State Patrol retirement plan, must not exceed the percent specified
53.20 in section 356.315, subdivision 4, per year of service for any year of service or fraction
53.21 thereof. The formula percentage used by the judges retirement fund must not exceed the
53.22 percentage rate specified in section 356.315, subdivision 8, per year of service for any
53.23 year of service or fraction thereof. The accrual rate used by the public employees police
53.24 and fire plan and the State Patrol retirement plan must not exceed the percentage rate
53.25 specified in section 356.315, subdivision 6, per year of service for any year of service or
53.26 fraction thereof. The accrual rate or rates used by the legislators retirement plan must not
53.27 exceed 2.5 percent, but this limit does not apply to the adjustment provided under section
53.28 3A.02, subdivision 1, paragraph (c).

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

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

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

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

54.6 Sec. 70. Minnesota Statutes 2008, section 356.302, subdivision 3, is amended to read:

54.7 Subd. 3. **General employee plan eligibility requirements.** A disabled member
54.8 of a covered retirement plan who has credit for allowable service in a combination of
54.9 general employee retirement plans is entitled to a combined service disability benefit
54.10 if the member:

54.11 (1) is less than the normal retirement age on the date of the application for the
54.12 disability benefit;

54.13 (2) has become totally and permanently disabled;

54.14 (3) has credit for allowable service in any combination of general employee
54.15 retirement plans totaling at least ~~three years~~ the number of years required by the applicable
54.16 retirement plan with the longest service credit requirement for disability benefit receipt;

54.17 (4) has credit for at least one-half year of allowable service with the current general
54.18 employee retirement plan before the commencement of the disability;

54.19 (5) has at least three continuous years of allowable service credit by the general
54.20 employee retirement plan or has at least a total of three years of allowable service credit
54.21 by a combination of general employee retirement plans in a 72-month period during
54.22 which no interruption of allowable service credit from a termination of employment
54.23 exceeded 29 days; and

54.24 (6) was not receiving a retirement annuity or disability benefit from any covered
54.25 general employee retirement plan at the time of the commencement of the disability.

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

54.27 Sec. 71. Minnesota Statutes 2008, section 356.302, subdivision 4, is amended to read:

54.28 Subd. 4. **Public safety plan eligibility requirements.** A disabled member of a
54.29 covered retirement plan who has credit for allowable service in a combination of public
54.30 safety employee retirement plans is entitled to a combined service disability benefit if the
54.31 member:

54.32 (1) has become occupationally disabled;

55.1 (2) has credit for allowable service in any combination of public safety employee
55.2 retirement plans totaling at least ~~one year~~ the minimum period of service credit required by
55.3 the applicable retirement plan with the longest service credit eligibility requirement for the
55.4 receipt of a duty-related disability benefit if the disability is duty-related or totaling at least
55.5 ~~three years~~ the minimum period of service credit required by the applicable retirement
55.6 plan with the longest service credit eligibility requirement for a disability benefit that is
55.7 not duty-related if the disability is not duty-related;

55.8 (3) has credit for at least one-half year of allowable service with the current public
55.9 safety employee retirement plan before the commencement of the disability; and

55.10 (4) was not receiving a retirement annuity or disability benefit from any covered
55.11 public safety employee retirement plan at the time of the commencement of the disability.

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

55.13 Sec. 72. Minnesota Statutes 2008, section 356.302, subdivision 5, is amended to read:

55.14 Subd. 5. **General and public safety plan eligibility requirements.** A disabled
55.15 member of a covered retirement plan who has credit for allowable service in a combination
55.16 of both a public safety employee retirement plan and general employee retirement plan
55.17 must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined
55.18 service disability benefit from the applicable general employee and public safety
55.19 employee retirement plans, except that the person need only be a member of a covered
55.20 retirement plan at the time of the commencement of the disability, that the person must
55.21 have allowable service credit for the applicable retirement plan with the longest service
55.22 credit eligibility requirement for the receipt of a disability benefit, and that the minimum
55.23 allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3)
55.24 and (4), may be met in any combination of covered retirement plans.

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

55.26 Sec. 73. Minnesota Statutes 2008, section 356.303, subdivision 2, is amended to read:

55.27 Subd. 2. **Entitlement; eligibility.** Notwithstanding any provision of law to the
55.28 contrary governing a covered retirement plan, a person who is the survivor of a deceased
55.29 member of a covered retirement plan may receive a combined service survivor benefit
55.30 from each covered retirement plan in which the deceased member had credit for at least
55.31 one-half year of allowable service if the deceased member:

55.32 (1) had credit for sufficient allowable service in any combination of covered
55.33 retirement plans to meet ~~any~~ the minimum allowable service credit requirement of the

56.1 applicable covered retirement fund with the longest allowable service credit requirement
 56.2 for qualification for a survivor benefit or annuity;

56.3 (2) had credit for at least one-half year of allowable service with the most recent
 56.4 covered retirement plan before the date of death and was an active member of that covered
 56.5 retirement plan on the date of death; and

56.6 (3) was not receiving a retirement annuity from any covered retirement plan on the
 56.7 date of death.

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

56.9 Sec. 74. Minnesota Statutes 2008, section 356.315, subdivision 5, is amended to read:

56.10 Subd. 5. **Correctional plan members.** The applicable benefit accrual rate is 2.4
 56.11 percent if employed as a correctional state employee before July 1, 2010, or 2.2 percent if
 56.12 employed as a correctional state employee after June 30, 2010.

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

56.14 Sec. 75. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 1, is
 56.15 amended to read:

56.16 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
 56.17 otherwise provided in subdivision 1a, 1b, 1c, 1d, or 1e, retirement annuity, disability
 56.18 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a
 56.19 postretirement adjustment annually on January 1, as follows:

56.20 (1) a postretirement increase of 2.5 percent must be applied each year, effective
 56.21 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
 56.22 been receiving an annuity or a benefit for at least 12 full months prior to the January 1
 56.23 increase; and

56.24 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 56.25 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5
 56.26 percent for each month that the person has been receiving an annuity or benefit must be
 56.27 applied, effective on January 1 following the calendar year in which the person has been
 56.28 retired for less than 12 months.

56.29 (b) The increases provided by this ~~section~~ subdivision commence on January 1, 2010.

56.30 (c) An increase in annuity or benefit payments under this section must be made
 56.31 automatically unless written notice is filed by the annuitant or benefit recipient with the
 56.32 executive director of the covered retirement plan requesting that the increase not be made.

57.1 (d) The retirement annuity payable to a person who retires before becoming eligible
57.2 for Social Security benefits and who has elected the optional payment as provided in
57.3 section 353.29, subdivision 6, ~~or 354.35~~ must be treated as the sum of a period certain
57.4 retirement annuity and a life retirement annuity for the purposes of any postretirement
57.5 adjustment. The period certain retirement annuity plus the life retirement annuity must be
57.6 the annuity amount payable until age 62 for section 353.29, subdivision 6, ~~or age 62, 65,~~
57.7 ~~or normal retirement age, as selected by the member at retirement, for an annuity amount~~
57.8 ~~payable under section 354.35.~~ A postretirement adjustment granted on the period certain
57.9 retirement annuity must terminate when the period certain retirement annuity terminates.

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

57.11 Sec. 76. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
57.12 a subdivision to read:

57.13 **Subd. 1a. Annual postretirement adjustments; Minnesota State Retirement**
57.14 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
57.15 benefit, or survivor benefit recipients of the legislators retirement plan, the general state
57.16 employees retirement plan, the correctional state employees retirement plan, the elected
57.17 state officers retirement plan, the unclassified state employees retirement program, and the
57.18 judges retirement plan are entitled to a postretirement adjustment annually on January
57.19 1, as follows:

57.20 (1) a postretirement increase of two percent must be applied each year, effective on
57.21 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
57.22 has been receiving an annuity or a benefit for at least 18 full months before the January 1
57.23 increase; and

57.24 (2) for each annuitant or benefit recipient who has been receiving an annuity or
57.25 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
57.26 percent for each month that the person has been receiving an annuity or benefit must be
57.27 applied, effective January 1, following the calendar year in which the person has been
57.28 retired for at least six months, but has been retired for less than 18 months.

57.29 (b) The increases provided by this subdivision commence on January 1, 2011.
57.30 Increases under this subdivision for the general state employees retirement plan, the
57.31 correctional state employees retirement plan, or the judges retirement plan terminate
57.32 on December 31 of the calendar year in which the actuarial valuation prepared by the
57.33 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
57.34 promulgated by the Legislative Commission on Pensions and Retirement indicates that the
57.35 market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial

58.1 accrued liability of the retirement plan and increases under subdivision 1 recommence
58.2 after that date. Increases under this subdivision for the legislators retirement plan or the
58.3 elected state officers retirement plan terminate on December 31 of the calendar year in
58.4 which the actuarial valuation prepared by the approved actuary under sections 356.214 and
58.5 356.215 and the standards for actuarial work promulgated by the Legislative Commission
58.6 on Pensions and Retirement indicates that the market value of assets of the general state
58.7 employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability
58.8 of the retirement plan and increases under subdivision 1 recommence after that date.

58.9 (c) An increase in annuity or benefit payments under this subdivision must be made
58.10 automatically unless written notice is filed by the annuitant or benefit recipient with the
58.11 executive director of the applicable covered retirement plan requesting that the increase
58.12 not be made.

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

58.14 Sec. 77. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
58.15 a subdivision to read:

58.16 Subd. 1b. **Annual postretirement adjustments; PERA; general employees**
58.17 **retirement plan and local government correctional retirement plan.** (a) Retirement
58.18 annuity, disability benefit, or survivor benefit recipients of the general employees
58.19 retirement plan of the Public Employees Retirement Association and the local government
58.20 correctional service retirement plan are entitled to a postretirement adjustment annually
58.21 on January 1, as follows:

58.22 (1) for January 1, 2011, and each successive January 1 until funding stability is
58.23 restored for the applicable retirement plan, a postretirement increase of one percent must
58.24 be applied each year, effective on January 1, to the monthly annuity or benefit amount of
58.25 each annuitant or benefit recipient who has been receiving an annuity or benefit for at least
58.26 12 full months as of the current June 30;

58.27 (2) for January 1, 2011, and each successive January 1 until funding stability is
58.28 restored for the applicable retirement plan, for each annuitant or benefit recipient who has
58.29 been receiving an annuity or a benefit for at least one full month, but less than 12 full
58.30 months as of the current June 30, an annual postretirement increase of 1/12 of one percent
58.31 for each month the person has been receiving an annuity or benefit must be applied;

58.32 (3) for each January 1 following the restoration of funding stability for the applicable
58.33 retirement plan, a postretirement increase of 2.5 percent must be applied each year,
58.34 effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit

59.1 recipient who has been receiving an annuity or benefit for at least 12 full months as of
59.2 the current June 30; and

59.3 (4) for each January 1 following restoration of funding stability for the applicable
59.4 retirement plan, for each annuity or benefit recipient who has been receiving an annuity or
59.5 a benefit for at least one full month, but less than 12 full months as of the current June
59.6 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person
59.7 has been receiving an annuity or benefit must be applied.

59.8 (b) Funding stability is restored when the market value of assets of the applicable
59.9 retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the
59.10 applicable plan in the most recent prior actuarial valuation prepared under section 356.215
59.11 and the standards for actuarial work by the approved actuary retained by the Public
59.12 Employees Retirement Association under section 356.214.

59.13 (c) If, after applying the increase as provided for in paragraph (a), clauses (3)
59.14 and (4), the market value of the applicable retirement plan is determined in the next
59.15 subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent
59.16 of the actuarial accrued liability of any of the applicable Public Employees Retirement
59.17 Association plans, the increase provided in paragraph (a), clauses (1) and (2), are to be
59.18 applied as of the next successive January until funding stability is again restored.

59.19 (d) An increase in annuity or benefit payments under this section must be made
59.20 automatically unless written notice is filed by the annuitant or benefit recipient with the
59.21 executive director of the Public Employees Retirement Association requesting that the
59.22 increase not be made.

59.23 (e) The retirement annuity payable to a person who retires before becoming eligible
59.24 for Social Security benefits and who has elected the optional payment, as provided in
59.25 section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement
59.26 annuity and a life retirement annuity for the purposes of any postretirement adjustment.
59.27 The period-certain retirement annuity plus the life retirement annuity must be the
59.28 annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement
59.29 adjustment granted on the period-certain retirement annuity must terminate when the
59.30 period-certain retirement annuity terminates.

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

59.32 Sec. 78. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
59.33 a subdivision to read:

59.34 Subd. 1c. **Annual postretirement adjustments; PERA-P&F.** (a) Retirement
59.35 annuity, disability benefit, or survivor benefit recipients of the public employees police

60.1 and fire retirement plan are entitled to a postretirement adjustment annually on January
60.2 1, as follows:

60.3 (1) for January 1, 2011, and for January 1, 2012, for each annuitant or benefit
60.4 recipient who has been receiving the annuity or benefit for at least 12 full months as of the
60.5 immediate preceding June 30, an amount equal to one percent in each year;

60.6 (2) for January 1, 2011, and for January 1, 2012, for each annuitant or benefit
60.7 recipient who has been receiving the annuity or benefit for at least one full month as of the
60.8 immediate preceding June 30, an amount equal to 1/12 of one percent in each year;

60.9 (3) for January 1, 2013, and each successive January 1 that follows the loss of
60.10 funding stability as defined under paragraph (b) until funding stability as defined under
60.11 paragraph (b) is again restored, for each annuitant or benefit recipient who has been
60.12 receiving the annuity or benefit for at least 12 full months as of the immediate preceding
60.13 June 30, an amount equal to the percentage increase in the Consumer Price Index for
60.14 urban wage earners and clerical workers all items index published by the Bureau of Labor
60.15 Statistics of the United States Department of Labor between the immediate preceding June
60.16 30 and the June 30 occurring 12 months previous, but not to exceed 1.5 percent;

60.17 (4) for January 1, 2013, and each successive January 1 that follows the loss of
60.18 funding stability as defined under paragraph (b) until funding stability as defined under
60.19 paragraph (b) is again restored, for each annuitant or benefit recipient who has been
60.20 receiving the annuity or benefit for at least one full month as of the immediate preceding
60.21 June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index
60.22 for urban wage earners and clerical workers all items index published by the Bureau
60.23 of Labor Statistics of the United States Department of Labor between the immediate
60.24 preceding June 30 and the June 30 occurring 12 months previous for each full month of
60.25 annuity or benefit receipt, but not to exceed 1/12 of 1.5 percent for each full month of
60.26 annuity or benefit receipt;

60.27 (5) for each January 1 following the restoration of funding stability as defined under
60.28 paragraph (b) and during the continuation of funding stability as defined under paragraph
60.29 (b), for each annuitant or benefit recipient who has been receiving the annuity or benefit
60.30 for at least 12 full months as of the immediate preceding June 30, an amount equal to the
60.31 percentage increase in the Consumer Price Index for urban wage earners and clerical
60.32 workers all items index published by the Bureau of Labor Statistics of the United States
60.33 Department of Labor between the immediate preceding June 30 and the June 30 occurring
60.34 12 months previous, but not to exceed 2.5 percent; and

60.35 (6) for each January 1 following the restoration of funding stability as defined under
60.36 paragraph (b) and during the continuation of funding stability as defined under paragraph

61.1 (b), for each annuitant or benefit recipient who has been receiving the annuity or benefit
61.2 for at least one full month as of the immediate preceding June 30, an amount equal to
61.3 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and
61.4 clerical workers all items index published by the Bureau of Labor Statistics of the United
61.5 States Department of Labor between the immediate preceding June 30 and the June 30
61.6 occurring 12 months previous for each full month of annuity or benefit receipt, but not to
61.7 exceed 1/12 of 2.5 percent for each full month of annuity or benefit receipt.

61.8 (b) Funding stability is restored when the market value of assets of the public
61.9 employees police and fire retirement plan equals or exceeds 90 percent of the actuarial
61.10 accrued liabilities of the applicable plan in the most recent prior actuarial valuation
61.11 prepared under section 356.215 and under the standards for actuarial work of the
61.12 Legislative Commission on Pensions and Retirement by the approved actuary retained by
61.13 the Public Employees Retirement Association under section 356.214.

61.14 (c) An increase in annuity or benefit payments under this section must be made
61.15 automatically unless written notice is filed by the annuitant or benefit recipient with the
61.16 executive director of the Public Employees Retirement Association requesting that the
61.17 increase not be made.

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

61.19 Sec. 79. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
61.20 a subdivision to read:

61.21 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

61.22 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
61.23 Retirement Association are entitled to a postretirement adjustment annually on January
61.24 1, as follows:

61.25 (1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

61.26 (2) for January 1, 2013, and each successive January 1 until funding stability is
61.27 restored, a postretirement increase of two percent must be applied each year, effective on
61.28 January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient
61.29 who has been receiving an annuity or a benefit for at least 18 full months prior to the
61.30 January 1 increase;

61.31 (3) for January 1, 2013, and each successive January 1 until funding stability is
61.32 restored, for each annuitant or benefit recipient who has been receiving an annuity or
61.33 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
61.34 percent for each month the person has been receiving an annuity or benefit must be

62.1 applied, effective January 1, following the year in which the person has been retired
62.2 for less than 12 months;

62.3 (4) for each January 1 following the restoration of funding stability, a postretirement
62.4 increase of 2.5 percent must be applied each year, effective January 1, to the monthly
62.5 annuity or benefit amount of each annuitant or benefit recipient who has been receiving an
62.6 annuity or a benefit for at least 18 full months prior to the January 1 increase; and

62.7 (5) for each January 1 following the restoration of funding stability, for each
62.8 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least
62.9 six full months, an annual postretirement increase of 1/12 of 2.5 percent for each month
62.10 the person has been receiving an annuity or benefit must be applied, effective January 1,
62.11 following the year in which the person has been retired for less than 12 months.

62.12 (b) Funding stability is restored when the market value of assets of the Teachers
62.13 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of
62.14 the Teachers Retirement Association in the most recent prior actuarial valuation prepared
62.15 under section 356.215 and the standards for actuarial work by the approved actuary
62.16 retained by the Teachers Retirement Association under section 356.214.

62.17 (c) An increase in annuity or benefit payments under this section must be made
62.18 automatically unless written notice is filed by the annuitant or benefit recipient with the
62.19 executive director of the Teachers Retirement Association requesting that the increase
62.20 not be made.

62.21 (d) The retirement annuity payable to a person who retires before becoming eligible
62.22 for Social Security benefits and who has elected the optional payment as provided in
62.23 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
62.24 retirement annuity for the purposes of any postretirement adjustment. The period-certain
62.25 retirement annuity plus the life retirement annuity must be the annuity amount payable
62.26 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
62.27 annuity amount payable under section 354.35. A postretirement adjustment granted on
62.28 the period-certain retirement annuity must terminate when the period-certain retirement
62.29 annuity terminates.

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

62.31 Sec. 80. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
62.32 a subdivision to read:

62.33 **Subd. 1e. Annual postretirement adjustments; State Patrol retirement plan.**

62.34 **(a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol**

63.1 retirement plan are entitled to a postretirement adjustment annually on January 1, as
63.2 follows:

63.3 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
63.4 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
63.5 has been receiving an annuity or a benefit for at least 18 full months before the January 1
63.6 increase; and

63.7 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
63.8 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent
63.9 for each month that the person has been receiving an annuity or benefit must be applied,
63.10 effective January 1, following the calendar year in which the person has been retired for at
63.11 least six months, but has been retired for less than 18 months.

63.12 (b) The increases provided by this subdivision commence on January 1, 2011.
63.13 Increases under this subdivision for the State Patrol retirement plan terminate on December
63.14 31 of the calendar year in which the actuarial valuation prepared by the approved actuary
63.15 under sections 356.214 and 356.215 and the standards for actuarial work promulgated by
63.16 the Legislative Commission on Pensions and Retirement indicates that the market value of
63.17 assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability
63.18 of the retirement plan and increases under subdivision 1 recommence after that date.

63.19 (c) An increase in annuity or benefit payments under this subdivision must be made
63.20 automatically unless written notice is filed by the annuitant or benefit recipient with the
63.21 executive director of the applicable covered retirement plan requesting that the increase
63.22 not be made.

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

63.24 Sec. 81. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
63.25 a subdivision to read:

63.26 Subd. 3. **Actuarial valuation reports until funding is stabilized.** Notwithstanding
63.27 any provision of section 356.215, subdivision 8, to the contrary, until the actuarial
63.28 valuations, prepared annually by the approved actuary under sections 356.214 and
63.29 356.215 and the standards for actuarial work promulgated by the Legislative Commission
63.30 on Pensions and Retirement, indicate that the market value of assets of the applicable
63.31 covered plans equals or exceeds 90 percent of the actuarial accrued liabilities, the actuarial
63.32 valuation reports must utilize a postretirement interest rate assumption that is equal to the
63.33 difference between the preretirement interest rate assumption provided in section 356.215,
63.34 subdivision 8, and the stated annual postretirement adjustment rate provided under this
63.35 section, as applicable to each covered plan.

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

64.2 Sec. 82. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

64.3 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
 64.4 period ends relating to the reemployment that gave rise to the limitation, and the filing of a
 64.5 written application, the retired member is entitled to the payment, in a lump sum, of the
 64.6 value of the person's amount under subdivision 2, plus annual compound interest ~~at~~. For
 64.7 the general state employees retirement plan, the correctional state employees retirement
 64.8 plan, the general employees retirement plan of the Public Employees Retirement
 64.9 Association, the public employees police and fire retirement plan, the local government
 64.10 correctional employees retirement plan, and the teachers retirement plan, the annual
 64.11 interest rate is six percent from the date on which the amount was deducted from the
 64.12 retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and
 64.13 no interest after January 1, 2011. For the Duluth Teachers Retirement Fund Association,
 64.14 the annual interest is six percent from the date on which the amount was deducted from the
 64.15 retirement annuity to the date of payment or until June 30, 2010, whichever is earlier, and
 64.16 no interest after June 30, 2010. For the St. Paul Teachers Retirement Fund Association,
 64.17 the annual interest is the ~~compound annual~~ rate of six percent from the date that the
 64.18 amount was deducted from the retirement annuity to the date of payment.

64.19 (b) The written application must be on a form prescribed by the chief administrative
 64.20 officer of the applicable retirement plan.

64.21 (c) If the retired member dies before the payment provided for in paragraph (a) is
 64.22 made, the amount is payable, upon written application, to the deceased person's surviving
 64.23 spouse, or if none, to the deceased person's designated beneficiary, or if none, to the
 64.24 deceased person's estate.

64.25 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
 64.26 or after the payment date under paragraph (a), if the federal Internal Revenue Code so
 64.27 permits, the retired member may elect to have all or any portion of the payment amount
 64.28 under this section paid in the form of a direct rollover to an eligible retirement plan as
 64.29 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
 64.30 retired member. If the retired member dies with a balance remaining payable under this
 64.31 section, the surviving spouse of the retired member, or if none, the deceased person's
 64.32 designated beneficiary, or if none, the administrator of the deceased person's estate may
 64.33 elect a direct rollover under this paragraph.

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

65.1 Sec. 83. Minnesota Statutes 2009 Supplement, section 423A.02, subdivision 3, is
65.2 amended to read:

65.3 Subd. 3. **Reallocation of amortization or supplementary amortization state**
65.4 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year
65.5 amortization aid and supplemental amortization aid distributed under subdivisions 1
65.6 and 1a that is not distributed for any reason to a municipality for use by a local police
65.7 or salaried fire relief association must be distributed by the commissioner of revenue
65.8 according to this paragraph. The commissioner shall distribute 50 percent of the amounts
65.9 derived under this paragraph to the Teachers Retirement Association, ten percent to the
65.10 Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers
65.11 Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the
65.12 respective funds. These payments shall be made on or before June 30 each fiscal year. If
65.13 the St. Paul Teachers Retirement Fund Association becomes fully funded, its eligibility
65.14 for this aid ceases. Amounts remaining in the undistributed balance account at the end of
65.15 the biennium if aid eligibility ceases cancel to the general fund.

65.16 (b) In order to receive amortization and supplementary amortization aid under
65.17 paragraph (a), Independent School District No. 625, St. Paul, must make contributions
65.18 to the St. Paul Teachers Retirement Fund Association in accordance with the following
65.19 schedule:

65.20	Fiscal Year	Amount
65.21	1996	\$ 0
65.22	1997	\$ 0
65.23	1998	\$ 200,000
65.24	1999	\$ 400,000
65.25	2000	\$ 600,000
65.26	2001 and thereafter	\$ 800,000

65.27 (c) Special School District No. 1, Minneapolis, and the city of Minneapolis must
65.28 each make contributions to the Teachers Retirement Association in accordance with the
65.29 following schedule:

65.30	Fiscal Year	City amount	School district amount
65.31			
65.32	1996	\$ 0	\$ 0
65.33	1997	\$ 0	\$ 0
65.34	1998	\$ 250,000	\$ 250,000
65.35	1999	\$ 400,000	\$ 400,000
65.36	2000	\$ 550,000	\$ 550,000
65.37	2001	\$ 700,000	\$ 700,000

66.1	2002	\$ 850,000	\$ 850,000
66.2	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

66.3 ~~(d) Money contributed under paragraph (a) and either paragraph (b) or (c), as~~
 66.4 ~~applicable, must be credited to a separate account in the applicable teachers retirement~~
 66.5 ~~fund and may not be used in determining any benefit increases. The separate account~~
 66.6 ~~terminates for a fund when the aid payments to the fund under paragraph (a) cease.~~

66.7 ~~(e)~~ (d) Thirty percent of the difference between \$5,720,000 and the current year
 66.8 amortization aid and supplemental amortization aid under subdivisions 1 and 1a that is not
 66.9 distributed for any reason to a municipality for use by a local police or salaried firefighter
 66.10 relief association must be distributed under section 69.021, subdivision 7, paragraph (d),
 66.11 as additional funding to support a minimum fire state aid amount for volunteer firefighter
 66.12 relief associations.

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

66.14 Sec. 84. **LOCAL RETIREMENT FUND INVESTMENT AUTHORITIES**
 66.15 **STUDY.**

66.16 A study group consisting of representatives from pension plans subject to Minnesota
 66.17 Statutes, section 356A.06, subdivision 6 or 7, shall be convened by the state auditor to
 66.18 study investment-related provisions, authorities, and limitations under Minnesota Statutes,
 66.19 chapter 356A, and related sections of other chapters. Administrative support for the
 66.20 study group shall be provided by the state auditor. The study group shall prepare a
 66.21 report to include an assessment of the effectiveness of current statutory prescriptions,
 66.22 options for change, and recommendations for consideration by the governor and the
 66.23 legislature during the 2011 legislative session. The report will be provided no later than
 66.24 January 15, 2011, to the executive director of the Legislative Commission on Pensions and
 66.25 Retirement, the chair and ranking minority caucus member of the senate State and Local
 66.26 Government Operations and Oversight Committee, and the chair and ranking minority
 66.27 caucus member of the house State and Local Government Operations Reform, Technology
 66.28 and Elections Committee.

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

66.30 Sec. 85. **BYLAW AUTHORIZATION.**

66.31 Consistent with the requirements of Minnesota Statutes, section 354A.12,
 66.32 subdivision 4, the board of the Duluth Teachers Retirement Fund Association is authorized

67.1 to revise the bylaws or articles of incorporation so that the requirements of this act apply
67.2 to the old law coordinated program.

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

67.4 Sec. 86. **REPEALER.**

67.5 Minnesota Statutes 2008, section 354A.27, subdivision 1, is repealed.

67.6 **EFFECTIVE DATE.** This section is effective July 1, 2010.

67.7 **ARTICLE 2**

67.8 **MSRS ADMINISTRATIVE PROVISIONS**

67.9 Section 1. Minnesota Statutes 2008, section 352.01, subdivision 2a, is amended to read:

67.10 Subd. 2a. **Included employees.** (a) "State employee" includes:

67.11 (1) employees of the Minnesota Historical Society;

67.12 (2) employees of the State Horticultural Society;

67.13 (3) employees of the Minnesota Crop Improvement Association;

67.14 (4) employees of the adjutant general ~~who~~ whose salaries are paid from federal funds
67.15 and who are not covered by any federal civilian employees retirement system;

67.16 (5) employees of the Minnesota State Colleges and Universities who are employed
67.17 under the university or college activities program;

67.18 (6) currently contributing employees covered by the system who are temporarily
67.19 employed by the legislature during a legislative session or any currently contributing
67.20 employee employed for any special service as defined in subdivision 2b, clause (8);

67.21 (7) employees of the legislature who are appointed without a limit on the duration
67.22 of their employment and persons employed or designated by the legislature or by a
67.23 legislative committee or commission or other competent authority to conduct a special
67.24 inquiry, investigation, examination, or installation;

67.25 (8) trainees who are employed on a full-time established training program
67.26 performing the duties of the classified position for which they will be eligible to receive
67.27 immediate appointment at the completion of the training period;

67.28 (9) employees of the Minnesota Safety Council;

67.29 (10) any employees who are on authorized leave of absence from the Transit
67.30 Operating Division of the former Metropolitan Transit Commission and who are employed
67.31 by the labor organization which is the exclusive bargaining agent representing employees
67.32 of the Transit Operating Division;

68.1 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
 68.2 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito
 68.3 Control Commission, ~~or Metropolitan Radio Board~~ unless excluded under subdivision 2b
 68.4 or are covered by another public pension fund or plan under section 473.415, subdivision 3;

68.5 (12) judges of the Tax Court;

68.6 (13) personnel who were employed on June 30, 1992, by the University of
 68.7 Minnesota in the management, operation, or maintenance of its heating plant facilities,
 68.8 whose employment transfers to an employer assuming operation of the heating plant
 68.9 facilities, so long as the person is employed at the University of Minnesota heating plant
 68.10 by that employer or by its successor organization;

68.11 (14) personnel who are employed as seasonal help employees in the classified or
 68.12 unclassified service ~~employed by the Department of Revenue;~~

68.13 (15) persons who are employed by the Department of Commerce as a peace officer
 68.14 in the Insurance Fraud Prevention Division under section 45.0135 who have attained the
 68.15 mandatory retirement age specified in section 43A.34, subdivision 4;

68.16 (16) employees of the University of Minnesota unless excluded under subdivision
 68.17 2b, clause (3);

68.18 (17) employees of the Middle Management Association whose employment began
 68.19 after July 1, 2007, and to whom section 352.029 does not apply; and

68.20 (18) employees of the Minnesota Government Engineers Council to whom section
 68.21 352.029 does not apply.

68.22 (b) Employees specified in paragraph (a), clause (13), are included employees under
 68.23 paragraph (a) if employer and employee contributions are made in a timely manner in the
 68.24 amounts required by section 352.04. Employee contributions must be deducted from
 68.25 salary. Employer contributions are the sole obligation of the employer assuming operation
 68.26 of the University of Minnesota heating plant facilities or any successor organizations to
 68.27 that employer.

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

68.29 Sec. 2. Minnesota Statutes 2008, section 352.03, subdivision 4, is amended to read:

68.30 Subd. 4. **Duties and powers of board of directors.** (a) The board shall:

68.31 (1) elect a chair;

68.32 (2) appoint an executive director;

68.33 (3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D,
 68.34 and 490 and transact the business of the system, subject to the limitations of law;

69.1 (4) consider and dispose of, or take any other action the board of directors deems
 69.2 appropriate concerning, denials of applications for annuities or disability benefits under
 69.3 this chapter, chapter 3A, 352B, 352C, 352D, or 490, and complaints of employees and
 69.4 others pertaining to the retirement of employees and the operation of the system;

69.5 (5) oversee the administration of the ~~state~~ deferred compensation plan established
 69.6 in section 352.965; and

69.7 (6) oversee the administration of the health care savings plan established in section
 69.8 352.98.

69.9 (b) The board shall advise the director on any matters relating to the system and
 69.10 carrying out functions and purposes of this chapter. The board's advice shall control.

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

69.12 Sec. 3. Minnesota Statutes 2008, section 352.04, subdivision 9, is amended to read:

69.13 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from the
 69.14 salary of an employee for the retirement fund in ~~error~~ excess of required amounts must,
 69.15 upon discovery and verification by the department making the deduction, be refunded to
 69.16 the employee.

69.17 (b) If a deduction for the retirement fund is taken from a salary warrant or check,
 69.18 and the check is canceled or the amount of the warrant or check returned to the funds of
 69.19 the department making the payment, the sum deducted, or the part of it required to adjust
 69.20 the deductions, must be refunded to the department or institution if the department applies
 69.21 for the refund on a form furnished by the director. The department's payments must
 69.22 likewise be refunded to the department.

69.23 ~~(c) Employee deductions and employer contributions taken in error may be directly~~
 69.24 ~~transferred, without interest, to another Minnesota public employee retirement plan by~~
 69.25 ~~which the employee is actually covered.~~

69.26 ~~For purposes of this subdivision, a Minnesota public pension plan means a plan~~
 69.27 ~~specified in section 356.30, subdivision 3, or the plan governed by chapter 354B.~~

69.28 (c) If erroneous employee deductions and employer contributions are caused by an
 69.29 error in plan coverage involving the plan and any other plans specified in section 356.99,
 69.30 that section applies. If the employee should have been covered by the plan governed by
 69.31 chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions
 69.32 taken in error must be directly transferred to the applicable employee's account in the
 69.33 correct retirement plan, with interest at the rate of 0.71 percent per month, compounded
 69.34 annually, from the first day of the month following the month in which coverage should

70.1 have commenced in the correct defined contribution plan until the end of the month in
70.2 which the transfer occurs.

70.3 **EFFECTIVE DATE.** This section is effective July 1, 2010.

70.4 Sec. 4. Minnesota Statutes 2008, section 352.115, subdivision 10, is amended to read:

70.5 Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received
70.6 as a temporary employee of the legislature during a legislative session, if any retired
70.7 employee again becomes entitled to receive salary or wages from ~~the state, or any~~
70.8 employer who employs state employees as that term is defined in section 352.01,
70.9 subdivision 2, ~~other than salary or wages received as a temporary employee of the~~
70.10 ~~legislature during a legislative session~~ in a position covered by this chapter, the annuity or
70.11 retirement allowance ~~shall~~ must cease when the retired employee has earned an amount
70.12 equal to the annual maximum earnings allowable for that age for the continued receipt of
70.13 full benefit amounts monthly under the federal old age, survivors, and disability insurance
70.14 program as set by the secretary of health and human services under United States Code,
70.15 title 42, section 403, in any calendar year. If the retired employee has not yet reached the
70.16 minimum age for the receipt of Social Security benefits, the maximum earnings for the
70.17 retired employee ~~shall be~~ are equal to the annual maximum earnings allowable for the
70.18 minimum age for the receipt of Social Security benefits.

70.19 (b) The balance of the annual retirement annuity after cessation must be handled or
70.20 disposed of as provided in section 356.47.

70.21 (c) The annuity must be resumed when state service ends, or, if the retired employee
70.22 is still employed at the beginning of the next calendar year, at the beginning of that
70.23 calendar year, and payment must again end when the retired employee has earned the
70.24 applicable reemployment earnings maximum specified in this subdivision. If the retired
70.25 employee is granted a sick leave without pay, but not otherwise, the annuity or retirement
70.26 allowance must be resumed during the period of sick leave.

70.27 (d) No payroll deductions for the retirement fund may be made from the earnings of
70.28 a reemployed retired employee.

70.29 (e) No change ~~shall~~ may be made in the monthly amount of an annuity or retirement
70.30 allowance because of the reemployment of an annuitant.

70.31 (f) If a reemployed annuitant whose annuity is suspended under paragraph (a)
70.32 is having insurance premium amounts withheld under section 356.87, subdivision 2,
70.33 insurance premium amounts must continue to be withheld and transferred from the
70.34 suspended portion of the annuity. The balance of the annual retirement annuity after

71.1 cessation, after deduction of the insurance premium amounts, must be treated as specified
71.2 in paragraph (b).

71.3 **EFFECTIVE DATE.** This section is effective January 1, 2010.

71.4 Sec. 5. Minnesota Statutes 2008, section 352.91, is amended by adding a subdivision
71.5 to read:

71.6 **Subd. 6. Correction of plan coverage errors.** If erroneous employee deductions
71.7 and employer contributions are caused by an error in plan coverage involving the
71.8 correctional state employees retirement plan and any other plan specified in section
71.9 356.99, that section applies.

71.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

71.11 Sec. 6. Minnesota Statutes 2008, section 352.965, subdivision 1, is amended to read:

71.12 Subdivision 1. **Establishment.** (a) The Minnesota ~~state~~ deferred compensation plan
71.13 is established. For purposes of this section, "plan" means the Minnesota ~~state~~ deferred
71.14 compensation plan, unless the context clearly indicates otherwise. The Minnesota State
71.15 Retirement System shall administer the plan.

71.16 (b) The purpose of the plan is to provide a means for a public employee to contribute
71.17 a portion of the employee's compensation to a tax-deferred investment account. The plan
71.18 is an eligible tax-deferred compensation plan under section 457(b) of the Internal Revenue
71.19 Code, United States Code, title 26, section 457(b), and the applicable regulations under
71.20 Code of Federal Regulations, title 26, parts 1.457-3 to 1.457-10.

71.21 (c) The board of directors of the Minnesota State Retirement System is the plan
71.22 trustee and plan sponsor. The board's executive director is the plan administrator. Fiduciary
71.23 activities of the plan must be undertaken in a manner consistent with chapter 356A.

71.24 (d) The executive director, with the approval of the board of directors, shall
71.25 adopt and amend, as required to maintain tax-qualified status, a written plan document
71.26 specifying the material terms and conditions for eligibility, benefits, applicable limitations,
71.27 and the time and form under which benefit distributions can be made. With the approval
71.28 of the board of directors, the executive director may also establish policies and procedures
71.29 necessary for the administration of the deferred compensation plan.

71.30 (e) The plan document ~~shall~~ must include provisions that are necessary to cause the
71.31 plan to be an eligible deferred compensation plan within the meaning of section 457(b) of
71.32 the Internal Revenue Code. The plan document may provide additional administrative and
71.33 substantive provisions consistent with state law, provided that those provisions ~~will~~ do

72.1 not cause the plan to fail to be an eligible deferred compensation plan within the meaning
 72.2 of section 457(b) of the Internal Revenue Code and may include provisions for certain
 72.3 optional features and services.

72.4 (f) The board of directors may authorize the executive director to establish and
 72.5 administer a Roth 457 plan if authorized by the Internal Revenue Code or a Roth
 72.6 individual retirement account as defined under section 408A of the Internal Revenue Code.

72.7 (g) All amounts contributed to the deferred compensation plan and all earnings
 72.8 on those amounts must be held in trust, in custodial accounts, or in qualifying annuity
 72.9 contracts for the exclusive benefit of the plan participants and beneficiaries, as required by
 72.10 section 457(g) of the Internal Revenue Code and in accordance with sections 356.001 and
 72.11 356A.06, subdivision 1.

72.12 (h) The information and data maintained in the accounts of the participants and
 72.13 beneficiaries are private data and ~~shall~~ must not be disclosed to anyone other than the
 72.14 participant or beneficiary pursuant to a court order or ~~pursuant to~~ under section 356.49.

72.15 (i) The plan document is not subject to the rule adoption process under the
 72.16 Administrative Procedures Act, including section 14.386, but must conform with
 72.17 applicable federal and state laws.

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

72.19 Sec. 7. Minnesota Statutes 2008, section 352.965, subdivision 2, is amended to read:

72.20 Subd. 2. **Right to participate in deferred compensation plan.** (a) At the request
 72.21 of an officer or employee of the state, an officer or employee of a political subdivision, or
 72.22 an employee covered by a retirement fund in section 356.20, subdivision 2, the appointing
 72.23 authority shall defer the payment of part of the compensation of the public officer or
 72.24 employee through payroll deduction.

72.25 (b) The amount to be deferred must be as provided in ~~a written~~ an agreement
 72.26 between the officer or employee and the ~~public employer~~ plan sponsor. The agreement
 72.27 must be in a form specified by the executive director of the Minnesota State Retirement
 72.28 System and must be consistent with the requirements for an eligible plan under federal
 72.29 and state tax laws, regulations, and rulings.

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

72.31 Sec. 8. Minnesota Statutes 2009 Supplement, section 352B.011, subdivision 3, is
 72.32 amended to read:

72.33 Subd. 3. **Allowable service.** (a) "Allowable service" means:

73.1 (1) service in a month during which a member is paid a salary from which a member
73.2 contribution is deducted, deposited, and credited in the State Patrol retirement fund;

73.3 (2) for members defined in subdivision 10, clause (1), service in any month for
73.4 which payments have been made to the State Patrol retirement fund under law; ~~and~~

73.5 (3) for members defined in subdivision 10, clauses (2) and (3), service for which
73.6 payments have been made to the State Patrol retirement fund under law, service for which
73.7 payments were made to the State Police officers retirement fund under law after June
73.8 30, 1961, and all prior service which was credited to a member for service on or before
73.9 June 30, 1961;

73.10 (4) any period of authorized leave of absence without pay that does not exceed one
73.11 year and for which the employee obtains credit by payment to the fund under section
73.12 352B.013; and

73.13 (5) eligible periods of uniformed service for which the member obtained service
73.14 credit by payment under section 352B.086 to the fund.

73.15 (b) Allowable service also includes any period of absence from duty by a member
73.16 who, by reason of injury incurred in the performance of duty, is temporarily disabled and
73.17 for which disability the state is liable under the workers' compensation law, until the date
73.18 authorized by the executive director for commencement of payment of a disability benefit
73.19 or until the date of a return to employment.

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

73.21 Sec. 9. **[352B.013] AUTHORIZED LEAVE OF ABSENCE SERVICE CREDIT**
73.22 **PURCHASE PROCEDURE.**

73.23 Subdivision 1. **Application.** This section specifies the procedure for purchasing
73.24 service credit in the State Patrol retirement plan for authorized leaves of absence under
73.25 section 352B.011, subdivision 3, unless an alternative payment procedure is specified in
73.26 law for a particular form of leave or break in service.

73.27 Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in
73.28 this chapter may purchase credit for allowable service in the plan for a period specified
73.29 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
73.30 whichever applies. The employing unit, at its option, may pay the employer portion of the
73.31 amount specified in paragraph (b) on behalf of its employees.

73.32 (b) If payment is received by the executive director within one year from the date
73.33 the employee returned to work following the authorized leave, the payment amount is
73.34 equal to the employee and employer contribution rates specified in section 352B.02 at the
73.35 end of the leave period multiplied by the employee's hourly rate of salary on the date of

74.1 return from the leave of absence and by the days and months of the leave of absence for
 74.2 which the employee is eligible for allowable service credit. The payment must include
 74.3 compound interest at a monthly rate of 0.71 percent from the last day of the leave period
 74.4 until the last day of the month in which payment is received. If payment is received by the
 74.5 executive director after one year from the date the employee returned to work following
 74.6 the authorized leave, the payment amount is the amount determined under section
 74.7 356.551. Payment under this paragraph must be made before the date of termination from
 74.8 public employment covered under this chapter.

74.9 (c) If the employee terminates employment covered by this chapter during the leave
 74.10 or following the leave rather than returning to covered employment, payment must
 74.11 be received by the executive director within 30 days after the termination date. The
 74.12 payment amount is equal to the employee and employer contribution rates specified in
 74.13 section 352B.02 on the day prior to the termination date, multiplied by the employee's
 74.14 hourly rate of salary on that date and by the days and months of the leave of absence
 74.15 prior to termination.

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

74.17 Sec. 10. Minnesota Statutes 2008, section 352B.02, is amended by adding a
 74.18 subdivision to read:

74.19 Subd. 3. **Correction of plan coverage errors.** If erroneous employee deductions
 74.20 and employer contributions are caused by an error in plan coverage involving the State
 74.21 Patrol retirement plan and any other plan specified in section 356.99, that section applies.

74.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

74.23 Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 7a, is amended to read:

74.24 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
 74.25 deductions and employer contributions were erroneously transmitted to the association,
 74.26 but should have been transmitted to ~~another Minnesota public pension~~ a plan covered by
 74.27 chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous
 74.28 employee deductions and employer contributions to the appropriate retirement fund or
 74.29 individual account, as applicable, ~~without interest.~~ The time limitations specified in
 74.30 subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution
 74.31 plan account must include interest at the rate of 0.71 percent per month, compounded
 74.32 annually, from the first day of the month following the month in which coverage should

75.1 have commenced in the defined contribution plan until the end of the month in which
 75.2 the transfer occurs.

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

75.6 ~~(e)~~ (b) A potential transfer under paragraph (a) that is reasonably determined to
 75.7 cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal
 75.8 Revenue Code, as amended, must not be made by the executive director of the association.
 75.9 Within 30 days after being notified by the Public Employees Retirement Association of
 75.10 an unmade potential transfer under this paragraph, the employer of the affected person
 75.11 must transmit an amount representing the applicable salary deductions and employer
 75.12 contributions, without interest, to the retirement fund of the appropriate Minnesota public
 75.13 pension plan, or to the applicable individual account if the proper coverage is by a defined
 75.14 contribution plan. The association must provide the employing unit a credit for the amount
 75.15 of the erroneous salary deductions and employer contributions against future contributions
 75.16 from the employer. If the employing unit receives a credit under this paragraph, the
 75.17 employing unit is responsible for refunding to the applicable employee any amount that
 75.18 had been erroneously deducted from the person's salary.

75.19 (c) If erroneous employee deductions and employer contributions reflect a plan
 75.20 coverage error involving any Public Employees Retirement Association plan specified in
 75.21 section 356.99 and any other plan specified in that section, section 356.99 applies.

75.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

75.23 Sec. 12. Minnesota Statutes 2008, section 353.37, subdivision 3a, is amended to read:

75.24 Subd. 3a. **Disposition of suspension or reduction amount.** (a) The balance of
 75.25 the annual retirement annuity after suspension or the amount of the retirement annuity
 75.26 reduction must be handled or disposed of as provided in section 356.47.

75.27 (b) If a reemployed annuitant whose annuity is suspended is having insurance
 75.28 premium amounts withheld under section 356.87, subdivision 2, insurance premium
 75.29 amounts must continue to be withheld and transferred from the suspended portion of the
 75.30 annuity. The balance of the annual retirement annuity after cessation, after deduction of
 75.31 the insurance premium amounts, must be treated as specified in paragraph (a).

75.32 **EFFECTIVE DATE.** This section is effective January 1, 2010.

75.33 Sec. 13. Minnesota Statutes 2008, section 354.42, subdivision 7, is amended to read:

76.1 Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions
76.2 taken from the salary of an employee for the retirement fund in ~~error~~ excess of amounts
76.3 required must be refunded to the employee upon the discovery of the error and after the
76.4 verification of the error by the employing unit making the deduction. The corresponding
76.5 excess employer contribution and excess additional employer contribution amounts
76.6 attributable to the erroneous salary deduction must be refunded to the employing unit.

76.7 (b) If salary deductions and employer contributions were erroneously transmitted
76.8 to the retirement fund and should have been transmitted to ~~another Minnesota public~~
76.9 ~~pension~~ the plan covered by chapter 352D, 353D, 354B, or 354D, the executive director
76.10 must transfer these salary deductions and employer contributions to the account of the
76.11 appropriate public pension fund without interest. ~~For purposes of this paragraph, a~~
76.12 ~~Minnesota public pension plan means a plan specified in section 356.30, subdivision 3,~~
76.13 ~~or the plan governed by chapter 354B.~~ person under the applicable plan. The transfer to
76.14 the applicable defined contribution plan account must include interest at the rate of 0.71
76.15 percent per month, compounded annually, from the first day of the month following the
76.16 month in which coverage should have commenced in the defined contribution plan until
76.17 the end of the month in which the transfer occurs.

76.18 (c) A potential transfer under paragraph (b) that would cause the plan to fail to
76.19 be a qualified plan under section 401(a) of the Internal Revenue Code, as amended,
76.20 must not be made by the executive director. Within 30 days after being notified by the
76.21 Teachers Retirement Association of an unmade potential transfer under this paragraph,
76.22 the employer of the affected person must transmit an amount representing the applicable
76.23 salary deductions and employer contributions, without interest, to the ~~retirement fund of~~
76.24 ~~the appropriate Minnesota public pension plan fund~~ account of the applicable person under
76.25 the appropriate plan. The retirement association must provide a credit for the amount of
76.26 the erroneous salary deductions and employer contributions against future contributions
76.27 from the employer.

76.28 (d) If a salary warrant or check from which a deduction for the retirement fund was
76.29 taken has been canceled or the amount of the warrant or if a check has been returned to
76.30 the funds of the employing unit making the payment, a refund of the amount deducted,
76.31 or any portion of it that is required to adjust the salary deductions, must be made to the
76.32 employing unit.

76.33 (e) Erroneous direct payments of member-paid contributions or erroneous salary
76.34 deductions that were not refunded during the regular payroll cycle processing must be
76.35 refunded to the member, plus interest computed using the rate and method specified in
76.36 section 354.49, subdivision 2.

77.1 (f) Any refund under this subdivision that would cause the plan to fail to be a
 77.2 qualified plan under section 401(a) of the Internal Revenue Code, as amended, may not
 77.3 be refunded and instead must be credited against future contributions payable by the
 77.4 employer. The employer is responsible for refunding to the applicable employee any
 77.5 amount that was erroneously deducted from the salary of the employee, with interest as
 77.6 specified in paragraph (e).

77.7 (g) If erroneous employee deductions and employer contributions are caused by an
 77.8 error in plan coverage involving the plan and any other plan specified in section 356.99,
 77.9 that section applies.

77.10 **EFFECTIVE DATE.** This section is effective July 1, 2010.

77.11 Sec. 14. Minnesota Statutes 2008, section 354A.12, is amended by adding a
 77.12 subdivision to read:

77.13 Subd. 6a. **Erroneous salary deductions or direct payments.** If erroneous
 77.14 employee deductions and employer contributions reflect a plan coverage error involving
 77.15 any plan covered by this chapter and any plan specified in section 356.99, that section
 77.16 applies.

77.17 **EFFECTIVE DATE.** This section is effective July 1, 2010.

77.18 Sec. 15. Minnesota Statutes 2008, section 356.24, subdivision 1, is amended to read:

77.19 Subdivision 1. **Restriction; exceptions.** ~~(a)~~ It is unlawful for a school district
 77.20 or other governmental subdivision or state agency to levy taxes for; or to contribute
 77.21 public funds to a supplemental pension or deferred compensation plan that is established,
 77.22 maintained, and operated in addition to a primary pension program for the benefit of the
 77.23 governmental subdivision employees other than:

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

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

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

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

77.31 (5) for employees other than personnel employed by the Board of Trustees of the
 77.32 Minnesota State Colleges and Universities and covered under the Higher Education
 77.33 Supplemental Retirement Plan under chapter 354C, but including city managers covered

78.1 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
78.2 (a), or by the defined contribution plan of the Public Employees Retirement Association
78.3 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
78.4 provided for in a personnel policy of the public employer or in the collective bargaining
78.5 agreement between the public employer and the exclusive representative of public
78.6 employees in an appropriate unit or in the individual employment contract between a city
78.7 and a city manager, and if for each available investment all fees and historic rates of return
78.8 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an
78.9 easily comprehended document not to exceed two pages, in an amount matching employee
78.10 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
78.11 one-half of the available elective deferral permitted per year per employee, under the
78.12 Internal Revenue Code:

78.13 (i) to the state of Minnesota deferred compensation plan under section 352.965;

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

78.18 (iii) any other deferred compensation plan offered by the employer under section
78.19 457 of the Internal Revenue Code;

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

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

78.32 (8) to the laborers national industrial pension fund or to a laborers local pension
78.33 fund for the employees of a governmental subdivision who are covered by a collective
78.34 bargaining agreement that provides for coverage by that fund and that sets forth a fund
78.35 contribution rate, but not to exceed an employer contribution of \$5,000 per year per
78.36 employee;

79.1 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
 79.2 pipefitters local pension fund for the employees of a governmental subdivision who are
 79.3 covered by a collective bargaining agreement that provides for coverage by that fund and
 79.4 that sets forth a fund contribution rate, but not to exceed an employer contribution of
 79.5 \$5,000 per year per employee;

79.6 (10) to the international union of operating engineers pension fund for the employees
 79.7 of a governmental subdivision who are covered by a collective bargaining agreement that
 79.8 provides for coverage by that fund and that sets forth a fund contribution rate, but not to
 79.9 exceed an employer contribution of \$5,000 per year per employee;

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

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

79.17 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
 79.18 deferred compensation program, if the employee makes a contribution, in an amount that
 79.19 does not exceed the total percentage of covered salary under section 353.27, subdivisions
 79.20 3 and 3a.

79.21 ~~(b) No governmental subdivision may make a contribution to a deferred~~
 79.22 ~~compensation plan operating under section 457 of the Internal Revenue Code for volunteer~~
 79.23 ~~or emergency on-call firefighters in lieu of providing retirement coverage under the federal~~
 79.24 ~~Old Age, Survivors, and Disability Insurance Program.~~

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

79.26 Sec. 16. Minnesota Statutes 2008, section 356.50, subdivision 4, is amended to read:

79.27 Subd. 4. **Annuity repayment.** Notwithstanding subdivisions 1 and 2, if after being
 79.28 discharged, the person commences receipt of an annuity from the applicable plan, and it is
 79.29 later determined that the person was wrongfully discharged, the person shall repay the
 79.30 annuity received in a lump sum within 60 days of receipt of the back pay award. ~~If the~~
 79.31 ~~annuity is not repaid, the person is not entitled to reinstatement in the applicable plan as~~
 79.32 ~~an active member, the person is not authorized to make payments under subdivision 2,~~
 79.33 ~~paragraph (a), and, for subsequent employment with the employer, the person shall be~~
 79.34 ~~treated as a reemployed annuitant.~~

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

80.2 **CORRECTION OF PLAN COVERAGE ERRORS**

80.3 Sec. 17. **[356.99] CORRECTION OF ERRONEOUS DEFINED BENEFIT PLAN**
80.4 **COVERAGE.**

80.5 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in paragraphs
80.6 (b) to (e) have the meanings given them.

80.7 (b) "Chief administrative officer" means the person selected or elected by the
80.8 governing board of a covered pension plan with primary responsibility to administer the
80.9 covered pension plan, or that person's designee or representative.

80.10 (c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision
80.11 3, except clauses (3), (5), (6), and (11).

80.12 (d) "Governing board" means the governing board of the Minnesota State Retirement
80.13 System, the Public Employees Retirement Association, the Teachers Retirement
80.14 Association, the Duluth Teachers Retirement Fund Association, or the St. Paul Teachers
80.15 Retirement Fund Association.

80.16 (e) "Member" means an active plan member in a covered pension plan.

80.17 Subd. 2. **Treatment of terminated employee coverage error.** Any person
80.18 who terminated the erroneously covered service before a chief administrative officer
80.19 determined the covered pension plan coverage was in error retains the coverage with the
80.20 plan that originally credited the service.

80.21 Subd. 3. **Active employee correction of prospective service coverage.** Upon
80.22 determination by a chief administrative officer that a member is covered by the wrong
80.23 pension plan, the employer must stop remitting the erroneous employee deductions and
80.24 employer contributions and report the employee to the correct covered pension plan for all
80.25 subsequent service.

80.26 Subd. 4. **Active employee treatment of past service.** Any plan member, with past
80.27 service credited in an erroneous plan, retains the coverage for that past service with the
80.28 plan that originally credited that service if the reporting error began earlier than two
80.29 fiscal years prior to the current fiscal year in which the error was determined by the chief
80.30 administrative officer. If the reporting error began within two fiscal years prior to the
80.31 current fiscal year, the pension plan coverage for that past service must be corrected as
80.32 provided in subdivision 5.

80.33 Subd. 5. **Past service transfer procedure.** (a) For cases under subdivision 4
80.34 requiring correction of prior service coverage, on behalf of the applicable member the
80.35 chief administrative officer of the covered pension plan fund that has received erroneous

81.1 employee deductions and employer contributions must transfer to the appropriate covered
81.2 retirement plan fund an amount which is the lesser of all contributions made by or on
81.3 behalf of the member for the period of erroneous membership, or the specific amount
81.4 requested by the chief administrative officer of the other covered pension plan which
81.5 represents the employee deductions and employer contributions that would have been
81.6 made had the member been properly reported.

81.7 (b) If excess employee deductions remain in the member's account after the transfer
81.8 of funds, the remaining erroneous amount must be refunded to the person with interest
81.9 at the rate provided under the general refund law of the applicable covered pension
81.10 plan. The chief administrative officer must also return any remaining excess employer
81.11 contributions by providing to the employer a credit against future contributions payable by
81.12 that employer.

81.13 (c) If the contributions transferred to the correct covered pension plan fund are less
81.14 than the amounts required for the period being corrected, the chief administrative officer
81.15 of the correct covered pension plan fund must collect the remaining employee deductions
81.16 and employer contributions from the employer under laws for recovering deficient
81.17 contributions applicable to the correct covered pension plan, except that no interest is
81.18 chargeable if the additional amounts due under this paragraph are received by the chief
81.19 administrative officer within 30 days of notifying the employer of the amount due.

81.20 (d) A potential transfer under this section that would cause a plan to fail to be a
81.21 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
81.22 made. Within 30 days after being notified by a chief administrative officer of an unmade
81.23 potential transfer under this section, the employer of the member must transmit an amount
81.24 representing the applicable salary deductions and employer contributions, without interest,
81.25 to the fund of the appropriate covered pension plan. The chief administrative officer of the
81.26 covered pension plan which erroneously provided coverage must provide to the employer
81.27 a credit for the amount of the erroneous salary deductions and employer contributions
81.28 against future contributions from that employer.

81.29 (e) Upon transfer of the required assets, or payment from the employer under
81.30 paragraph (d), whichever is applicable, allowable service and salary credit for the period
81.31 being transferred is forfeited in the erroneous plan and is granted in the correct plan.

81.32 **EFFECTIVE DATE.** This section is effective July 1, 2010.

81.33 Sec. 18. Minnesota Statutes 2008, section 490.123, is amended by adding a subdivision
81.34 to read:

82.1 Subd. 4. **Correction of contribution errors.** (a) If erroneous employee deductions
 82.2 and employer contributions are caused by an error in plan coverage involving the judges
 82.3 retirement plan and any other plan specified in section 356.99, that section applies.

82.4 (b) The provisions of section 352.04, subdivisions 8 and 9, apply to the judges'
 82.5 retirement plan, except that if employee deductions or contributions are erroneously
 82.6 transmitted to the judges' retirement fund for service rendered after the service credit limit
 82.7 under section 490.121, subdivision 22, has been attained, consistent with section 352D.04,
 82.8 subdivision 2, no employer contributions may be transferred.

82.9 **EFFECTIVE DATE.** This section is effective July 1, 2010.

82.10 Sec. 19. **REPEALER.**

82.11 Minnesota Statutes 2008, sections 352.91, subdivision 5; and 353.88, are repealed.

82.12 **EFFECTIVE DATE.** This section is effective July 1, 2010.

82.13 **ARTICLE 3**

82.14 **MINNESOTA STATE DEFERRED COMPENSATION PLAN AMENDMENTS**

82.15 Section 1. Minnesota Statutes 2008, section 352.965, subdivision 6, is amended to read:

82.16 Subd. 6. **Plan administrative expenses.** (a) The reasonable and necessary
 82.17 administrative expenses of the deferred compensation plan may be charged to plan
 82.18 participants in the form of an annual fee, an asset-based fee, a percentage of the
 82.19 contributions to the plan, or a combination thereof, as set forth in the plan document. The
 82.20 executive director of the system at the direction of the board of directors shall establish
 82.21 procedures to carry out this section including allocation of administrative costs of the plan
 82.22 to participants. Processes and procedures shall be set forth in the plan document. Fees
 82.23 cannot be charged on contributions and investment returns attributable to contributions
 82.24 made to the Minnesota supplemental investment funds before July 1, 1992.

82.25 (b) The plan document must conform to federal and state tax laws, regulations, and
 82.26 rulings, and is not subject to the Administrative Procedure Act.

82.27 (c) The executive director may contract with a third party to perform administrative
 82.28 and record keeping functions. The executive director may solicit bids and negotiate such
 82.29 contracts. Participating employers must provide the necessary data to the third-party
 82.30 record keeper as determined by the executive director. The third-party record keeper and
 82.31 the Minnesota State Retirement System shall follow the data privacy provisions under
 82.32 chapter 13. The third-party record keeper may not solicit participants for any product or
 82.33 services not related to the deferred compensation plan.

83.1 (d) The board of directors may authorize a third-party investment consultant
83.2 to provide investment information and advice, ~~provided that~~ if the offering of such
83.3 information and advice is consistent with the investment advice requirements applicable
83.4 to private plans under Title VI, subtitle A, of the Pension Protection Act of 2006, Public
83.5 Law 109-280, section 601.

83.6 **EFFECTIVE DATE.** This section is effective July 1, 2010.

83.7 **ARTICLE 4**

83.8 **MSRS UNCLASSIFIED STATE EMPLOYEES RETIREMENT** 83.9 **PROGRAM AMENDMENTS**

83.10 Section 1. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b,
83.11 is amended to read:

83.12 Subd. 2b. **Excluded employees.** "State employee" does not include:

83.13 (1) students who are employed by the University of Minnesota, or the state colleges
83.14 and universities, unless approved for coverage by the Board of Regents of the University
83.15 of Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
83.16 whichever is applicable;

83.17 (2) employees who are eligible for membership in the state Teachers Retirement
83.18 Association, except employees of the Department of Education who have chosen or may
83.19 choose to be covered by the general state employees retirement plan of the Minnesota
83.20 State Retirement System instead of the Teachers Retirement Association;

83.21 (3) employees of the University of Minnesota who are excluded from coverage by
83.22 action of the Board of Regents;

83.23 (4) officers and enlisted personnel in the National Guard and the naval militia who
83.24 are assigned to permanent peacetime duty and who under federal law are or are required to
83.25 be members of a federal retirement system;

83.26 (5) election officers;

83.27 (6) persons who are engaged in public work for the state but who are employed
83.28 by contractors when the performance of the contract is authorized by the legislature or
83.29 other competent authority;

83.30 (7) officers and employees of the senate, or of the house of representatives, or of a
83.31 legislative committee or commission who are temporarily employed;

83.32 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
83.33 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
83.34 employed by the Department of Labor and Industry;

- 84.1 (9) patient and inmate help who perform services in state charitable, penal, and
84.2 correctional institutions including the Minnesota Veterans Home;
- 84.3 (10) persons who are employed for professional services where the service is
84.4 incidental to their regular professional duties and whose compensation is paid on a per
84.5 diem basis;
- 84.6 (11) employees of the Sibley House Association;
- 84.7 (12) the members of any state board or commission who serve the state intermittently
84.8 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
84.9 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
84.10 from serving more than three years; and the board of managers of the State Agricultural
84.11 Society and its treasurer unless the treasurer is also its full-time secretary;
- 84.12 (13) state troopers and persons who are described in section 352B.011, subdivision
84.13 10, clauses (2) to (8);
- 84.14 (14) temporary employees of the Minnesota State Fair who are employed on or
84.15 after July 1 for a period not to extend beyond October 15 of that year; and persons who
84.16 are employed at any time by the state fair administration for special events held on the
84.17 fairgrounds;
- 84.18 (15) emergency employees who are in the classified service; except that if an
84.19 emergency employee, within the same pay period, becomes a provisional or probationary
84.20 employee on other than a temporary basis, the employee must be considered a "state
84.21 employee" retroactively to the beginning of the pay period;
- 84.22 (16) temporary employees in the classified service, and temporary employees in the
84.23 unclassified service who are appointed for a definite period of not more than six months
84.24 and who are employed less than six months in any one-year period;
- 84.25 (17) interns who are hired for six months or less and trainee employees, except
84.26 those listed in subdivision 2a, clause (8);
- 84.27 (18) persons whose compensation is paid on a fee basis or as an independent
84.28 contractor;
- 84.29 (19) state employees who are employed by the Board of Trustees of the Minnesota
84.30 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
84.31 subdivision 1, clause (9);
- 84.32 (20) state employees who in any year have credit for 12 months service as teachers
84.33 in the public schools of the state and as teachers are members of the Teachers Retirement
84.34 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
84.35 incidental employment as a state employee that is not covered by one of the teacher
84.36 retirement associations or systems;

85.1 (21) employees of the adjutant general who are employed on an unlimited
85.2 intermittent or temporary basis in the classified or unclassified service for the support of
85.3 Army and Air National Guard training facilities;

85.4 (22) chaplains and nuns who are excluded from coverage under the federal Old
85.5 Age, Survivors, Disability, and Health Insurance Program for the performance of service
85.6 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no
85.7 irrevocable election of coverage has been made under section 3121(r) of the Internal
85.8 Revenue Code of 1986, as amended through December 31, 1992;

85.9 (23) examination monitors who are employed by departments, agencies,
85.10 commissions, and boards to conduct examinations required by law;

85.11 (24) persons who are appointed to serve as members of fact-finding commissions or
85.12 adjustment panels, arbitrators, or labor referees under chapter 179;

85.13 (25) temporary employees who are employed for limited periods under any state or
85.14 federal program for training or rehabilitation, including persons who are employed for
85.15 limited periods from areas of economic distress, but not including skilled and supervisory
85.16 personnel and persons having civil service status covered by the system;

85.17 (26) full-time students who are employed by the Minnesota Historical Society
85.18 intermittently during part of the year and full-time during the summer months;

85.19 (27) temporary employees who are appointed for not more than six months, of
85.20 the Metropolitan Council and of any of its statutory boards, if the board members are
85.21 appointed by the Metropolitan Council;

85.22 (28) persons who are employed in positions designated by the Department of
85.23 Management and Budget as student workers;

85.24 (29) members of trades who are employed by the successor to the Metropolitan
85.25 Waste Control Commission, who have trade union pension plan coverage under a
85.26 collective bargaining agreement, and who are first employed after June 1, 1977;

85.27 (30) off-duty peace officers while employed by the Metropolitan Council;

85.28 (31) persons who are employed as full-time police officers by the Metropolitan
85.29 Council and as police officers are members of the public employees police and fire fund;

85.30 (32) persons who are employed as full-time firefighters by the Department of Military
85.31 Affairs and as firefighters are members of the public employees police and fire fund;

85.32 (33) foreign citizens ~~with~~ who are employed under a work permit of less than three
85.33 years, or an H-1b/JV visa valid for less than three years of employment, unless notice of
85.34 extension is supplied which allows them to work for three or more years as of the date
85.35 that the extension is granted, in which case they are eligible for coverage from the date
85.36 extended; ~~and~~

86.1 (34) persons who are employed by the Board of Trustees of the Minnesota State
86.2 Colleges and Universities and who elected to remain members of the Public Employees
86.3 Retirement Association or the Minneapolis Employees Retirement Fund, whichever
86.4 applies, under Minnesota Statutes 1994, section 136C.75; and

86.5 (35) employees who have elected to transfer service to the unclassified program
86.6 under section 352D.02, subdivision 1d.

86.7 **EFFECTIVE DATE.** This section is effective June 30, 2010.

86.8 Sec. 2. Minnesota Statutes 2008, section 352D.015, subdivision 4, is amended to read:

86.9 Subd. 4. **General fund.** "General fund" means the general state employees
86.10 retirement fund under chapter 352 ~~except the moneys for the unclassified program.~~

86.11 **EFFECTIVE DATE.** This section is effective June 30, 2010.

86.12 Sec. 3. Minnesota Statutes 2008, section 352D.015, is amended by adding a
86.13 subdivision to read:

86.14 Subd. 4a. **General employees retirement plan.** "General employees retirement
86.15 plan" means the general state employees retirement plan under chapter 352.

86.16 **EFFECTIVE DATE.** This section is effective June 30, 2010.

86.17 Sec. 4. Minnesota Statutes 2008, section 352D.015, subdivision 9, is amended to read:

86.18 Subd. 9. **Value.** "Value" means ~~cash value at the end of the month following receipt~~
86.19 ~~of an application. If no application is required, "value" means the cash value at the end~~
86.20 ~~of the month in which the event necessitating the transfer occurs~~ the market value of the
86.21 account at the end of the United States investment market day.

86.22 **EFFECTIVE DATE.** This section is effective July 1, 2010.

86.23 Sec. 5. Minnesota Statutes 2008, section 352D.02, subdivision 1c, is amended to read:

86.24 Subd. 1c. **Transfer of contributions.** An employee covered by the ~~regular~~ general
86.25 employees retirement plan who is subsequently employed as a full-time unclassified
86.26 employee of the legislature or any commission or agency of the legislature without a
86.27 limit on the duration of the employment may elect to transfer accumulated employee and
86.28 matching employer contributions; as provided in section 352D.03.

86.29 **EFFECTIVE DATE.** This section is effective June 30, 2010.

87.1 Sec. 6. Minnesota Statutes 2008, section 352D.02, subdivision 2, is amended to read:

87.2 Subd. 2. **Coverage upon employment change.** A person becoming a participant
87.3 in the unclassified program prior to July 1, 2010, by virtue of employment in a position
87.4 specified in subdivision 1, clause (4), and remaining in the unclassified service shall
87.5 remain a participant in the program even though the position the person occupies is
87.6 deleted from any of the sections referenced in subdivision 1, clause (4), by subsequent
87.7 amendment, except that a person ~~shall~~ is not be eligible to elect the unclassified program
87.8 after separation from unclassified service if on the return of the person to service, that
87.9 position is not specified in subdivision 1, clause (4). Any person employed in a position
87.10 specified in subdivision 1 shall cease to participate in the unclassified program in the event
87.11 that the position is placed in the classified service.

87.12 **EFFECTIVE DATE.** This section is effective June 30, 2010.

87.13 Sec. 7. Minnesota Statutes 2008, section 352D.02, subdivision 3, is amended to read:

87.14 Subd. 3. **Transfer to general employees retirement plan.** (a) An employee
87.15 referred to in subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to
87.16 (18), who is credited with employee shares in the unclassified program, ~~after acquiring~~
87.17 and who has credit for ~~ten years of~~ allowable service and, not later than one month
87.18 following the termination of covered employment, may elect to terminate participation
87.19 in the unclassified program and be covered by the general employees retirement plan by
87.20 filing a written election with the executive director: if the employee was employed before
87.21 July 1, 2010, and has at least ten years of allowable service as of the date of the election or
87.22 if the employee was employed after June 30, 2010, and has no more than seven years of
87.23 allowable service as of the date of the election.

87.24 (b) If the transfer election is made, the executive director shall then redeem the
87.25 employee's total shares and shall credit to the employee's account in the general employees
87.26 retirement plan the amount of contributions that would have been so credited had the
87.27 employee been covered by the general employees retirement plan during the employee's
87.28 entire covered employment or elective state service. The balance of money so redeemed
87.29 and not credited to the employee's account ~~shall~~ must be transferred to the general
87.30 employees retirement plan retirement fund, except that (1) the employee contribution paid
87.31 to the unclassified program must be compared to (2) the employee contributions that
87.32 would have been paid to the general employees retirement plan for the comparable period,
87.33 if the individual had been covered by that plan. If clause (1) is greater than clause (2),
87.34 the difference must be refunded to the employee as provided in section 352.22. If clause
87.35 (2) is greater than clause (1), the difference must be paid by the employee within six

88.1 months of electing general employees retirement plan coverage or before the effective
88.2 date of the annuity, whichever is sooner.

88.3 ~~(b)~~ (c) An election under paragraph (a) to transfer coverage to the general employees
88.4 retirement plan is irrevocable during any period of covered employment.

88.5 (d) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or (15), who
88.6 is credited with employee shares in the unclassified program is not permitted to terminate
88.7 participation in the unclassified program and be covered by the general employees
88.8 retirement plan.

88.9 **EFFECTIVE DATE.** This section is effective June 30, 2010.

88.10 Sec. 8. Minnesota Statutes 2008, section 352D.03, is amended to read:

88.11 **352D.03 TRANSFER OF ASSETS.**

88.12 Unless an eligible employee enumerated in section 352D.02, subdivision 1, has
88.13 elected coverage under the individual retirement account plan under chapter 354B, ~~a~~
88.14 ~~sum of money representing the assets credited to each employee exercising the option~~
88.15 ~~contained in section 352D.02, plus an equal employer contribution together with interest~~
88.16 for an employee exercising an option under section 352D.02, an amount equal to the
88.17 employee and employer contributions for the employment period at the applicable
88.18 preretirement interest actuarial assumption rate during this period plus six percent interest,
88.19 compounded annually, must be used for the purchase of shares on behalf of each employee
88.20 in the accounts of the supplemental retirement fund established by section 11A.17.

88.21 **EFFECTIVE DATE.** This section is effective June 30, 2010.

88.22 Sec. 9. Minnesota Statutes 2008, section 352D.04, subdivision 1, is amended to read:

88.23 Subdivision 1. **Investment options.** (a) A person exercising an option to participate
88.24 in the retirement program provided by this chapter may elect to purchase shares in one or
88.25 a combination of the income share account, the growth share account, the international
88.26 share account, the money market account, the bond market account, the fixed interest
88.27 account, or the common stock index account established in section 11A.17. The person
88.28 may elect to participate in one or more of the investment accounts in the fund by
88.29 specifying, ~~on a form provided~~ in a manner prescribed by the executive director, the
88.30 percentage of the person's contributions provided in subdivision 2 to be used to purchase
88.31 shares in each of the accounts.

88.32 (b) A participant may ~~indicate in writing on forms provided,~~ in a manner prescribed
88.33 ~~by the Minnesota State Retirement System a choice of options~~ executive director, choose

89.1 their investment allocation for subsequent purchases of shares. Until a different written
89.2 indication is made by the participant, the executive director shall purchase shares in the
89.3 supplemental fund as selected by the participant. If no initial option is chosen, 100 percent
89.4 income shares must be purchased for a participant. A change in choice of investment
89.5 option is effective ~~no later than the first pay date first occurring after 30 days following the~~
89.6 ~~receipt of the request for a change~~ at the end of the most recent United States investment
89.7 market day.

89.8 ~~(c) Shares in the fixed interest account attributable to any guaranteed investment~~
89.9 ~~contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another~~
89.10 ~~account until the guaranteed investment contract has expired, unless the participant~~
89.11 ~~qualifies for withdrawal under section 352D.05 or for benefit payments under sections~~
89.12 ~~352D.06 to 352D.075.~~

89.13 ~~(d) (c)~~ (c) A participant or former participant may also change the investment options
89.14 selected for all or a portion of the participant's shares previously purchased in accounts,
89.15 subject to the ~~provisions of paragraph (c) concerning the fixed interest account. Changes~~
89.16 ~~in investment options for the participant's shares must be effected as soon as cash flow to~~
89.17 ~~an account practically permits, but not later than six months after the requested change~~
89.18 trading restrictions imposed on the investment option.

89.19 **EFFECTIVE DATE.** This section is effective July 1, 2010.

89.20 Sec. 10. Minnesota Statutes 2008, section 352D.04, subdivision 2, is amended to read:

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

89.23 (b) The employee contribution is an amount equal to ~~four~~ the percent of salary
89.24 specified in section 352.04, subdivision 2, or 352.045, subdivision 3.

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

89.26 (d) For members of the legislature, the contributions under this subdivision also must
89.27 be made on per diem payments received during a regular or special legislative session, but
89.28 may not be made on per diem payments received outside of a regular or special legislative
89.29 session, on the additional compensation attributable to a leadership position under section
89.30 3.099, subdivision 3, living expense payments under section 3.101, or special session
89.31 living expense payments under section 3.103.

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

90.1 (f) These contributions must be made in the manner provided in section 352.04,
90.2 subdivisions 4, 5, and 6.

90.3 **EFFECTIVE DATE.** This section is effective the first day of the first full pay
90.4 period beginning after July 1, 2010.

90.5 Sec. 11. Minnesota Statutes 2008, section 352D.05, subdivision 3, is amended to read:

90.6 Subd. 3. **Full or partial withdrawal.** After termination of covered employment
90.7 or at any time thereafter, a participant is entitled, upon application, to withdraw the cash
90.8 value of the participant's total shares or leave such shares on deposit with the supplemental
90.9 retirement fund. The account is valued at the end of the ~~month in which~~ most recent
90.10 United States investment market day following receipt of the application for withdrawal is
90.11 made. Shares not withdrawn remain on deposit with the supplemental retirement fund
90.12 until the former participant becomes at least 55 years old, and applies for an annuity under
90.13 section 352D.06, subdivision 1.

90.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

90.15 Sec. 12. Minnesota Statutes 2008, section 352D.05, subdivision 4, is amended to read:

90.16 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may
90.17 repay regular refunds taken under section 352.22, as provided in section 352.23.

90.18 (b) A participant in the unclassified program or an employee covered by the general
90.19 employees retirement plan who has withdrawn the value of the total shares may repay
90.20 the refund taken and thereupon restore the service credit, rights and benefits forfeited by
90.21 paying into the fund the amount refunded plus interest at an annual rate of 8.5 percent
90.22 compounded annually from the date that the refund was taken until the date that the refund
90.23 is repaid. If the participant had withdrawn only the employee shares as permitted under
90.24 prior laws, repayment must be pro rata.

90.25 (c) Except as provided in section 356.441, the repayment of a refund under this
90.26 section must be made in a lump sum.

90.27 **EFFECTIVE DATE.** This section is effective June 30, 2010.

90.28 Sec. 13. Minnesota Statutes 2008, section 352D.06, subdivision 3, is amended to read:

90.29 Subd. 3. **Accrual date.** An annuity under this section accrues the ~~first day of the~~
90.30 ~~first full month after an application is received or the day following termination of state~~
90.31 ~~service, whichever is later. The account must be valued and redeemed on the later of the~~
90.32 ~~end of the month of termination of covered employment, or the end of the month of receipt~~

91.1 ~~of the annuity application for the purpose of computing the annuity day following receipt~~
 91.2 ~~of the application or the day following termination, whichever is later. The benefit must be~~
 91.3 ~~based on the value of the account the day following receipt of the application or the date of~~
 91.4 ~~termination, whichever is later, plus any contributions and interest received after that date.~~

91.5 **EFFECTIVE DATE.** This section is effective July 1, 2010.

91.6 Sec. 14. Minnesota Statutes 2008, section 352D.065, subdivision 3, is amended to read:

91.7 Subd. 3. **Annuity payment.** The annuity payable under this section ~~shall begin~~
 91.8 begins to accrue the ~~first day of the month~~ following ~~the date of disability~~ receipt of the
 91.9 application or the day after termination, whichever is later, plus any contributions and
 91.10 interest received after that date, and shall must be based on the participant's age when the
 91.11 annuity begins to accrue. The shares ~~shall~~ must be valued as of the end of the ~~month~~
 91.12 ~~following authorization of payments~~ day on which the benefit accrues.

91.13 **EFFECTIVE DATE.** This section is effective July 1, 2010.

91.14 Sec. 15. Minnesota Statutes 2008, section 352D.09, subdivision 3, is amended to read:

91.15 Subd. 3. **Prospectus.** (a) The executive director shall annually ~~distribute~~ make
 91.16 available by electronic means to each participant the prospectus prepared by the
 91.17 supplemental fund, by July 1 or when received from such fund, whichever is later, ~~to~~
 91.18 ~~each participant in covered employment.~~

91.19 (b) Any participant may contact the Minnesota State Retirement System and request
 91.20 a copy of the prospectus.

91.21 **EFFECTIVE DATE.** This section is effective July 1, 2010.

91.22 Sec. 16. Minnesota Statutes 2008, section 352D.09, subdivision 7, is amended to read:

91.23 Subd. 7. **Administrative fees.** The board of directors shall establish a budget and
 91.24 charge participants a reasonable fee to pay the administrative expenses of the unclassified
 91.25 program. Fees ~~cannot~~ may not be charged on contributions and investment returns
 91.26 attributable to contributions made before July 1, 1992. ~~Annual total fees charged for plan~~
 91.27 ~~administration cannot exceed 10/100 of one percent of the contributions and investment~~
 91.28 ~~returns attributable to contributions made on or after July 1, 1992.~~

91.29 **EFFECTIVE DATE.** This section is effective July 1, 2010.

92.1 **ARTICLE 5**

92.2 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**
 92.3 **ADMINISTRATIVE PROVISIONS**

92.4 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2, is
 92.5 amended to read:

92.6 Subd. 2. **Public employee.** "Public employee" means a governmental employee
 92.7 or a public officer performing personal services for a governmental subdivision defined
 92.8 in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from
 92.9 taxation, fees, assessments, or from other sources. For purposes of membership in the
 92.10 association, the term includes the classes of persons ~~described or~~ listed in subdivision
 92.11 2a and excludes the classes of persons listed in subdivision 2b. The term also includes
 92.12 persons who elect association membership under subdivision 2d, paragraph (a), and
 92.13 persons for whom the applicable governmental subdivision had elected association
 92.14 membership under subdivision 2d, paragraph (b). ~~The term excludes the classes of persons~~
 92.15 ~~listed in subdivision 2b for purposes of membership in the association.~~

92.16 **EFFECTIVE DATE.** This section is effective July 1, 2010.

92.17 Sec. 2. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is
 92.18 amended to read:

92.19 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
 92.20 ~~whose salary from employment in one or more positions within one governmental~~
 92.21 ~~subdivision exceeds \$425 in any month shall participate as members of the association.~~
 92.22 ~~If the salary is less than \$425 in a subsequent month, the employee retains membership~~
 92.23 ~~eligibility. Eligible Public employees shall~~ whose salary exceeds \$425 in any month and
 92.24 who are not specifically excluded under subdivision 2b or who have not been provided
 92.25 an option to participate under subdivision 2d, whether individually or by action of the
 92.26 governmental subdivision, must participate as members of the association with retirement
 92.27 coverage by the public employees retirement plan or the public employees police and
 92.28 fire retirement plan under this chapter, or the local government correctional employees
 92.29 retirement plan under chapter 353E, whichever applies;. Membership commences as a
 92.30 condition of their employment on the first day of their employment unless they or on the
 92.31 first day that the eligibility criteria are met, whichever is later. Public employees include
 92.32 but are not limited to:

92.33 ~~(1) are specifically excluded under subdivision 2b;~~

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

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

93.4 (1) persons whose salary meets the threshold in this paragraph from employment in
 93.5 one or more positions within one governmental subdivision;

93.6 (2) elected county sheriffs;

93.7 (3) persons who are appointed, employed, or contracted to perform governmental
 93.8 functions that by law or local ordinance are required of a public officer, including, but
 93.9 not limited to:

93.10 (i) town and city clerk or treasurer;

93.11 (ii) county auditor, treasurer, or recorder;

93.12 (iii) city manager as defined in section 353.028 who does not exercise the option
 93.13 provided under subdivision 2d; or

93.14 (iv) emergency management director, as provided under section 12.25;

93.15 (4) physicians under section 353D.01, subdivision 2, who do not elect public
 93.16 employees defined contribution plan coverage under section 353D.02, subdivision 2;

93.17 (5) full-time employees of the Dakota County Agricultural Society; and

93.18 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
 93.19 Police Relief Association who are not excluded employees under subdivision 2b due
 93.20 to coverage by the relief association pension plan and who elected general employee
 93.21 retirement plan coverage before August 20, 2009.

93.22 (b) A public employee or elected official who was a member of the association on
 93.23 June 30, 2002, based on employment that qualified for membership coverage by the public
 93.24 employees retirement plan or the public employees police and fire plan under this chapter,
 93.25 or the local government correctional employees retirement plan under chapter 353E as of
 93.26 June 30, 2002, retains that membership for the duration of the person's employment in that
 93.27 position or incumbency in elected office. Except as provided in subdivision 28, the person
 93.28 shall participate as a member until the employee or elected official terminates public
 93.29 employment under subdivision 11a or terminates membership under subdivision 11b.

93.30 ~~(c) Public employees under paragraph (a) include:~~

93.31 ~~(1) physicians under section 353D.01, subdivision 2, who do not elect public~~
 93.32 ~~employees defined contribution plan coverage under section 353D.02, subdivision 2;~~

93.33 ~~(2) full-time employees of the Dakota County Agricultural Society; and~~

93.34 ~~(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~
 93.35 ~~Police Relief Association who are not excluded employees under subdivision 2b due to~~

94.1 ~~coverage by the relief association pension plan and who elect Public Employee Retirement~~
 94.2 ~~Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.~~

94.3 (c) If the salary of an included public employee is less than \$425 in any subsequent
 94.4 month, the member retains membership eligibility.

94.5 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that the
 94.6 amendment to paragraph (a), clause (3), applies to any person first appointed, elected, or
 94.7 contracted after June 30, 2010.

94.8 Sec. 3. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

94.9 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
 94.10 to participate as members of the association with retirement coverage by the public general
 94.11 employees retirement plan, the local government correctional employees retirement plan
 94.12 under chapter 353E, or the public employees police and fire retirement plan:

94.13 (1) persons whose salary from one governmental subdivision never exceeds \$425 in
 94.14 a month;

94.15 (2) public officers, other than county sheriffs, who are elected to a governing body,
 94.16 city mayors, or persons who are appointed to fill a vacancy in an elective office of a
 94.17 governing body, whose term of office commences on or after July 1, 2002, for the service
 94.18 to be rendered in that elective position;

94.19 ~~(2)~~ (3) election officers or election judges;

94.20 ~~(3)~~ (4) patient and inmate personnel who perform services for a governmental
 94.21 subdivision;

94.22 ~~(4)~~ (5) except as otherwise specified in subdivision 12a, employees who are hired
 94.23 for a temporary position as defined under subdivision 12a, and employees who resign
 94.24 from a nontemporary position and accept a temporary position within 30 days in the
 94.25 same governmental subdivision;

94.26 ~~(5)~~ (6) employees who are employed by reason of work emergency caused by fire,
 94.27 flood, storm, or similar disaster;

94.28 ~~(6)~~ (7) employees who by virtue of their employment in one governmental
 94.29 subdivision are required by law to be a member of and to contribute to any of the plans or
 94.30 funds administered by the Minnesota State Retirement System, the Teachers Retirement
 94.31 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
 94.32 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police
 94.33 or firefighters relief association governed by section 69.77 that has not consolidated
 94.34 with the Public Employees Retirement Association, or any local police or firefighters
 94.35 consolidation account who have not elected the type of benefit coverage provided by the

95.1 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
 95.2 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
 95.3 police and fire plan benefit coverage. This clause must not be construed to prevent a person
 95.4 from being a member of and contributing to the Public Employees Retirement Association
 95.5 and also belonging to and contributing to another public pension plan or fund for other
 95.6 service occurring during the same period of time. A person who meets the definition of
 95.7 "public employee" in subdivision 2 by virtue of other service occurring during the same
 95.8 period of time becomes a member of the association unless contributions are made to
 95.9 another public retirement fund on the salary based on the other service or to the Teachers
 95.10 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

95.11 ~~(7)~~ (8) persons who are members of a religious order and are excluded from coverage
 95.12 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
 95.13 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
 95.14 as amended through January 1, 1987, if no irrevocable election of coverage has been made
 95.15 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

95.16 ~~(8)~~ (9) employees of a governmental subdivision who have not reached the age of
 95.17 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
 95.18 basis at an accredited school, college, or university in an undergraduate, graduate, or
 95.19 professional-technical program, or a public or charter high school;

95.20 ~~(9)~~ (10) resident physicians, medical interns, and pharmacist residents and
 95.21 pharmacist interns who are serving in a degree or residency program in public hospitals
 95.22 or clinics;

95.23 ~~(10)~~ (11) students who are serving in an internship or residency program sponsored
 95.24 by an accredited educational institution;

95.25 ~~(11)~~ (12) persons who hold a part-time adult supplementary technical college license
 95.26 who render part-time teaching service in a technical college;

95.27 ~~(12)~~ (13) except for employees of Hennepin County or Hennepin Healthcare System,
 95.28 Inc., foreign citizens ~~working for~~ who are employed by a governmental subdivision with
 95.29 under a work permit of less than three years, or an H-1b visa valid initially issued or
 95.30 extended for a combined period less than three years of employment. Upon notice to the
 95.31 association that the work permit or visa extends extension of the employment beyond the
 95.32 three-year period, the foreign citizens must be reported for membership ~~from the date of~~
 95.33 ~~the extension~~ beginning the first of the month thereafter provided the monthly earnings
 95.34 threshold as provided under subdivision 2a is met;

96.1 ~~(13)~~ (14) public hospital employees who elected not to participate as members
96.2 of the association before 1972 and who did not elect to participate from July 1, 1988,
96.3 to October 1, 1988;

96.4 ~~(14)~~ (15) except as provided in section 353.86, volunteer ambulance service
96.5 personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance
96.6 service personnel may still qualify as public employees under subdivision 2 and may be
96.7 members of the Public Employees Retirement Association and participants in the ~~public~~
96.8 general employees retirement ~~fund~~ plan or the public employees police and fire ~~fund~~ plan,
96.9 whichever applies, on the basis of compensation received from public employment service
96.10 other than service as volunteer ambulance service personnel;

96.11 ~~(15)~~ (16) except as provided in section 353.87, volunteer firefighters, as defined
96.12 in subdivision 36, engaging in activities undertaken as part of volunteer firefighter
96.13 duties; ~~provided that, but~~ a person who is a volunteer firefighter may still qualify as a
96.14 public employee under subdivision 2 and may be a member of the Public Employees
96.15 Retirement Association and a participant in the ~~public~~ general employees retirement
96.16 ~~fund~~ plan or the public employees police and fire ~~fund~~ plan, whichever applies, on the
96.17 basis of compensation received from public employment activities other than those as a
96.18 volunteer firefighter;

96.19 ~~(16)~~ (17) pipefitters and associated trades personnel employed by Independent
96.20 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
96.21 by the pipefitters local 455 pension plan who were either first employed after May 1,
96.22 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997,
96.23 chapter 241, article 2, section 12;

96.24 ~~(17)~~ (18) electrical workers, plumbers, carpenters, and associated trades personnel
96.25 who are employed by Independent School District No. 625, St. Paul, or the city of St.
96.26 Paul, who have retirement coverage under a collective bargaining agreement by the
96.27 Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34
96.28 pension plan, or the pension plan applicable to Carpenters Local 87 ~~pension plan~~ who
96.29 were either first employed after May 1, 2000, or, if first employed before May 2, 2000,
96.30 elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

96.31 ~~(18)~~ (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
96.32 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
96.33 or Independent School District No. 625, St. Paul, with coverage under a collective
96.34 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
96.35 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
96.36 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities

97.1 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
 97.2 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
 97.3 Session chapter 10, article 10, section 6;

97.4 ~~(19)~~ (20) plumbers who are employed by the Metropolitan Airports Commission,
 97.5 with coverage under a collective bargaining agreement by the Plumbers Local 34 pension
 97.6 plan, who either were first employed after May 1, 2001, or if first employed before May 2,
 97.7 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
 97.8 10, section 6;

97.9 ~~(20)~~ (21) employees who are hired after June 30, 2002, to fill seasonal positions
 97.10 under subdivision 12b which are limited in duration by the employer to 185 consecutive
 97.11 calendar days or less in each year of employment with the governmental subdivision;

97.12 ~~(21)~~ (22) persons who are provided supported employment or work-study positions
 97.13 by a governmental subdivision and who participate in an employment or industries
 97.14 program maintained for the benefit of these persons where the governmental subdivision
 97.15 limits the position's duration to three years or less, including persons participating in a
 97.16 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
 97.17 unemployment relief program where the training or work experience is not provided as a
 97.18 part of, or for, future permanent public employment;

97.19 ~~(22)~~ (23) independent contractors and the employees of independent contractors; ~~and~~

97.20 ~~(23)~~ (24) reemployed annuitants of the association during the course of that
 97.21 reemployment; and

97.22 (25) persons appointed to serve on a board or commission of a governmental
 97.23 subdivision or an instrumentality thereof.

97.24 (b) Any person performing the duties of a public officer in a position defined in
 97.25 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
 97.26 employee of an independent contractor.

97.27 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that clause (25)
 97.28 is effective for persons first appointed after June 30, 2010.

97.29 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2d, is amended to read:

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

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

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

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

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

98.9 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003,
98.10 who were at least age 45 on that date, and who elected to participate by filing a written
98.11 election for membership.

98.12 (b) Membership in the association is optional by action of the governmental
98.13 subdivision for the employees of the following governmental subdivisions under the
98.14 conditions specified:

98.15 (1) the Minnesota Association of Townships if the board of that association, at its
98.16 option, certifies to the executive director that its employees who meet the conditions set
98.17 forth in subdivision 2a are to be included for purposes of retirement coverage, in which
98.18 case the status of the association as a participating employer is permanent;

98.19 (2) a county historical society if the county in which the historical society is located,
98.20 at its option, certifies to the executive director that the employees of the historical society
98.21 who meet the conditions set forth in subdivision 2a are to be considered county employees
98.22 for purposes of retirement coverage under this chapter. The status as a county employee
98.23 must be accorded to all similarly situated county historical society employees and, once
98.24 established, must continue as long as a person is an employee of the county historical
98.25 society; and

98.26 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to
98.27 employees other than paramedics, emergency medical technicians, and protection officers,
98.28 if the corporate board establishes alternative retirement plans for certain classes of
98.29 employees of the corporation and certifies to the association the applicable employees to
98.30 be excluded from future retirement coverage.

98.31 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or
98.32 covered by paragraph (b), clause (1) or (2), if the necessary membership election is
98.33 not made, the employee is excluded from retirement coverage under this chapter. For
98.34 employees who are covered by paragraph (a), clause (4), if the necessary election is not
98.35 made, the employee must become a member and have retirement coverage under the
98.36 applicable provisions of this chapter. For employees specified in paragraph (b), clause

99.1 (3), membership continues until the exclusion option is exercised for the designated class
99.2 of employee.

99.3 (d) The option to become a member, once exercised under this subdivision, may not
99.4 be withdrawn until the termination of public service as defined under subdivision 11a.

99.5 **EFFECTIVE DATE.** This section is effective July 1, 2010.

99.6 Sec. 5. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 16, is
99.7 amended to read:

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

99.10 (1) service during years of actual membership in the course of which employee
99.11 deductions were withheld from salary and contributions were made at the applicable rates
99.12 under section 353.27, 353.65, or 353E.03;

99.13 (2) periods of service covered by payments in lieu of salary deductions under
99.14 sections 353.27, subdivision 12, and 353.35;

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

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

99.20 (5) a period of authorized personal, parental, or medical leave of absence without
99.21 pay, including a leave of absence covered under the federal Family Medical Leave Act,
99.22 that does not exceed one year, and for which a member obtained service credit for each
99.23 month in the leave period by payment under section 353.0161 to the fund made in place of
99.24 salary deductions. An employee must return to public service and render a minimum of
99.25 three months of allowable service in order to be eligible to make payment under section
99.26 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
99.27 employee must be granted allowable service credit for the purchased period;

99.28 (6) a periodic, repetitive leave that is offered to all employees of a governmental
99.29 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
99.30 as certified to the association by the employer. A participating member obtains service
99.31 credit by making employee contributions in an amount or amounts based on the member's
99.32 average salary, excluding overtime pay, that would have been paid if the leave had not
99.33 been taken. The employer shall pay the employer and additional employer contributions
99.34 on behalf of the participating member. The employee and the employer are responsible
99.35 to pay interest on their respective shares at the rate of 8.5 percent a year, compounded

100.1 annually, from the end of the normal cycle until full payment is made. An employer shall
100.2 also make the employer and additional employer contributions, plus 8.5 percent interest,
100.3 compounded annually, on behalf of an employee who makes employee contributions but
100.4 terminates public service. The employee contributions must be made within one year
100.5 after the end of the annual normal working cycle or within 30 days after termination of
100.6 public service, whichever is sooner. The executive director shall prescribe the manner and
100.7 forms to be used by a governmental subdivision in administering a periodic, repetitive
100.8 leave. Upon payment, the member must be granted allowable service credit for the
100.9 purchased period;

100.10 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
100.11 months allowable service per authorized temporary or seasonal layoff in one calendar year.
100.12 An employee who has received the maximum service credit allowed for an authorized
100.13 temporary or seasonal layoff must return to public service and must obtain a minimum of
100.14 three months of allowable service subsequent to the layoff in order to receive allowable
100.15 service for a subsequent authorized temporary or seasonal layoff;

100.16 (8) a period during which a member is absent from employment by a governmental
100.17 subdivision by reason of service in the uniformed services, as defined in United States
100.18 Code, title 38, section 4303(13), if the member returns to public service with the same
100.19 governmental subdivision upon discharge from service in the uniformed service within the
100.20 time frames required under United States Code, title 38, section 4312(e), provided that
100.21 the member did not separate from uniformed service with a dishonorable or bad conduct
100.22 discharge or under other than honorable conditions. The service ~~is~~ must be credited if the
100.23 member pays into the fund equivalent employee contributions based upon the contribution
100.24 rate or rates in effect at the time that the uniformed service was performed multiplied
100.25 by the full and fractional years being purchased and applied to the annual salary rate.
100.26 The annual salary rate is the average annual salary, excluding overtime pay, during the
100.27 purchase period that the member would have received if the member had continued to
100.28 be employed in covered employment rather than to provide uniformed service, or, if
100.29 the determination of that rate is not reasonably certain, the annual salary rate is the
100.30 member's average salary rate, excluding overtime pay, during the 12-month period of
100.31 covered employment rendered immediately preceding the period of the uniformed service.
100.32 Payment of the member equivalent contributions must be made during a period that begins
100.33 with the date on which the individual returns to public employment and that is three times
100.34 the length of the military leave period, or within five years of the date of discharge from
100.35 the military service, whichever is less. If the determined payment period is less than
100.36 one year, the contributions required under this clause to receive service credit may be

101.1 made within one year of the discharge date. Payment may not be accepted following 30
101.2 days after termination of public service under subdivision 11a. If the member equivalent
101.3 contributions provided for in this clause are not paid in full, the member's allowable
101.4 service credit must be prorated by multiplying the full and fractional number of years of
101.5 uniformed service eligible for purchase by the ratio obtained by dividing the total member
101.6 contributions received by the total member contributions otherwise required under this
101.7 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
101.8 employer contribution must be paid by the governmental subdivision employing the
101.9 member if the member makes the equivalent employee contributions. The employer
101.10 payments must be made from funds available to the employing unit, using the employer
101.11 and additional employer contribution rate or rates in effect at the time that the uniformed
101.12 service was performed, applied to the same annual salary rate or rates used to compute the
101.13 equivalent member contribution. The governmental subdivision involved may appropriate
101.14 money for those payments. The amount of service credit obtainable under this section may
101.15 not exceed five years unless a longer purchase period is required under United States Code,
101.16 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
101.17 employer contribution amounts payable under this clause. Interest must be computed at a
101.18 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
101.19 break in service to the end of the month in which the payment is received. Upon payment,
101.20 the employee must be granted allowable service credit for the purchased period; or

101.21 (9) a period specified under subdivision 40.

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

101.27 (c) For a public employee who has prior service covered by a local police or
101.28 firefighters relief association that has consolidated with the Public Employees Retirement
101.29 Association or to which section 353.665 applies, and who has elected the type of benefit
101.30 coverage provided by the public employees police and fire fund either under section
101.31 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
101.32 service" is a period of service credited by the local police or firefighters relief association
101.33 as of the effective date of the consolidation based on law and on bylaw provisions
101.34 governing the relief association on the date of the initiation of the consolidation procedure.

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

102.1 (e) MS 2002 [Expired]

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

102.3 Sec. 6. Minnesota Statutes 2008, section 353.0161, subdivision 2, is amended to read:

102.4 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
 102.5 subdivision 1 may purchase credit for allowable service in that plan for a period specified
 102.6 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
 102.7 whichever applies. The employing unit, at its option, may pay the employer portion of the
 102.8 amount specified in paragraph (b) on behalf of its employees.

102.9 (b) If payment is received by the executive director within one year from the date the
 102.10 member returned to work following the authorized leave, or within 30 days after the date
 102.11 of termination of public service if the member did not return to work, the payment amount
 102.12 is equal to the employee and employer contribution rates specified in law for the applicable
 102.13 plan at the end of the leave period, or at termination of public service, whichever is earlier,
 102.14 multiplied by the employee's average monthly salary, excluding overtime, upon which
 102.15 deductions were paid during the six months, or portion thereof, before the commencement
 102.16 of the leave of absence and by the number of months of the leave of absence for which
 102.17 the employee wants allowable service credit. Payments made under this paragraph must
 102.18 include compound interest at a monthly rate of 0.71 percent from the last day of the leave
 102.19 period until the last day of the month in which payment is received.

102.20 (c) If payment is received by the executive director after one year, the payment
 102.21 amount is the amount determined under section 356.551. Payment under this paragraph
 102.22 must be made before the date the person terminates public service under section 353.01,
 102.23 subdivision 11a.

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

102.25 Sec. 7. **[353.0162] REDUCED SALARY PERIODS SALARY CREDIT**

102.26 **PURCHASE.**

102.27 (a) A member may purchase additional salary credit for a period specified in this
 102.28 section.

102.29 (b) The applicable period is a period during which the member is receiving a reduced
 102.30 salary from the employer while the member is:

102.31 (1) receiving temporary workers' compensation payments related to the member's
 102.32 service to the public employer;

102.33 (2) on an authorized medical leave of absence; or

103.1 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
103.2 savings program offered or mandated by a governmental subdivision.

103.3 (c) The differential salary amount is the difference between the average monthly
103.4 salary received by the member during the period of reduced salary under this section and
103.5 the average monthly salary of the member, excluding overtime, on which contributions
103.6 to the applicable plan were made during the period of the last six months of covered
103.7 employment occurring immediately before the period of reduced salary, applied to the
103.8 member's normal employment period, measured in hours or otherwise, as applicable.

103.9 (d) To receive eligible salary credit, the member shall pay an amount equal to:

103.10 (1) the applicable employee contribution rate under section 353.27, subdivision
103.11 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
103.12 differential salary amount;

103.13 (2) plus an employer equivalent payment equal to the applicable employer
103.14 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,
103.15 subdivision 2, as applicable, multiplied by the differential salary amount;

103.16 (3) plus, if applicable, an equivalent employer additional amount equal to the
103.17 additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the
103.18 differential salary amount.

103.19 (e) The employer, by appropriate action of its governing body and documented in its
103.20 official records, may pay the employer equivalent contributions and, as applicable, the
103.21 equivalent employer additional contributions on behalf of the member.

103.22 (f) Payment under this section must include interest on the contribution amount
103.23 or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable
103.24 months from the date on which the period of reduced salary specified under this section
103.25 terminates to the date on which the payment or payments are received by the executive
103.26 director. Payment under this section must be completed within the earlier of 30 days from
103.27 termination of public service by the employee under section 353.01, subdivision 11a, or
103.28 one year after the termination of the period specified in paragraph (b), as further restricted
103.29 under this section.

103.30 (g) The period for which additional allowable salary credit may be purchased is
103.31 limited to the period during which the person receives temporary workers' compensation
103.32 payments or for those business years in which the governmental subdivision offers or
103.33 mandates a budget or salary savings program, as certified to the executive director by a
103.34 resolution of the governing body of the governmental subdivision. For an authorized
103.35 medical leave of absence, the period for which allowable salary credit may be purchased
103.36 may not exceed 12 consecutive months of authorized medical leave.

104.1 (h) To purchase salary credit for a subsequent period of temporary workers'
 104.2 compensation benefits or subsequent authorized medical leave of absence, the member
 104.3 must return to public service and render a minimum of three months of allowable service.

104.4 **EFFECTIVE DATE.** This section is effective July 1, 2010. Purchase of reduced
 104.5 salary credit may be made for a period mandated or offered by a governmental subdivision
 104.6 for purposes of budget or salary savings on or after July 1, 2009.

104.7 Sec. 8. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

104.8 Subdivision 1. **Management; composition; election.** (a) The management of the
 104.9 public employees retirement fund is vested in an 11-member board of trustees consisting
 104.10 of ten members and the state auditor. The state auditor may designate a deputy auditor
 104.11 with expertise in pension matters as the auditor's representative on the board. The
 104.12 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
 104.13 represent school boards, one to represent cities, one to represent counties, one who is a
 104.14 retired annuitant, and one who is a public member knowledgeable in pension matters. The
 104.15 membership of the association, including recipients of retirement annuities and disability
 104.16 and survivor benefits, shall elect five trustees for terms of four years, one of whom must
 104.17 be a member of the police and fire fund and one of whom must be a former member who
 104.18 met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at
 104.19 least five years prior to terminating membership and who is receiving a retirement annuity
 104.20 or a member who receives a disability benefit. Terms expire on January 31 of the fourth
 104.21 year, and positions are vacant until newly elected members are seated. Except as provided
 104.22 in this subdivision, trustees elected by the membership of the association must be public
 104.23 employees and members of the association.

104.24 (b) For seven days beginning October 1 of each year preceding a year in which
 104.25 an election is held, the association shall accept ~~at its office filings in person or by mail~~
 104.26 of candidates for the board of trustees. A candidate shall submit at the time of filing a
 104.27 nominating petition signed by 25 or more members of the association. No name may
 104.28 be withdrawn from nomination by the nominee after October 15. At the request of a
 104.29 candidate for an elected position on the board of trustees, the board shall ~~mail~~ provide
 104.30 a statement of up to 300 words prepared by the candidate to all persons eligible to vote
 104.31 in the election of the candidate. The board may adopt policies, ~~subject to review and~~
 104.32 ~~approval by the secretary of state under paragraph (c),~~ and procedures to govern the form
 104.33 and length of these statements, ~~and the timing of mailings,~~ and deadlines for submitting
 104.34 materials to be ~~mailed.~~ ~~The secretary of state shall resolve disputes between the board and~~

105.1 ~~a candidate concerning application of these policies to a particular statement~~ distributed to
 105.2 the eligible voters.

105.3 (c) By January 10 of each year in which elections are to be held, the board shall
 105.4 distribute ~~by mail to the members ballots listing~~ eligible voters the instructions and
 105.5 materials necessary to vote for the candidates seeking terms on the board of trustees.
 105.6 Eligible voters are the members, retirees, and other benefit recipients. No member voter
 105.7 may vote for more than one candidate for each board position to be filled. A ballot
 105.8 indicating a vote for more than one person for any position is void. No special marking
 105.9 may be used on the ballot to indicate incumbents. Ballots Votes cast by using paper ballots
 105.10 mailed to the association must be postmarked no later than January 31. Votes cast by using
 105.11 telephone or other electronic means authorized under the board's procedures must be
 105.12 entered by the end of the day on January 31. The ballot envelopes must be so designated
 105.13 ~~and the ballots must be counted in a manner that ensures~~ design of the voting response
 105.14 media must ensure that each voter's vote is secret.

105.15 (d) A candidate who receives contributions ~~or, who~~ who makes expenditures in excess
 105.16 of \$100, or who has given implicit or explicit consent for any other person to receive
 105.17 contributions or make expenditures in excess of \$100 for the purpose of bringing about the
 105.18 candidate's election; shall file a report with the campaign finance and public disclosure
 105.19 board disclosing the source and amount of all contributions to the candidate's campaign.
 105.20 The campaign finance and public disclosure board shall prescribe forms governing these
 105.21 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
 105.22 These terms do not include ~~the mailing~~ any distribution made by the association board on
 105.23 behalf of the candidate. A candidate shall file a report within 30 days from the day that the
 105.24 results of the election are announced. The Campaign Finance and Public Disclosure Board
 105.25 shall maintain these reports and make them available for public inspection in the same
 105.26 manner as the board maintains and makes available other reports filed with it.

105.27 (e) The secretary of state shall review and ~~approve~~ comment on the procedures
 105.28 defined by the board of trustees for conducting the elections specified in this subdivision,
 105.29 including board policies adopted under paragraph (b).

105.30 (f) The board of trustees and the executive director shall undertake their activities
 105.31 consistent with chapter 356A.

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

105.33 Sec. 9. Minnesota Statutes 2008, section 353.27, subdivision 4, is amended to read:

105.34 Subd. 4. **Employer reporting requirements; contributions; member status.**

105.35 (a) A representative authorized by the head of each department shall deduct employee

106.1 contributions from the salary of each public employee who qualifies for membership
106.2 under this chapter ~~and~~ or chapter 353D or 353E at the rate under section 353.27, 353.65,
106.3 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is
106.4 paid. The employer representative must also remit payment in a manner prescribed by
106.5 the executive director for the aggregate amount of the employee contributions; and the
106.6 required employer contributions and the additional employer contributions to be received
106.7 by the association within 14 calendar days after each pay date. If the payment is less than
106.8 the amount required, the employer must pay the shortage amount to the association and
106.9 collect reimbursement of any employee contribution shortage paid on behalf of a member
106.10 through subsequent payroll withholdings from the wages of the employee. Payment of
106.11 shortages in employee contributions and associated employer contributions, if applicable,
106.12 must include interest at the rate specified in section 353.28, subdivision 5, if not received
106.13 within 30 days following the date the amount was initially due under this section.

106.14 (b) The head of each department or the person's designee shall submit for each pay
106.15 period ~~submit~~ to the association a salary deduction report in the format prescribed by the
106.16 executive director. The report must be received by the association within 14 calendar days
106.17 after each pay date or the employer may be assessed a fine of \$5 per calendar day until
106.18 the association receives the required data. Data required to be submitted as part of salary
106.19 deduction reporting must include, but are not limited to:

106.20 (1) the legal names and Social Security numbers of employees who are members;

106.21 (2) the amount of each employee's salary deduction;

106.22 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the
106.23 pay period from which each deduction was made and the salary amount earned by a
106.24 reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or
106.25 by a disabled member under section 353.33, subdivision 7 or 7a;

106.26 (4) the beginning and ending dates of the payroll period covered and the date of
106.27 actual payment; and

106.28 (5) adjustments or corrections covering past pay periods as authorized by the
106.29 executive director.

106.30 ~~(b)~~ (c) Employers must furnish the data required for enrollment for each new
106.31 or reinstated employee who qualifies for membership in the format prescribed by the
106.32 executive director. The required enrollment data on new ~~employees~~ members must be
106.33 submitted to the association prior to or concurrent with the submission of the initial
106.34 employee salary deduction. Also, the employer shall ~~also~~ report to the association all
106.35 member employment status changes, such as leaves of absence, terminations, and death,
106.36 and shall report the effective dates of those changes, on an ongoing basis for the payroll

107.1 cycle in which they occur. If an employer fails to comply with the reporting requirements
107.2 under this paragraph, the executive director may assess a fine of \$25 for each failure if the
107.3 association staff has notified the employer of the noncompliance and attempted to obtain
107.4 the missing data or form from the employer for a period of more than three months.

107.5 (d) The employer shall furnish data, forms, and reports as may be required by
107.6 the executive director for proper administration of the retirement system. Before
107.7 implementing new or different computerized reporting requirements, the executive
107.8 director shall give appropriate advance notice to governmental subdivisions to allow time
107.9 for system modifications.

107.10 ~~(e)~~ (e) Notwithstanding paragraph (a), the association may provide for less frequent
107.11 reporting and payments for small employers.

107.12 (f) The executive director may establish reporting procedures and methods as
107.13 required to review compliance by employers with the salary and contribution reporting
107.14 requirements in this chapter. A review of the payroll records of a participating employer
107.15 may be conducted by the association on a periodic basis or as a result of concerns known
107.16 to exist within a governmental subdivision. An employer under review must extract
107.17 requested data and provide records to the association after receiving reasonable advanced
107.18 notice. Failure to provide requested information or materials will result in the employer
107.19 being liable to the association for any expenses associated with a field audit, which may
107.20 include staff salaries, administrative expenses, and travel expenses.

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

107.22 Sec. 10. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 7, is
107.23 amended to read:

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

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

107.33 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
107.34 1990. Upon determination of the error, the association shall refund all erroneous employee
107.35 deductions and all erroneous employer contributions as specified in paragraph (e). No

108.1 person may claim a right to continued or past membership in the association based on
108.2 erroneous deductions which began on or after January 1, 1990.

108.3 (b) Erroneous deductions taken from the salary of a person who did not qualify for
108.4 membership in the association by virtue of concurrent employment before July 1, 1978,
108.5 which required contributions to another retirement fund or relief association established
108.6 for the benefit of officers and employees of a governmental subdivision, are invalid. Upon
108.7 discovery of the error, ~~the association shall remove~~ allowable service credit for all invalid
108.8 service if forfeited and, upon termination of public service, the association shall refund all
108.9 erroneous employee deductions to the person, with interest as determined under section
108.10 353.34, subdivision 2, and all erroneous employer contributions without interest to the
108.11 employer. This paragraph has both retroactive and prospective application.

108.12 (c) Adjustments to correct employer contributions and employee deductions taken
108.13 in error from amounts which are not salary under section 353.01, subdivision 10, must
108.14 be made as specified in paragraph (e). The period of adjustment must be limited to the
108.15 fiscal year in which the error is discovered by the association and the immediate two
108.16 preceding fiscal years.

108.17 (d) If there is evidence of fraud or other misconduct on the part of the employee or
108.18 the employer, the board of trustees may authorize adjustments to the account of a member
108.19 or former member to correct erroneous employee deductions and employer contributions
108.20 on invalid salary and the recovery of any overpayments for a period longer than provided
108.21 for under paragraph (c).

108.22 (e) Upon discovery of the receipt of erroneous employee deductions and employer
108.23 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
108.24 the employer to discontinue the erroneous employee deductions and erroneous employer
108.25 contributions reported on behalf of a member. Upon discontinuation, the association must:

108.26 (1) for a member, provide a refund ~~or credit to the employer~~ in the amount of the
108.27 invalid employee deductions with interest on the invalid employee deductions at the rate
108.28 specified under section 353.34, subdivision 2, from the received date of each invalid salary
108.29 transaction through the date the credit or refund is made; ~~and the employer must pay the~~
108.30 ~~refunded employee deductions plus interest to the member;~~

108.31 (2) for a former member who:

108.32 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
108.33 deductions to the former member through a refund with interest at the rate specified under
108.34 section 353.34, subdivision 2, from the received date of each invalid salary transaction
108.35 through the date the credit or refund is made; or

109.1 (ii) is receiving a retirement annuity or disability benefit, or a person who is
109.2 receiving an optional annuity or survivor benefit, for whom it has been determined an
109.3 overpayment must be recovered, adjust the payment amount and recover the overpayments
109.4 as provided under this section; and

109.5 (3) return the invalid employer contributions reported on behalf of a member or
109.6 former member to the employer by providing a credit against future contributions payable
109.7 by the employer.

109.8 (f) In the event that a salary warrant or check from which a deduction for the
109.9 retirement fund was taken has been canceled or the amount of the warrant or check
109.10 returned to the funds of the department making the payment, a refund of the sum
109.11 deducted, or any portion of it that is required to adjust the deductions, must be made
109.12 to the department or institution.

109.13 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
109.14 is within the limitation period specified in paragraph (c), and an overpayment has resulted
109.15 by using invalid service or salary, or due to any erroneous calculation procedure, the
109.16 association must recalculate the annuity or benefit payable and recover any overpayment
109.17 as provided under subdivision 7b.

109.18 (h) Notwithstanding the provisions of this subdivision, the association may apply
109.19 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
109.20 Compliance Resolution System and not issue a refund of erroneous employee deductions
109.21 and employer contributions or not recover a small overpayment of benefits if the cost to
109.22 correct the error would exceed the amount of the member refund or overpayment.

109.23 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
109.24 failure by an employer to follow the statutory requirements for reporting eligible members
109.25 and salary must be paid by the employer.

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

109.27 Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 10, is amended to read:

109.28 Subd. 10. **Employer exclusion reports.** (a) The head of a department shall annually
109.29 furnish the executive director with an exclusion report listing only those employees in
109.30 potentially PERA-eligible positions who were not reported as members of the association
109.31 and who worked during the school year for school employees and calendar year for
109.32 nonschool employees. The department head must certify the accuracy and completeness
109.33 of the exclusion report to the association. The executive director shall prescribe the
109.34 manner and forms, including standardized exclusion codes, to be used by a governmental
109.35 subdivision in preparing and filing exclusion reports. Also, the executive director shall

110.1 ~~also~~ check the exclusion report to ascertain whether any omissions have been made by a
 110.2 department head in the reporting of new public employees for membership. The executive
 110.3 director may delegate an association employee under section 353.03, subdivision 3a,
 110.4 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a
 110.5 governmental subdivision.

110.6 (b) If an employer fails to comply with the reporting requirements under this
 110.7 subdivision, the executive director may assess a fine of \$25 for each failure if the
 110.8 association staff has notified the employer of the noncompliance and attempted to obtain
 110.9 the missing data or form from the employer for a period of more than three months.

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

110.11 Sec. 12. Minnesota Statutes 2009 Supplement, section 353.371, subdivision 4, is
 110.12 amended to read:

110.13 Subd. 4. **Duration.** Postretirement option employment ~~shall~~ may be for an initial
 110.14 period not to exceed one year. At the end of the initial period, the governing body has sole
 110.15 discretion to determine if the offer of a postretirement option position will be renewed,
 110.16 renewed with modifications, or terminated. Postretirement option employment may be
 110.17 renewed annually, but ~~may not be renewed after the individual attains retirement age as~~
 110.18 ~~defined in United States Code, title 42, section 416(l)~~ no more than four renewals may
 110.19 occur.

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

110.21 Sec. 13. Minnesota Statutes 2008, section 353D.01, subdivision 2, is amended to read:

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

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

110.28 (2) physicians who, if they did not elect to participate in the plan under section
 110.29 353D.02, subdivision 2, would meet the definition of member under section 353.01,
 110.30 subdivision 7;

110.31 (3) basic and advanced life-support emergency medical service personnel who
 110.32 are employed by any public ambulance service that elects to participate under section
 110.33 353D.02, subdivision 3;

111.1 (4) members of a municipal rescue squad associated with the city of Litchfield
111.2 in Meeker County, or of a county rescue squad associated with Kandiyohi County, if
111.3 an independent nonprofit rescue squad corporation, incorporated under chapter 317A,
111.4 performing emergency management services, and if not affiliated with a fire department
111.5 or ambulance service and if its members are not eligible for membership in that fire
111.6 department's or ambulance service's relief association or comparable pension plan;

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

111.10 (6) city managers who elected to be excluded from the general employees retirement
111.11 plan of the Public Employees Retirement Association under section 353.028 and who
111.12 elected to participate in the public employees defined contribution plan under section
111.13 353.028, subdivision 3, paragraph (b); ~~and~~

111.14 (7) volunteer or emergency on-call firefighters serving in a municipal fire department
111.15 or an independent nonprofit firefighting corporation who are not covered by the public
111.16 employees police and fire retirement plan and who are not covered by a volunteer
111.17 firefighters relief association and who elect to participate in the public employees defined
111.18 contribution plan;

111.19 (8) elected county sheriffs who are former members of the police and fire plan and
111.20 who are receiving a retirement annuity as provided under section 353.651; and

111.21 (9) persons who are excluded from membership under section 353.01, subdivision
111.22 2b, paragraph (a), clause (25).

111.23 (b) For purposes of this chapter, an elected local government official includes
111.24 a person appointed to fill a vacancy in an elective office. Service as an elected local
111.25 government official only includes service for the governmental subdivision for which the
111.26 official was elected by the public at large. Service as an elected local government official
111.27 ceases and eligibility to participate terminates when the person ceases to be an elected
111.28 official. An elected local government official does not include an elected county sheriff
111.29 who must be a member of the police and fire plan as provided under chapter 353.

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

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

111.36 **EFFECTIVE DATE.** This section is effective July 1, 2010.

112.1 Sec. 14. Minnesota Statutes 2008, section 353D.03, subdivision 1, is amended to read:

112.2 Subdivision 1. ~~Local government official contribution~~ **Contributions for eligible**
 112.3 **participants.** ~~An~~ (a) The following classes of eligible elected local government official
 112.4 participants who elects elect to participate in the public employees defined contribution
 112.5 plan under section 353D.02 shall contribute an amount equal to five percent of salary as
 112.6 defined in section 353.01, subdivision 10. ~~A participating:~~

112.7 (1) elected local government official's officials;

112.8 (2) physicians; and

112.9 (3) persons who are excluded from membership under section 353.01, subdivision
 112.10 2b, clause (25).

112.11 (b) A participant's governmental subdivision shall contribute a matching amount.

112.12 **EFFECTIVE DATE.** This section is effective July 1, 2010.

112.13 Sec. 15. Minnesota Statutes 2008, section 353D.04, subdivision 1, is amended to read:

112.14 Subdivision 1. **Crediting of account contributions to participant accounts.** (a)

112.15 Contributions made by or on behalf of a ~~participating elected local government official or~~
 112.16 ~~physician~~ participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must
 112.17 be remitted to the Public Employees Retirement Association and credited to the individual
 112.18 account established for the participant. ~~Ambulance service~~

112.19 (b) Contributions as provided under section 353D.03, subdivisions 3, and 6,

112.20 paragraph (b), must be remitted on a regular basis to the association together with any
 112.21 member contributions paid or withheld. Those contributions must be credited to the
 112.22 individual account of each participating member.

112.23 **EFFECTIVE DATE.** This section is effective July 1, 2010.

112.24 Sec. 16. Minnesota Statutes 2008, section 353D.04, subdivision 2, is amended to read:

112.25 Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The
 112.26 executive director may adopt policies and procedures regarding deductions taken totally
 112.27 or partially in error by the employer from the salary of an elected official.

112.28 **EFFECTIVE DATE.** This section is effective July 1, 2010.

112.29 Sec. 17. Minnesota Statutes 2009 Supplement, section 353F.02, subdivision 4, is
 112.30 amended to read:

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

112.32 (1) Bridges Medical Services;

- 113.1 (2) the City of Cannon Falls Hospital;
- 113.2 (3) the Chris Jenson Health and Rehabilitation Center in St. Louis County;
- 113.3 (4) Clearwater County Memorial Hospital doing business as Clearwater Health
- 113.4 Services in Bagley;
- 113.5 ~~(4)~~ (5) the Dassel Lakeside Community Home;
- 113.6 (6) the Douglas County Hospital, with respect to the Mental Health Unit;
- 113.7 ~~(5)~~ (7) the Fair Oaks Lodge, Wadena;
- 113.8 ~~(6)~~ (8) the Glencoe Area Health Center;
- 113.9 ~~(7)~~ (9) Hutchinson Area Health Care;
- 113.10 ~~(8)~~ (10) the Lakefield Nursing Home;
- 113.11 ~~(9)~~ (11) the Lakeview Nursing Home in Gaylord;
- 113.12 ~~(10)~~ (12) the Luverne Public Hospital;
- 113.13 ~~(11)~~ (13) the Oakland Park Nursing Home;
- 113.14 ~~(12)~~ (14) the RenVilla Nursing Home;
- 113.15 ~~(13)~~ (15) the Rice Memorial Hospital in Willmar, with respect to the Department
- 113.16 of Radiology and the Department of Radiation/Oncology;
- 113.17 ~~(14)~~ (16) the St. Peter Community Health Care Center;
- 113.18 ~~(15)~~ (17) the Waconia-Ridgeview Medical Center;
- 113.19 ~~(16)~~ (18) the Weiner Memorial Medical Center, Inc.; ~~and~~
- 113.20 (19) the Wheaton Community Hospital; and
- 113.21 ~~(17)~~ (20) the Worthington Regional Hospital.

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

113.23 Sec. 18. Minnesota Statutes 2008, section 353F.025, subdivision 1, is amended to read:

113.24 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a

113.25 governmental subdivision may submit a resolution from the governing body to the

113.26 executive director of the Public Employees Retirement Association which supports

113.27 providing coverage under this chapter for employees of that governmental subdivision

113.28 who are privatized, and which states that the governing body will pay for actuarial

113.29 calculations, as further specified in paragraph (c).

113.30 (b) The governing body must also provide a copy of any applicable purchase or

113.31 lease agreement and any other information requested by the executive director to allow the

113.32 executive director to verify that under the proposed employer change, the new employer

113.33 does not qualify as a governmental subdivision under section 353.01, subdivision 6,

113.34 making the employees ineligible for continued coverage as active members of the general

113.35 employees retirement plan of the Public Employees Retirement Association.

114.1 (c) Following receipt of a resolution and a determination by the executive director
114.2 that the new employer is not a governmental subdivision, the executive director shall
114.3 direct the consulting actuary retained under section 356.214 to determine whether the
114.4 general employees retirement plan of the Public Employees Retirement Association, if
114.5 coverage under this chapter is provided, is expected to receive a net gain or a net loss if
114.6 privatization occurs, ~~by determining whether~~. A net gain is expected if the actuarial
114.7 liability of the special benefit coverage provided under this chapter, if extended to the
114.8 applicable employees under the privatization, is less than the actuarial gain otherwise to
114.9 accrue to the plan. A net loss is expected if the actuarial accrued liability of the special
114.10 benefit coverage provided under this chapter, if extended to the applicable employees
114.11 under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The
114.12 date of the actuarial calculations used to make this determination must be within one year
114.13 of the effective date, as defined in section 353F.02, subdivision 3.

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

114.15 Sec. 19. Minnesota Statutes 2008, section 353F.025, subdivision 2, is amended to read:

114.16 Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under
114.17 subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement
114.18 plan of the Public Employees Retirement Association is expected due to the privatization,
114.19 or if paragraph (c) applies, the executive director shall forward a recommendation and
114.20 supporting documentation to the chair of the Legislative Commission on Pensions and
114.21 Retirement, the chair of the Governmental Operations, Reform, Technology and Elections
114.22 Committee of the house of representatives, the chair of the State and Local Government
114.23 Operations and Oversight Committee of the senate, and the executive director of the
114.24 Legislative Commission on Pensions and Retirement. The recommendation must be in
114.25 the form of an addition to the definition of "medical facility" under section 353F.02,
114.26 subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5,
114.27 whichever is applicable. The recommendation must be forwarded to the legislature before
114.28 January 15 for the recommendation to be considered in that year's legislative session. The
114.29 recommendation may be included as part of public pension administrative legislation
114.30 under section 356B.05.

114.31 (b) If a medical facility or other public employing unit listed under section 353F.02,
114.32 subdivision 4 or 5, fails to privatize within one year of the final enactment date of the
114.33 legislation adding the entity to the applicable definition, its inclusion under this chapter is
114.34 voided, and the executive director shall include in the subsequent proposed legislation

115.1 under paragraph (a) a recommendation that the applicable entity be stricken from the
115.2 definition.

115.3 (c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the
115.4 executive director shall forward a recommendation that the privatization be included as an
115.5 addition under paragraph (a) if the chief clerical officer of the applicable governmental
115.6 subdivision submits a resolution from the governing body specifying that a lump sum
115.7 payment will be made to the executive director equal to the net loss, plus interest. The
115.8 interest must be computed using the applicable preretirement interest rate assumption
115.9 under section 356.215, subdivision 8, expressed as a monthly rate, from the date of the
115.10 actuarial valuation from which the actuarial accrued liability data was used to determine
115.11 the net loss in the actuarial study under subdivision 1, to the date of payment, with annual
115.12 compounding. Payment must be made on or after the effective date defined under section
115.13 353F.02.

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

115.15 Sec. 20. Minnesota Statutes 2008, section 356.96, subdivision 2, is amended to read:

115.16 Subd. 2. **Right to review.** A determination made by the ~~administration~~ chief
115.17 administrative officer of a covered pension plan regarding a person's eligibility, benefits,
115.18 or other rights under the plan with which the person does not agree is subject to review
115.19 under this section.

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

115.21 Sec. 21. Minnesota Statutes 2008, section 356.96, subdivision 3, is amended to read:

115.22 Subd. 3. **Notice of determination.** If the applicable chief administrative officer
115.23 denies an application or a written request, modifies a benefit, or terminates a benefit
115.24 of a person claiming a right or potential rights under a covered pension plan, the chief
115.25 administrative officer shall notify that person through a written notice containing:

115.26 (1) a statement of the reasons for the determination;

115.27 (2) a notice that the person may petition the governing board of the covered pension
115.28 plan for a review of the determination and that a person's petition for review must be filed
115.29 in the administrative office of the covered pension plan within 60 days of the receipt
115.30 of the written notice of the determination;

115.31 (3) a statement indicating that a failure to petition for review within 60 days
115.32 precludes the person from contesting in any other administrative review or court procedure
115.33 the issues determined by the chief administrative officer;

116.1 (4) a statement indicating that all relevant materials, documents, affidavits, and other
116.2 records that the person wishes to be reviewed in support of the petition must be filed with
116.3 and received in the administrative office of the covered pension plan at least ~~30~~ 15 days
116.4 before the date of the hearing under subdivision 10; and

116.5 (5) a ~~copy~~ summary of this section, including all filing requirements and deadlines.

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

116.7 Sec. 22. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 5, is
116.8 amended to read:

116.9 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2
116.10 may petition for a review of that decision by the governing board of the covered pension
116.11 plan.

116.12 (b) A petition under this section must be sent to the chief administrative officer by
116.13 mail and must be postmarked no later than 60 days after the person received the notice
116.14 required by subdivision 3. The petition must include the person's statement of the reason
116.15 or reasons that the person believes the decision of the chief administrative officer should
116.16 be reversed or modified. The petition may include all documentation and written materials
116.17 that the petitioner deems to be relevant. In developing a record for review by the board
116.18 when a decision is appealed, the ~~executive director~~ chief administrative officer may direct
116.19 that the applicant participate in a fact-finding session conducted by an administrative law
116.20 judge assigned by the Office of Administrative Hearings and, as applicable, participate in
116.21 a vocational assessment conducted by a qualified rehabilitation counselor on contract with
116.22 the applicable retirement system.

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

116.24 Sec. 23. Minnesota Statutes 2008, section 356.96, subdivision 7, is amended to read:

116.25 Subd. 7. **Notice of hearing.** (a) After receiving a petition, ~~and not less than 30~~
116.26 ~~calendar days from the date of the next regular board meeting,~~ the chief administrative
116.27 officer must schedule a timely review of the petition before the governing board of the
116.28 covered pension plan. The review must be scheduled to take into consideration any
116.29 necessary accommodations to allow the petitioner to participate in the governing board's
116.30 review.

116.31 (b) Not less than ~~15~~ 30 calendar days before the scheduled hearing date, the chief
116.32 administrative officer must provide by mail to the petitioner an acknowledgment of the
116.33 receipt of the person's petition and a follow-up notice of the time and place of the meeting

117.1 at which the governing board is scheduled to consider the petition and must provide a copy
 117.2 of all relevant documents, evidence, summaries, and recommendations assembled by or
 117.3 on behalf of the plan administration to be considered by the governing board.

117.4 ~~(c) Except as provided in subdivision 8, paragraph (c),~~ All documents and materials
 117.5 that the petitioner wishes to be part of the record for review must be filed with the chief
 117.6 administrative officer and must be received in the offices of the covered pension plan
 117.7 at least ~~30~~ 15 days before the date of the meeting at which the petition is scheduled to
 117.8 be heard.

117.9 (d) A petitioner; may request a continuance of a scheduled hearing if the request
 117.10 is received by the chief administrative officer within ten calendar days of the scheduled
 117.11 date of the applicable board meeting; ~~may request a continuance on a scheduled petition.~~
 117.12 The chief administrative officer must reschedule the review within ~~60 days of the date~~
 117.13 ~~of the continuance request~~ a reasonable time. Only one continuance may be granted to
 117.14 any petitioner.

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

117.16 Sec. 24. Minnesota Statutes 2008, section 356.96, subdivision 8, is amended to read:

117.17 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and
 117.18 affidavits in the possession of the covered pension plan of which the covered pension plan
 117.19 desires to avail itself and be considered by the governing board, and all evidence which the
 117.20 petitioner wishes to present to the governing board, including any evidence which would
 117.21 otherwise be classified by law as "private," must be made part of the hearing record.

117.22 (b) ~~Not later than~~ The chief administrative officer must provide a copy of the record
 117.23 to each member of the governing board at least seven days before the scheduled hearing
 117.24 date; ~~the chief administrative officer must provide a copy of the record to each member~~
 117.25 ~~of the governing board.~~

117.26 (c) ~~At least five days before the hearing, the petitioner may submit to the chief~~
 117.27 ~~administrative officer, for submission to the governing board,~~ Any additional document,
 117.28 affidavit, or other relevant information that ~~was not initially submitted with the petition~~
 117.29 the petitioner requests be part of the record may be admitted with the consent of the
 117.30 governing board.

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

117.32 Sec. 25. Laws 2009, chapter 169, article 4, section 49, is amended to read:

118.1 **Sec. 49. CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY AND**
 118.2 **CITY OF VIRGINIA; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS,**
 118.3 **EMPLOYER CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

118.4 Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes,
 118.5 section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and
 118.6 356, to the contrary, this section establishes the procedures by which the executive
 118.7 director of the Public Employees Retirement Association shall adjust erroneous employee
 118.8 deductions and employer contributions paid on behalf of active employees and former
 118.9 members by the city of Duluth ~~and~~₂ by the Duluth Airport Authority, and by the city
 118.10 of Virginia on amounts determined by the executive director to be invalid salary under
 118.11 Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997,
 118.12 and October 23, 2008, and for adjusting benefits that were paid to former members and
 118.13 their beneficiaries based upon invalid salary amounts.

118.14 Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund
 118.15 to active employees or former members who are not receiving retirement annuities or
 118.16 benefits all erroneous employee deductions identified by the city of Duluth ~~or~~₂ by the
 118.17 Duluth Airport Authority, or by the city of Virginia as deductions taken from amounts
 118.18 determined to be invalid salary. The refunds must include interest at the rate specified in
 118.19 Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee
 118.20 deduction was received through the date each refund is paid.

118.21 (b) The refund payment for active employees must be sent to the ~~applicable~~
 118.22 ~~governmental subdivision which must pay the refunded employee deductions plus interest~~
 118.23 ~~to the active~~ home addresses of the members who are employees of the city of Duluth
 118.24 ~~or~~₂ who are employees of the Duluth Airport Authority, or who are employees of the city
 118.25 of Virginia, as applicable.

118.26 (c) Refunds to former members must be mailed by the executive director of the
 118.27 Public Employees Retirement Association to the former member's last known address.

118.28 Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a
 118.29 retirement annuity or disability benefit, or for a person receiving an optional annuity or
 118.30 survivor benefit, the executive director must:

118.31 (1) adjust the annuity or benefit payment to the correct monthly benefit amount
 118.32 payable by reducing the average salary under Minnesota Statutes, section 353.01,
 118.33 subdivision 17a, by the invalid salary amounts;

118.34 (2) determine the amount of the overpaid benefits paid from the effective date of
 118.35 the annuity or benefit payment to the first of the month in which the monthly benefit
 118.36 amount is corrected;

119.1 (3) calculate the amount of employee deductions taken in error on invalid salary,
119.2 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,
119.3 from the date each invalid employee deduction was received through the date the annuity
119.4 or benefit is adjusted as provided under clause (1); and

119.5 (4) determine the net amount of overpaid benefits by reducing the amount of the
119.6 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous
119.7 employee deductions with interest as determined in clause (3).

119.8 (b) If a former member's erroneous employee deductions plus interest determined
119.9 under this section exceeds the amount of the person's overpaid benefits, the balance must
119.10 be refunded to the person to whom the annuity or benefit is being paid.

119.11 (c) The executive director shall recover the net amount of all overpaid annuities or
119.12 benefits as provided under subdivision 4.

119.13 Subd. 4. **Employer credits and obligations.** (a) The executive director shall
119.14 provide a credit without interest to the city of Duluth ~~and~~₂ to the Duluth Airport Authority₂
119.15 and to the city of Virginia, as applicable, for the amount of that governmental subdivision's
119.16 erroneous employer contributions. The credit must first be used to offset the net amount of
119.17 the overpaid retirement annuities and the disability and survivor benefits that remains after
119.18 applying the amount of erroneous employee deductions with interest as provided under
119.19 subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions,
119.20 if any, must be credited against future employer contributions required to be paid by
119.21 the applicable governmental subdivision. If the overpaid benefits exceed the employer
119.22 contribution credit, the balance of the overpaid benefits is the obligation of the city of
119.23 Duluth ~~or~~₂ the Duluth Airport Authority, or the city of Virginia, whichever is applicable.

119.24 (b) The Public Employees Retirement Association board of trustees shall determine
119.25 the period of time and manner for the collection of overpaid retirement annuities and
119.26 benefits, if any, from the city of Duluth ~~and~~₂ the Duluth Airport Authority, and the city of
119.27 Virginia.

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

119.29 Sec. 26. Laws 2009, chapter 169, article 4, section 49, the effective date, is amended to
119.30 read:

119.31 **EFFECTIVE DATE.** (a) This section is effective for the city of Duluth the day after
119.32 the Duluth city council and the chief clerical officer of the city of Duluth timely complete
119.33 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for
119.34 members who are, and former members who were, employees of the city of Duluth.

120.1 (b) This section is effective for the Duluth Airport Authority the day after the Duluth
120.2 Airport Authority and the chief clerical officer of the Duluth Airport Authority timely
120.3 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2
120.4 and 3, for members who are, and former members who were, employees of the Duluth
120.5 Airport Authority.

120.6 (c) This section is effective for the city of Virginia the day after the Virginia
120.7 city council and the chief clerical officer of the city of Virginia timely complete their
120.8 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members
120.9 who are, and former members who were, employees of the city of Virginia. If this section
120.10 becomes effective for the city of Virginia, it applies retroactively from June 23, 2009.

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

120.12 Sec. 27. Laws 2009, chapter 169, article 5, section 2, the effective date, is amended to
120.13 read:

120.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
120.15 and expires on June 30, ~~2011~~ 2014. Individuals must not be appointed to a postretirement
120.16 option position after that date.

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

120.18 Sec. 28. **REPEALER.**

120.19 (a) Minnesota Statutes 2008, section 353.01, subdivision 40, is repealed effective
120.20 July 1, 2010.

120.21 (b) Minnesota Statutes 2008, sections 353.46, subdivision 1a; and 353D.03,
120.22 subdivision 2, are repealed the day following final enactment.

120.23 (c) Minnesota Statutes 2008, section 353D.12, is repealed effective July 1, 2011.

120.24 **ARTICLE 6**

120.25 **VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER** 120.26 **RETIREMENT PLAN**

120.27 Section 1. Minnesota Statutes 2008, section 69.051, subdivision 3, is amended to read:

120.28 Subd. 3. **Report by certain municipalities.** (a) Each municipality which has
120.29 an organized fire department but which does not have a firefighters' relief association
120.30 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted
120.31 under paragraph (b) shall annually prepare a detailed financial report of the receipts and
120.32 disbursements by the municipality for fire protection service during the preceding calendar

121.1 year, on a form prescribed by the state auditor. The financial report ~~shall~~ must contain any
121.2 information which the state auditor deems necessary to disclose the sources of receipts
121.3 and the purpose of disbursements for fire protection service. The financial report ~~shall~~
121.4 must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial
121.5 report ~~shall~~ must be filed by the municipal clerk or clerk-treasurer with the state auditor on
121.6 or before July 1 annually. The state auditor shall forward one copy to the county auditor of
121.7 the county wherein the municipality is located. The municipality shall not qualify initially
121.8 to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under this chapter if
121.9 the financial reporting requirement or the applicable requirements of this chapter or any
121.10 other statute or special law have not been complied with or are not fulfilled.

121.11 (b) Each municipality that has an organized fire department and provides retirement
121.12 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
121.13 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and
121.14 retained in the statewide lump-sum volunteer firefighter retirement fund without filing
121.15 a detailed financial report if the executive director of the Public Employees Retirement
121.16 Association certifies compliance by the municipality with the requirements of sections
121.17 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements
121.18 of section 353G.07.

121.19 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

121.20 Sec. 2. Minnesota Statutes 2009 Supplement, section 353G.05, subdivision 2, is
121.21 amended to read:

121.22 Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer
121.23 firefighters by the retirement plan is initiated by a request to the executive director for a
121.24 cost analysis of the prospective retirement coverage.

121.25 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief
121.26 association governed by chapter 424A, the cost analysis of the prospective retirement
121.27 coverage must be requested jointly by the secretary of the volunteer firefighters' relief
121.28 association, following approval of the request by the board of the volunteer firefighters'
121.29 relief association, and the chief administrative officer of the entity associated with the
121.30 relief association, following approval of the request by the governing body of the entity
121.31 associated with the relief association. If the relief association is associated with more than
121.32 one entity, the chief administrative officer of each associated entity must execute the
121.33 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'
121.34 relief association, the cost analysis of the prospective retirement coverage must be
121.35 requested by the chief administrative officer of the entity operating the fire department.

122.1 The request must be made in writing and must be made on a form prescribed by the
122.2 executive director.

122.3 (c) The cost analysis of the prospective retirement coverage by the statewide
122.4 retirement plan must be based on the service pension amount under section 353G.11
122.5 closest to the service pension amount provided by the volunteer firefighters' relief
122.6 association; ~~if there is one~~ the relief association is a lump-sum defined benefit plan, or
122.7 the amount equal to 95 percent of the most current average account balance per relief
122.8 association member if the relief association is a defined contribution plan, or to the
122.9 lowest service pension amount under section 353G.11 if there is no volunteer firefighters'
122.10 relief association, rounded up, and any other service pension amount designated by
122.11 the requester or requesters. The cost analysis must be prepared using a mathematical
122.12 procedure certified as accurate by an approved actuary retained by the Public Employees
122.13 Retirement Association.

122.14 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
122.15 that has filed the information required under section 69.051 in a timely fashion, upon
122.16 request by the executive director, the state auditor shall provide the most recent data
122.17 available on the financial condition of the volunteer firefighters' relief association, the most
122.18 recent firefighter demographic data available, and a copy of the current relief association
122.19 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association
122.20 exists, the chief administrative officer of the entity operating the fire department shall
122.21 provide the demographic information on the volunteer firefighters serving as members
122.22 of the fire department requested by the executive director.

122.23 (e) If a cost analysis is requested, the executive director of the State Board of
122.24 Investment shall review the investment portfolio of the relief association, if applicable,
122.25 for compliance with the applicable provisions of chapter 11A and for appropriateness
122.26 for retention under the established investment objectives and investment policies of the
122.27 State Board of Investment. If the prospective retirement coverage change is approved
122.28 under paragraph (f), the State Board of Investment may require that the relief association
122.29 liquidate any investment security or other asset which the executive director of the State
122.30 Board of Investment has determined to be an ineligible or inappropriate investment for
122.31 retention by the State Board of Investment. The security or asset liquidation must occur
122.32 before the effective date of the transfer of retirement plan coverage. If requested to do
122.33 so by the chief administrative officer of the relief association, the executive director of
122.34 the State Board of Investment shall provide advice about the best means to conduct the
122.35 liquidation.

123.1 (f) Upon receipt of the cost analysis, the governing body of the municipality
 123.2 or independent nonprofit firefighting corporation associated with the fire department
 123.3 shall either approve or disapprove the retirement coverage change within 90 days. If
 123.4 the retirement coverage change is not acted upon within 90 days, it is deemed to be
 123.5 disapproved. If the retirement coverage change is approved by the applicable governing
 123.6 body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan
 123.7 is effective on the next following January 1.

123.8 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

123.9 Sec. 3. Minnesota Statutes 2009 Supplement, section 353G.06, subdivision 1, is
 123.10 amended to read:

123.11 Subdivision 1. **Special fund disestablishment.** (a) On the date immediately prior
 123.12 to the effective date of the coverage change, the special fund of the applicable volunteer
 123.13 firefighters' relief association, if one exists, ceases to exist as a pension fund of the
 123.14 association and legal title to the assets of the special fund transfers to the State Board of
 123.15 Investment, with the beneficial title to the assets of the special fund remaining in the
 123.16 applicable volunteer firefighters.

123.17 ~~(b) If the market value of the special fund of the volunteer firefighters' relief~~
 123.18 ~~association for which retirement coverage changed under this chapter declines in the~~
 123.19 ~~interval between the date of the most recent financial report or statement, and the special~~
 123.20 ~~fund disestablishment date, the applicable municipality shall transfer an additional amount~~
 123.21 ~~to the State Board of Investment equal to that decline. If more than one municipality is~~
 123.22 ~~responsible for the direct management of the fire department, the municipalities shall~~
 123.23 ~~allocate the additional transfer amount among the various applicable municipalities~~
 123.24 ~~one-half in proportion to the population of each municipality and one-half in proportion~~
 123.25 ~~to the market value of each municipality.~~

123.26 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

123.27 Sec. 4. Minnesota Statutes 2009 Supplement, section 353G.08, is amended to read:

123.28 **353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

123.29 **Subdivision 1. Annual funding requirements.** (a) Annually, the executive director
 123.30 shall determine the funding requirements of each account in the voluntary statewide
 123.31 lump-sum volunteer firefighter retirement plan on or before August 1. The funding
 123.32 requirements as directed under this section, must be determined using a mathematical
 123.33 procedure developed and certified as accurate by an approved actuary retained by the

124.1 Public Employees Retirement Association and based on present value factors using a six
124.2 percent interest rate, without any decrement assumptions. The funding requirements
124.3 must be certified to the entity or entities associated with the fire department whose active
124.4 firefighters are covered by the retirement plan.

124.5 (b) The overall funding balance of each account for the current calendar year must
124.6 be determined in the following manner:

124.7 (1) The total accrued liability for all active and deferred members of the account as
124.8 of December 31 of the current year must be calculated based on the good time service
124.9 credit of active and deferred members as of that date.

124.10 (2) The total present assets of the account projected to December 31 of the current
124.11 year, including receipts by and disbursements from the account anticipated to occur on or
124.12 before December 31, must be calculated. To the extent possible, the market value of assets
124.13 must be utilized in making this calculation.

124.14 (3) The amount of the total present assets calculated under clause (2) must be
124.15 subtracted from the amount of the total accrued liability calculated under clause (1). If the
124.16 amount of total present assets exceeds the amount of the total accrued liability, then the
124.17 account is considered to have a surplus over full funding. If the amount of the total present
124.18 assets is less than the amount of the total accrued liability, then the account is considered
124.19 to have a deficit from full funding. If the amount of total present assets is equal to the
124.20 amount of the total accrued liability, then the special fund is considered to be fully funded.

124.21 (c) The financial requirements of each account for the following calendar year must
124.22 be determined in the following manner:

124.23 (1) The total accrued liability for all active and deferred members of the account
124.24 as of December 31 of the calendar year next following the current calendar year must be
124.25 calculated based on the good time service used in the calculation under paragraph (b),
124.26 clause (1), increased by one year.

124.27 (2) The increase in the total accrued liability of the account for the following calendar
124.28 year over the total accrued liability of the account for the current year must be calculated.

124.29 (3) The amount of anticipated future administrative expenses of the account must be
124.30 calculated by multiplying the dollar amount of the administrative expenses for the most
124.31 recent prior calendar year by the factor of 1.035.

124.32 (4) If the account is fully funded, the financial requirement of the account for the
124.33 following calendar year is the total of the amounts calculated under clauses (2) and (3).

124.34 (5) If the account has a deficit from full funding, the financial requirement of the
124.35 account for the following calendar year is the total of the amounts calculated under clauses

125.1 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full
125.2 funding of the account.

125.3 (6) If the account has a surplus over full funding, the financial requirement of
125.4 the account for the following calendar year is the financial requirement of the account
125.5 calculated as though the account was fully funded under clause (4) and, if the account has
125.6 also had a surplus over full funding during the prior two years, additionally reduced by an
125.7 amount equal to one-tenth of the amount of the surplus over full funding of the account.

125.8 (d) The required contribution of the entity or entities associated with the fire
125.9 department whose active firefighters are covered by the retirement plan is the annual
125.10 financial requirements of the account of the retirement plan under paragraph (c) reduced
125.11 by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably
125.12 anticipated to be received by the retirement plan attributable to the entity or entities during
125.13 the following calendar year, and an amount of interest on the assets projected to be
125.14 received during the following calendar year calculated at the rate of six percent per annum.
125.15 The required contribution must be allocated between the entities if more than one entity
125.16 is involved. A reasonable amount of anticipated fire state aid is an amount that does not
125.17 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

125.18 (e) The required contribution calculated in paragraph (d) must be paid to the
125.19 retirement plan on or before December 31 of the year for which it was calculated. If
125.20 the contribution is not received by the retirement plan by December 31, it is payable
125.21 with interest at an annual compound rate of six percent from the date due until the date
125.22 payment is received by the retirement plan. If the entity does not pay the full amount of
125.23 the required contribution, the executive director shall collect the unpaid amount under
125.24 section 353.28, subdivision 6.

125.25 Subd. 2. Cash flow funding requirement. If the executive director determines that
125.26 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
125.27 insufficient assets to meet the service pensions determined payable from the account,
125.28 the executive director shall certify the amount of the potential service pension shortfall
125.29 to the municipality or municipalities and the municipality or municipalities shall make
125.30 an additional employer contribution to the account within ten days of the certification.
125.31 If more than one municipality is associated with the account, unless the municipalities
125.32 agree to a different allocation, the municipalities shall allocate the additional employer
125.33 contribution one-half in proportion to the population of each municipality and one-half in
125.34 proportion to the market value of the property of each municipality.

125.35 Subd. 3. Authorized account disbursements. ~~(f)~~ The assets of the retirement
125.36 fund may only be disbursed for:

- 126.1 (1) the administrative expenses of the retirement plan;
- 126.2 (2) the investment expenses of the retirement fund;
- 126.3 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
- 126.4 353G.15; ~~and~~
- 126.5 (4) the survivor benefits payable under section 353G.12; and
- 126.6 (5) the disability benefit coverage insurance premiums under section 353G.115.

126.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

126.8 Sec. 5. Minnesota Statutes 2009 Supplement, section 353G.09, subdivision 3, is

126.9 amended to read:

126.10 Subd. 3. **Alternative pension eligibility and computation.** (a) An active member

126.11 of the retirement plan is entitled to an alternative lump-sum service pension from the

126.12 retirement plan if the person:

126.13 (1) has separated from active service with the fire department for at least 30 days;

126.14 (2) has attained the age of at least 50 years or the age for receipt of a service pension

126.15 under the benefit plan of the applicable former volunteer firefighters' relief association

126.16 as of the date immediately prior to the election of the retirement coverage change,

126.17 whichever is later;

126.18 (3) has completed at least five years of active service with the fire department and at

126.19 least five years in total as a member of the applicable former volunteer firefighters' relief

126.20 association or of the retirement plan, but has not rendered at least five years of good time

126.21 service credit as a member of the retirement plan; and

126.22 (4) applies in a manner prescribed by the executive director for the service pension.

126.23 (b) If retirement coverage prior to statewide retirement plan coverage was provided

126.24 by a defined benefit plan volunteer firefighters relief association, the alternative lump-sum

126.25 service pension is the service pension amount specified in the bylaws of the applicable

126.26 former volunteer firefighters' relief association either as of the date immediately prior to

126.27 the election of the retirement coverage change or as of the date immediately before the

126.28 termination of firefighting services, whichever is earlier, multiplied by the total number

126.29 of years of service as a member of that volunteer firefighters' relief association and as

126.30 a member of the retirement plan. If retirement coverage prior to statewide retirement

126.31 plan coverage was provided by a defined contribution plan volunteer firefighters relief

126.32 association, the alternative lump-sum service pension is an amount equal to the person's

126.33 account balance as of the date immediately prior to the date on which statewide retirement

126.34 plan coverage was first provided to the person plus six percent annual compound interest

126.35 from that date until the date immediately prior to the date of retirement.

127.1 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

127.2 Sec. 6. Minnesota Statutes 2009 Supplement, section 353G.11, subdivision 1, is
127.3 amended to read:

127.4 Subdivision 1. **Levels.** The retirement plan provides the following levels of service
127.5 pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

127.6	Level A	\$500 per year of good time service credit
127.7	Level B	\$750 \$600 per year of good time service credit
127.8	<u>Level C</u>	<u>\$700 per year of good time service credit</u>
127.9	<u>Level D</u>	<u>\$800 per year of good time service credit</u>
127.10	<u>Level E</u>	<u>\$900 per year of good time service credit</u>
127.11	Level E F	\$1,000 per year of good time service credit
127.12	<u>Level G</u>	<u>\$1,250 per year of good time service credit</u>
127.13	Level D H	\$1,500 per year of good time service credit
127.14	Level E I	\$2,000 per year of good time service credit
127.15	Level F J	\$2,500 per year of good time service credit
127.16	Level G K	\$3,000 per year of good time service credit
127.17	Level H L	\$3,500 per year of good time service credit
127.18	Level I M	\$4,000 per year of good time service credit
127.19	Level J N	\$4,500 per year of good time service credit
127.20	Level K O	\$5,000 per year of good time service credit
127.21	Level L P	\$5,500 per year of good time service credit
127.22	Level M Q	\$6,000 per year of good time service credit
127.23	Level N R	\$6,500 per year of good time service credit
127.24	Level O S	\$7,000 per year of good time service credit
127.25	Level P T	\$7,500 per year of good time service credit

127.26 **EFFECTIVE DATE.** This section is effective July 1, 2010.

127.27 Sec. 7. Minnesota Statutes 2009 Supplement, section 353G.11, is amended by adding a
127.28 subdivision to read:

127.29 Subd. 1a. Continuation of prior service pension levels. If a municipality or
127.30 independent nonprofit firefighting corporation elects to be covered by the retirement
127.31 plan prior to January 1, 2010, and selects the \$750 per year of good time service credit
127.32 service pension amount effective for January 1, 2010, that level continues for the volunteer
127.33 firefighters of that municipality or independent nonprofit firefighting corporation until a
127.34 different service pension amount is selected under subdivision 2 after January 1, 2010.

127.35 **EFFECTIVE DATE.** This section is effective July 1, 2010.

128.1 Sec. 8. **[353G.115] DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**
128.2 **CASUALTY INSURANCE.**

128.3 (a) Except as provided in paragraph (b), no disability benefit is payable from the
128.4 statewide retirement plan.

128.5 (b) If the board approves the arrangement, disability coverage for statewide
128.6 retirement plan members may be provided through a group disability insurance policy
128.7 obtained from an insurance company licensed to do business in this state. The voluntary
128.8 statewide lump-sum volunteer retirement plan is authorized to pay the premium for the
128.9 disability insurance authorized by this paragraph. The proportional amount of the total
128.10 annual disability insurance premium must be added to the required contribution amount
128.11 determined under section 353G.08.

128.12 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

128.13 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.08, is amended to read:

128.14 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**
128.15 **AUTHORIZED DISBURSEMENTS.**

128.16 (a) Any qualified municipality which is entitled to receive fire state aid but which
128.17 has no volunteer firefighters' relief association directly associated with its fire department
128.18 and which has no full-time firefighters with retirement coverage by the public employees
128.19 police and fire retirement plan shall deposit the fire state aid in a special account
128.20 established for that purpose in the municipal treasury. Disbursement from the special
128.21 account may not be made for any purpose except:

128.22 (1) payment of the fees, dues and assessments to the Minnesota State Fire
128.23 Department Association and to the state Volunteer Firefighters' Benefit Association in
128.24 order to entitle its firefighters to membership in and the benefits of these state associations;

128.25 (2) payment of the cost of purchasing and maintaining needed equipment for the
128.26 fire department; and

128.27 (3) payment of the cost of construction, acquisition, repair, or maintenance of
128.28 buildings or other premises to house the equipment of the fire department.

128.29 (b) A qualified municipality which is entitled to receive fire state aid, which has no
128.30 volunteer firefighters' relief association directly associated with its fire department, which
128.31 does not participate in the voluntary statewide lump-sum volunteer firefighter retirement
128.32 plan under chapter 353G, and which has full-time firefighters with retirement coverage
128.33 by the public employees police and fire retirement plan may disburse the fire state aid as
128.34 provided in paragraph (a), for the payment of the employer contribution requirement with

129.1 respect to firefighters covered by the public employees police and fire retirement plan under
129.2 section 353.65, subdivision 3, or for a combination of the two types of disbursements.

129.3 (c) A municipality that has no volunteer firefighters' relief association directly
129.4 associated with it and that participates in the voluntary statewide lump-sum volunteer
129.5 firefighter retirement plan under chapter 353G shall transmit any fire state aid that it
129.6 receives to the voluntary statewide lump-sum volunteer firefighter retirement fund.

129.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

129.8 **ARTICLE 7**

129.9 **TEACHERS RETIREMENT ASSOCIATION SERVICE CREDIT**
129.10 **PROCEDURE REVISIONS**

129.11 Section 1. Minnesota Statutes 2008, section 354.05, is amended by adding a
129.12 subdivision to read:

129.13 Subd. 41. **Annual base salary.** (a) "Annual base salary" means:

129.14 (1) for an independent school district or educational cooperative, the lowest full-time
129.15 Bachelor of Arts (BA) base contract salary for the previous fiscal year for that employing
129.16 unit;

129.17 (2) for a charter school, the lowest starting annual salary for a full-time licensed
129.18 teacher employed during the previous fiscal year for that employing unit; and

129.19 (3) for a state agency or professional organization, the lowest starting annual salary
129.20 for a full-time Teachers Retirement Association covered position for the previous fiscal
129.21 year for that employing unit.

129.22 (b) If there is no previous fiscal year data because an employer unit is new and
129.23 paragraph (c) does not apply, the annual base salary for the first year of operation will be
129.24 as provided in paragraph (a), except that the base contract salary for the current fiscal year,
129.25 rather than the previous fiscal year, must be used.

129.26 (c) For a new employer unit created as a result of a merger or consolidation, the
129.27 annual base salary must be the lowest annual base salary as specified in paragraph (a) for
129.28 any of the employer units involved in the merger or consolidation.

129.29 **EFFECTIVE DATE.** This section is effective July 1, 2012.

129.30 Sec. 2. Minnesota Statutes 2008, section 354.07, subdivision 5, is amended to read:

129.31 **Subd. 5. Records; accounts; interest.** The board shall keep a record of the
129.32 receipts and disbursements of the fund and a separate account with each member of
129.33 the association. The board shall also keep separate accounts for annuity payments, for
129.34 employer contributions and all other necessary accounts and reserves. It shall determine

130.1 annually the annual interest earnings of the fund which shall include realized capital gains
130.2 and losses. Any amount in the capital reserve account on July 1, 1973₂ shall be transferred
130.3 to the employer contribution's account. The annual interest earnings shall be apportioned
130.4 and credited to the separate members' accounts except those covered under the provisions
130.5 of section 354.44, subdivision 6 ~~or 7~~. The rate to be used in this distribution computed to
130.6 the last full quarter percent shall be determined by dividing the interest earnings by the
130.7 total invested assets of the fund. The excess of the annual interest earnings in the excess
130.8 earnings reserve which was not credited to the various accounts shall be credited to the
130.9 gross interest earnings for the next succeeding year.

130.10 Sec. 3. Minnesota Statutes 2008, section 354.091, is amended to read:

130.11 **354.091 SERVICE CREDIT.**

130.12 Subdivision 1. Definition; monthly base salary. For purposes of this section,
130.13 "monthly base salary" means the annual base salary, as defined in section 354.05,
130.14 subdivision 41, divided by 12.

130.15 Subd. 2. Service credit annual limit. ~~(a) In computing service credit,~~ No teacher
130.16 may receive credit for more than one year of teaching service for any fiscal year.
130.17 ~~Additionally, in crediting allowable service:~~

130.18 ~~(1) if a teacher teaches less than five hours in a day, service credit must be given for~~
130.19 ~~the fractional part of the day as the term of service performed bears to five hours;~~

130.20 ~~(2) if a teacher teaches five or more hours in a day, service credit must be given for~~
130.21 ~~only one day;~~

130.22 ~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be~~
130.23 ~~given for a full year of teaching service; and~~

130.24 ~~(4) if a teacher teaches for only a fractional part of the year, service credit must be~~
130.25 ~~given for such fractional part of the year in the same relationship as the period of service~~
130.26 ~~performed bears to 170 days.~~

130.27 ~~(b) A teacher must receive a full year of service credit based on the number of days~~
130.28 ~~in the employer's full school year if that school year is less than 170 days. Teaching~~
130.29 ~~service performed before July 1, 1961, must be computed under the law in effect at the~~
130.30 ~~time it was performed.~~

130.31 ~~(c) A teacher must not lose or gain retirement service credit as a result of the~~
130.32 ~~employer converting to a flexible or alternate work schedule. If the employer converts~~
130.33 ~~to a flexible or alternate work schedule, the forms for reporting teaching service and the~~
130.34 ~~procedures for determining service credit must be determined by the executive director~~
130.35 ~~with the approval of the board of trustees.~~

131.1 Subd. 3. Service credit calculation. (a) Except as specified in subdivisions 4 and
131.2 5, service credit must be calculated monthly by dividing the teacher's monthly salary by
131.3 the monthly base salary for the teacher's employing unit and multiplying the result by
131.4 11.1 percent.

131.5 (b) For purposes of computing service credit, salary must be allocated to each
131.6 calendar month based on the pay period begin and end dates. If the pay period covers
131.7 more than one calendar month, the salary must be allocated based on the number of days
131.8 in each calendar month.

131.9 (c) A teacher may not receive more than 11.1 percent of a year's service credit in
131.10 a calendar month.

131.11 (d) Annual service credit must be calculated by adding the allowable monthly
131.12 service credit for all 12 months of the fiscal year, with the result rounded to two decimal
131.13 places, subject to the annual limit specified in subdivision 2.

131.14 Subd. 4. Service credit determination for Minnesota State Colleges and
131.15 Universities system teachers. (d) For all services rendered on or after July 1, 2003,
131.16 service credit for all members employed by the Minnesota State Colleges and Universities
131.17 system must be determined:

131.18 (1) for full-time employees, by the definition of full-time employment contained in
131.19 the collective bargaining agreement for those units listed in section 179A.10, subdivision
131.20 2, or contained in the applicable personnel or salary plan for those positions designated in
131.21 section 179A.10, subdivision 1; and

131.22 (2) for part-time employees, by the appropriate proration of full-time equivalency
131.23 based on the provisions contained in the collective bargaining agreement for those units
131.24 listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary
131.25 plan for those positions designated in section 179A.10, subdivision 1, and the applicable
131.26 procedures of the Minnesota State Colleges and Universities system; and

131.27 ~~(3) in no case may a member receive more than one year of service credit for any~~
131.28 ~~fiscal year.~~

131.29 Subd. 5. Service credit procedure, nontraditional schedules. For employer units
131.30 that have nontraditional work schedules or pay schedules, the procedure for determining
131.31 service credit must be specified by the executive director with the approval of the board of
131.32 trustees.

131.33 EFFECTIVE DATE. This section is effective for teaching service performed after
131.34 June 30, 2012.

132.1 Sec. 4. Minnesota Statutes 2009 Supplement, section 354.52, subdivision 4b, is
132.2 amended to read:

132.3 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide
132.4 the following data to the association for payroll warrants on an ongoing basis within 14
132.5 calendar days after the date of the payroll warrant in a format prescribed by the executive
132.6 director:

132.7 (1) association member number;

132.8 (2) employer-assigned employee number;

132.9 (3) Social Security number;

132.10 (4) amount of each salary deduction;

132.11 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
132.12 deduction was made;

132.13 (6) reason for payment;

132.14 ~~(7) service credit;~~

132.15 ~~(8) (7)~~ the beginning and ending dates of the payroll period covered and the date
132.16 of actual payment;

132.17 ~~(9) (8)~~ fiscal year of salary earnings;

132.18 ~~(10) (9)~~ total remittance amount including employee, employer, and additional
132.19 employer contributions;

132.20 ~~(11) (10)~~ reemployed annuitant salary under section 354.44, subdivision 5; and

132.21 ~~(12) (11)~~ other information as may be required by the executive director.

132.22 **EFFECTIVE DATE.** This section is effective July 1, 2012.

132.23 Sec. 5. Minnesota Statutes 2008, section 354.52, is amended by adding a subdivision
132.24 to read:

132.25 Subd. 4d. **Annual base salary reporting.** An employing unit must provide the
132.26 following data to the association on or before June 30 of each fiscal year:

132.27 (1) annual base salary, as defined in section 354.05, subdivision 41; and

132.28 (2) beginning and ending dates for the regular school work year.

132.29 **EFFECTIVE DATE.** This section is effective July 1, 2011.

132.30 Sec. 6. Minnesota Statutes 2008, section 354.52, subdivision 6, is amended to read:

132.31 Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not
132.32 comply with the reporting requirements under subdivision 2a, 4a, ~~or 4b,~~ or 4d, must pay a
132.33 fine of \$5 per calendar day until the association receives the required data.

133.1 (b) If the annual base salary required to be reported under subdivision 4d has not
133.2 been settled or determined as of June 16, the fine commences if the annual base salary has
133.3 not been reported to the association within 14 days following the settlement date.

133.4 **EFFECTIVE DATE.** This section is effective July 1, 2011.

133.5 Sec. 7. Minnesota Statutes 2008, section 354.66, subdivision 3, is amended to read:

133.6 Subd. 3. **Part-time teaching position, defined.** (a) For purposes of this section,
133.7 the term "part-time teaching position" means a teaching position within the district in
133.8 which the teacher is ~~employed for at least 50 full days or a fractional equivalent thereof as~~
133.9 ~~prescribed in section 354.091, and for which the teacher is compensated in~~ for an amount
133.10 of at least 30 percent, but not exceeding 80 percent of the compensation established by the
133.11 board for a full-time teacher with identical education and experience with the employing
133.12 unit.

133.13 (b) For a teacher to which subdivision 1c, paragraph (b), applies, the term "part-time
133.14 teaching position" means a teaching position within the district in which the teacher is
133.15 ~~employed for at least 25 full days or a fractional equivalent thereof as prescribed in section~~
133.16 ~~354.091, and for which the teacher is compensated in~~ for an amount of at least 15 percent,
133.17 but not exceeding 40 percent of the compensation established by the board for a full-time
133.18 teacher, with identical education and experience with the employing unit.

133.19 **EFFECTIVE DATE.** This section is effective for service provided after June 30,
133.20 2012.

133.21 **ARTICLE 8**

133.22 **MNSCU IRAP ADMINISTRATIVE PROVISIONS**

133.23 Section 1. Minnesota Statutes 2008, section 11A.04, is amended to read:

133.24 **11A.04 DUTIES AND POWERS.**

133.25 The state board shall:

133.26 (1) Act as trustees for each fund for which it invests or manages money in
133.27 accordance with the standard of care set forth in section 11A.09 if state assets are involved
133.28 and in accordance with chapter 356A if pension assets are involved.

133.29 (2) Formulate policies and procedures deemed necessary and appropriate to carry
133.30 out its functions. Procedures adopted by the board must allow fund beneficiaries and
133.31 members of the public to become informed of proposed board actions. Procedures and
133.32 policies of the board are not subject to the Administrative Procedure Act.

133.33 (3) Employ an executive director as provided in section 11A.07.

- 134.1 (4) Employ investment advisors and consultants as it deems necessary.
- 134.2 (5) Prescribe policies concerning personal investments of all employees of the board
134.3 to prevent conflicts of interest.
- 134.4 (6) Maintain a record of its proceedings.
- 134.5 (7) As it deems necessary, establish advisory committees subject to section 15.059 to
134.6 assist the board in carrying out its duties.
- 134.7 (8) Not permit state funds to be used for the underwriting or direct purchase of
134.8 municipal securities from the issuer or the issuer's agent.
- 134.9 (9) Direct the commissioner of management and budget to sell property other than
134.10 money that has escheated to the state when the board determines that sale of the property
134.11 is in the best interest of the state. Escheated property must be sold to the highest bidder in
134.12 the manner and upon terms and conditions prescribed by the board.
- 134.13 (10) Undertake any other activities necessary to implement the duties and powers
134.14 set forth in this section.
- 134.15 (11) Establish a formula or formulas to measure management performance and
134.16 return on investment. Public pension funds in the state shall utilize the formula or
134.17 formulas developed by the state board.
- 134.18 (12) Except as otherwise provided in article XI, section 8, of the Constitution of the
134.19 state of Minnesota, employ, at its discretion, qualified private firms to invest and manage
134.20 the assets of funds over which the state board has investment management responsibility.
134.21 There is annually appropriated to the state board, from the assets of the funds for which
134.22 the state board utilizes a private investment manager, sums sufficient to pay the costs of
134.23 employing private firms. Each year, by January 15, the board shall report to the governor
134.24 and legislature on the cost and the investment performance of each investment manager
134.25 employed by the board.
- 134.26 (13) Adopt an investment policy statement that includes investment objectives, asset
134.27 allocation, and the investment management structure for the retirement fund assets under
134.28 its control. The statement may be revised at the discretion of the state board. The state
134.29 board shall seek the advice of the council regarding its investment policy statement.
134.30 Adoption of the statement is not subject to chapter 14.
- 134.31 (14) Adopt a compensation plan setting the terms and conditions of employment for
134.32 unclassified board employees who are not covered by a collective bargaining agreement.
- 134.33 (15) Contract, as necessary, with the board of trustees of the Minnesota State
134.34 Universities and Colleges System for the provision of investment review and selection
134.35 services under section 354B.25, subdivision 3, and arrange for the receipt of payment
134.36 for those services.

135.1 There is annually appropriated to the state board, from the assets of the funds for
135.2 which the state board provides investment services, sums sufficient to pay the costs of
135.3 all necessary expenses for the administration of the board. These sums will be deposited
135.4 in the State Board of Investment operating account, which must be established by the
135.5 commissioner of management and budget.

135.6 Sec. 2. Minnesota Statutes 2008, section 354B.25, subdivision 1, is amended to read:

135.7 Subdivision 1. **General governance.** The individual retirement account plan is the
135.8 administrative responsibility of the Board of Trustees of the Minnesota State Colleges
135.9 and Universities. The Board of Trustees of the Minnesota State Colleges and Universities
135.10 may administer the plan directly or may contract out for administrative services with a
135.11 qualified third-party plan administrative entity and may contract out for investment review
135.12 and selection service.

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

135.14 Sec. 3. Minnesota Statutes 2008, section 354B.25, subdivision 3, is amended to read:

135.15 Subd. 3. **Selection of financial institutions.** (a) The investment options provided
135.16 under subdivision 2 must be selected by the board. The board may contract with the State
135.17 Board of Investment or with a third party to provide the investment review and selection
135.18 services. The board must not contract with a third party to provide the investment option
135.19 review and selection services if the third party markets, offers, or has other material
135.20 interest in investment products. The board must require any third party contracted to
135.21 provide investment review and selection services to disclose to the board any contracts
135.22 for services and any financial relationships it has with vendors under consideration to
135.23 provide investment products under the plan.

135.24 In making its selection, at a minimum, the ~~State board of Investment~~ shall consider
135.25 the following:

135.26 (1) the experience and ability of the financial institution to provide benefits and
135.27 products that are suited to meet the needs of plan participants;

135.28 (2) the relationship of those benefits and products provided by the financial
135.29 institution to their cost;

135.30 (3) the financial strength and stability of the financial institution; and

135.31 (4) the fees and expenses associated with the investment products in comparison to
135.32 other products of similar risk and rates of return.

135.33 (b) After selecting a financial institution, the ~~State board of Investment~~ must
135.34 periodically review each financial institution and the offered products. The periodic

136.1 review must occur at least every three years. In making its review, the ~~State board of~~
136.2 ~~Investment~~ may retain appropriate consulting services to assist it in its periodic review,
136.3 establish a budget for the cost of the periodic review process, and charge a proportional
136.4 share of these costs to the reviewed financial institution.

136.5 (c) Contracts with financial institutions under this section must be executed by the
136.6 board ~~and must be approved by the State Board of Investment before execution.~~

136.7 (d) ~~The State Board of Investment shall also establish policies and procedures under~~
136.8 ~~section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

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

136.10 Sec. 4. Minnesota Statutes 2008, section 354C.14, is amended to read:

136.11 **354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.**

136.12 (a) The Board of Trustees of the Minnesota State Colleges and Universities shall
136.13 invest the deductions and contributions under section 354C.12, after deduction of
136.14 administrative expenses under section 354C.12, subdivision 4, in annuity contracts or
136.15 custodial accounts from financial institutions selected ~~by the State Board of Investment~~
136.16 under section 354B.25, subdivision 3.

136.17 (b) The retirement contributions and death benefits provided by annuity contracts or
136.18 custodial accounts purchased by the Board of Trustees of the Minnesota State Colleges
136.19 and Universities are owned by the supplemental retirement plan and must be paid in
136.20 accordance with those annuity contracts or custodial account agreements.

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

136.22 Sec. 5. **REPEALER.**

136.23 Minnesota Statutes 2008, section 354C.15, is repealed.

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

136.25 **ARTICLE 9**

136.26 **ACTUARIAL VALUATION REPORTING DEADLINE DATES**

136.27 Section 1. Minnesota Statutes 2008, section 356.215, subdivision 3, is amended to read:

136.28 Subd. 3. **Reports.** (a) The actuarial valuations required annually must be made as of
136.29 the beginning of each fiscal year.

136.30 (b) Two copies of the completed valuation must be delivered to the executive
136.31 director of the Legislative Commission on Pensions and Retirement, to the commissioner
136.32 of management and budget, and to the Legislative Reference Library. The copies of the

137.1 actuarial valuation must be filed with the executive director of the Legislative Commission
 137.2 on Pensions and Retirement, the commissioner of management and budget, and the
 137.3 Legislative Reference Library no later than the last day of the sixth month occurring
 137.4 after the end of the previous fiscal year.

137.5 (c) Two copies of a quadrennial experience study must be filed with the
 137.6 executive director of the Legislative Commission on Pensions and Retirement, with the
 137.7 commissioner of management and budget, and with the Legislative Reference Library, not
 137.8 later than the ~~first~~ last day of the ~~11th~~ 12th month occurring after the end of the last fiscal
 137.9 year of the four-year period which the experience study covers.

137.10 (d) For actuarial valuations and experience studies prepared at the direction of
 137.11 the Legislative Commission on Pensions and Retirement, ~~two copies~~ one copy of the
 137.12 document must be delivered to the governing or managing board or administrative officials
 137.13 of the applicable public pension and retirement fund or plan.

137.14 **EFFECTIVE DATE.** This section is effective July 1, 2010.

137.15 **ARTICLE 10**

137.16 **EARLY RETIREMENT INCENTIVE MODIFICATIONS**

137.17 Section 1. Minnesota Statutes 2008, section 356.351, subdivision 1, is amended to read:

137.18 Subdivision 1. **Eligibility.** (a) An eligible appointing authority may offer the early
 137.19 retirement incentive in this section to an employee who:

137.20 (1) has at least 15 years of ~~allowable service in one or more of the funds listed~~
 137.21 ~~in section 356.30, subdivision 3, or has at least 15 years of coverage by the individual~~
 137.22 ~~retirement account plan governed by chapter 354B~~ employment as indicated in the
 137.23 personnel records of the applicable employing unit and upon retirement is immediately
 137.24 eligible for a retirement annuity or benefit from one or more ~~of these funds~~ retirement plan
 137.25 governed by chapter 354B, or section 356.30;

137.26 (2) terminates service after the effective date of this section, and before ~~July 15,~~
 137.27 ~~2009~~ October 1, 2012; ~~and~~

137.28 (3) is not in receipt of a public retirement plan retirement annuity, retirement
 137.29 allowance, or service pension during the month preceding the termination of qualified
 137.30 employment; and

137.31 (4) has not been eligible to receive a retirement annuity for a period longer than
 137.32 ten years.

137.33 (b) An eligible appointing authority is any Minnesota governmental employing unit
 137.34 which employs one or more employees with retirement coverage by a retirement plan
 137.35 listed in section 356.30 by virtue of that employment.

138.1 (c) An elected official is not eligible to receive an incentive under this section.

138.2 (d) Employees of the Minnesota State Colleges and Universities System who
138.3 participate in the incentive program under section 136F.481 are not eligible for the
138.4 incentive under this section.

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

138.6 Sec. 2. Minnesota Statutes 2009 Supplement, section 356.351, subdivision 2, is
138.7 amended to read:

138.8 Subd. 2. **Incentive.** (a) For an employee who is eligible under subdivision 1, ~~if for~~
138.9 whom an early retirement incentive is approved under paragraph (b), and who terminates
138.10 employment as provided for in the agreement, the employer may provide an amount up to
138.11 ~~\$17,000, to an employee who terminates service, to:~~

138.12 (1) a severance amount in lieu of and not to exceed the maximum amount of regular
138.13 state-provided unemployment compensation for that particular person if the person had
138.14 been laid off; and

138.15 (2) an additional severance amount not to exceed the amount of the employer's
138.16 contribution for health insurance, dental insurance, and basic life insurance that would
138.17 have been payable to the particular person under the applicable collective bargaining
138.18 agreement or personnel policy at the time of termination.

138.19 (b) The severance amounts under paragraph (a) must be used:

138.20 (1) unless the appointing authority has designated the use under clause (2) or the use
138.21 under clause (3) for the initial retirement incentive applicable to that employing entity
138.22 under Laws 2007, chapter 134, after May 26, 2007, for deposit in the employee's account
138.23 in the health care savings plan established by section 352.98;

138.24 (2) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13,
138.25 whichever applies, if the appointing authority has designated the use under this clause
138.26 for the initial retirement incentive applicable to that employing entity under Laws 2007,
138.27 chapter 134, after May 26, 2007, for purchase of service credit for unperformed service
138.28 sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph
138.29 (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph
138.30 (b), whichever applies; or

138.31 (3) if the appointing authority has designated the use under this clause for the initial
138.32 retirement incentive applicable to the employing entity under Laws 2007, chapter 134,
138.33 after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific number
138.34 of years from the applicable retirement plan to provide additional benefits, as provided in
138.35 paragraph (d).

139.1 ~~(b)~~ (c) Approval to provide the incentive must be obtained from the commissioner
 139.2 of finance if the eligible employee is a state employee and must be obtained from the
 139.3 applicable governing board with respect to any other employing entity. An employee is
 139.4 eligible for the payment under paragraph ~~(a)~~ (b), clause (2), if the employee uses money
 139.5 from a deferred compensation account that, combined with the payment under paragraph
 139.6 ~~(a)~~ (b), clause (2), would be sufficient to purchase enough service credit to qualify for
 139.7 retirement under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a;
 139.8 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever
 139.9 applies.

139.10 ~~(e)~~ (d) The cost to purchase service credit under paragraph ~~(a)~~ (b), clause (2), must
 139.11 be made in accordance with section 356.551.

139.12 ~~(d)~~ (e) An annuity purchase under paragraph ~~(a)~~ (b), clause (3), must be made
 139.13 using annuity factors, as determined by the actuary retained under section 356.214,
 139.14 derived from the applicable factors used by the applicable retirement plan to calculate
 139.15 optional annuity forms. The purchased annuity must be the actuarial equivalent of the
 139.16 incentive amount.

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

139.18 Sec. 3. Laws 2006, chapter 271, article 3, section 43, as amended by Laws 2007,
 139.19 chapter 134, article 11, section 11, the effective date, is amended to read:

139.20 **EFFECTIVE DATE.** ~~(a)~~ This section is effective the day following final enactment.

139.21 ~~(b) This section expires on July 15, 2009.~~

139.22 **EFFECTIVE DATE.** This section is effective retroactively from July 2, 2009.

139.23 **ARTICLE 11**

139.24 **OPTIONAL ANNUITY REVOCATION FOLLOWING CERTAIN** 139.25 **MARRIAGE DISSOLUTIONS**

139.26 Section 1. **[356.48] REVOCATION OF OPTIONAL ANNUITY DUE TO**
 139.27 **MARRIAGE DISSOLUTION OR ANNULMENT.**

139.28 Subdivision 1. **Covered plans.** This section applies to the following retirement
 139.29 plans:

139.30 (1) the general state employees retirement plan of the Minnesota State Retirement
 139.31 System established under chapter 352;

139.32 (2) the correctional state employees retirement plan of the Minnesota State
 139.33 Retirement System established under chapter 352;

- 140.1 (3) the State Patrol retirement plan established under chapter 352B;
140.2 (4) the unclassified state employees retirement program of the Minnesota State
140.3 Retirement System established under chapter 352D;
140.4 (5) the general employee retirement plan of the Public Employees Retirement
140.5 Association established under chapter 353;
140.6 (6) the public employees police and fire retirement plan established under chapter
140.7 353;
140.8 (7) the local government correctional employees retirement plan of the Public
140.9 Employees Retirement Association established under chapter 353E;
140.10 (8) the Teachers Retirement Association established under chapter 354; and
140.11 (9) the uniform judicial retirement plan established under chapter 490.

140.12 Subd. 2. **Treatment.** (a) The treatment specified in this section applies if, after
140.13 the accrual date of an annuity or benefit from an applicable plan or plans, a marriage
140.14 dissolution decree or annulment decree is rendered that specifies that the designation
140.15 of an optional annuity must be revoked and if the other requirements specified in this
140.16 section are satisfied.

140.17 (b) Notwithstanding any law to the contrary, if the applicable pension plan or plans
140.18 have provisions of law that revise the monthly benefit amount payable to the primary
140.19 annuitant upon the death of the individual named as the optional joint annuitant, the
140.20 monthly benefit amount must be recomputed as though the individual that had been named
140.21 as the optional joint annuitant died on the date a certified copy of the marriage dissolution
140.22 or annulment decree is received by the chief administrative officer. Payment of any benefit
140.23 adjustment under this section is prospective only.

140.24 Subd. 3. **Restrictions.** (a) This section does not apply if the marriage dissolution
140.25 decree or annulment decree is not consistent with the requirements under section 518.58.

140.26 (b) The pension plan benefit recipient must not designate, and the court may not
140.27 require that the member designate, a subsequent optional annuity beneficiary.

140.28 (c) This section does not apply if more than one surviving individual was named as
140.29 an optional joint annuitant.

140.30 Subd. 4. **Submission of documentation.** To receive the treatment provided in
140.31 this section, an eligible retiree or disabilitant must provide, to the chief administrative
140.32 officer of the applicable pension plan, a certified copy of the marriage dissolution or
140.33 annulment decree. The retiree or disabilitant and the joint annuitant must also submit a
140.34 form, prescribed by the chief administrative officer of the applicable pension plan and
140.35 signed by both individuals, requesting the annuity bounce back as provided in subdivision

141.1 2. The individuals must also provide any other documentation the chief administrative
141.2 officer may request.

141.3 **EFFECTIVE DATE.** This section is effective the day following final enactment and
141.4 applies retroactively to any marriage dissolution decree or annulment decree requiring the
141.5 revocation of an optional annuity form granted at any time prior to the date of enactment.

141.6 Sec. 2. Minnesota Statutes 2008, section 518.58, subdivision 3, is amended to read:

141.7 Subd. 3. **Sale or distribution while proceeding pending.** (a) If the court finds
141.8 that it is necessary to preserve the marital assets of the parties, the court may order the
141.9 sale of the homestead of the parties or the sale of other marital assets, as the individual
141.10 circumstances may require, during the pendency of a proceeding for a dissolution of
141.11 marriage or an annulment. If the court orders a sale, it may further provide for the
141.12 disposition of the funds received from the sale during the pendency of the proceeding.
141.13 ~~If liquid or readily liquidated marital property other than property representing vested~~
141.14 ~~pension benefits or rights is available, the court, so far as possible, shall divide the property~~
141.15 ~~representing vested pension benefits or rights by the disposition of an equivalent amount~~
141.16 ~~of the liquid or readily liquidated property.~~

141.17 (b) The court may order a partial distribution of marital assets during the pendency
141.18 of a proceeding for a dissolution of marriage or an annulment for good cause shown or
141.19 upon the request of both parties, provided that the court shall fully protect the interests
141.20 of the other party.

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

141.22 Sec. 3. Minnesota Statutes 2008, section 518.58, subdivision 4, is amended to read:

141.23 Subd. 4. **Pension plans.** (a) The division of marital property that represents pension
141.24 plan benefits or rights in the form of future pension plan payments:

141.25 (1) is payable only to the extent of the amount of the pension plan benefit payable
141.26 under the terms of the plan;

141.27 (2) is not payable for a period that exceeds the time that pension plan benefits are
141.28 payable to the pension plan benefit recipient;

141.29 (3) is not payable in a lump-sum amount from defined benefit pension plan assets
141.30 attributable in any fashion to a spouse with the status of an active member, deferred
141.31 retiree, or benefit recipient of a pension plan;

141.32 (4) if the former spouse to whom the payments are to be made dies prior to the end
141.33 of the specified payment period with the right to any remaining payments accruing to an

142.1 estate or to more than one survivor, is payable only to a trustee on behalf of the estate or
 142.2 the group of survivors for subsequent apportionment by the trustee; and

142.3 (5) in the case of defined benefit public pension plan benefits or rights, may not
 142.4 commence until the public plan member submits a valid application for a public pension
 142.5 plan benefit and the benefit becomes payable.

142.6 (b) The individual retirement account plans established under chapter 354B may
 142.7 provide in its plan document, if published and made generally available, for an alternative
 142.8 marital property division or distribution of individual retirement account plan assets. If an
 142.9 alternative division or distribution procedure is provided, it applies in place of paragraph
 142.10 (a), clause (5).

142.11 (c) If liquid or readily liquidated marital property other than property representing
 142.12 vested pension benefits or rights is available, the court, so far as possible, shall divide the
 142.13 property representing vested pension benefits or rights by the disposition of an equivalent
 142.14 amount of the liquid or readily liquidated property.

142.15 (d) If sufficient liquid or readily liquidated marital property other than property
 142.16 representing vested pension benefits or rights is not available, the court may order the
 142.17 revocation of the designation of an optional annuity beneficiary in pension plans specified
 142.18 in section 356.48 or in any other pension plan in which plan-governing law or governing
 142.19 documents allow revocation of an optional annuity in marital dissolution or annulment
 142.20 situations.

142.21 **EFFECTIVE DATE.** (a) This section is effective the day following final enactment.

142.22 (b) This section applies retroactively, for plans specified in section 365.48, to any
 142.23 marriage dissolution decree or annulment decree requiring the revocation of an optional
 142.24 annuity form granted at any time prior to the date of enactment.

142.25 **ARTICLE 12**

142.26 **ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS** 142.27 **EMPLOYEES RETIREMENT FUND INTO THE PUBLIC EMPLOYEES** 142.28 **RETIREMENT ASSOCIATION**

142.29 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a,
 142.30 is amended to read:

142.31 Subd. 2a. **Included employees.** (a) Public employees whose salary from
 142.32 employment in one or more positions within one governmental subdivision exceeds \$425
 142.33 in any month shall participate as members of the association. If the salary is less than
 142.34 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public
 142.35 employees shall participate as members of the association with retirement coverage by
 142.36 the ~~public general~~ employees retirement plan ~~or under this chapter~~, the public employees

143.1 police and fire retirement plan under this chapter, or the local government correctional
143.2 employees retirement plan under chapter 353E, whichever applies, as a condition of their
143.3 employment on the first day of employment unless they:

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

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

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

143.10 (b) A public employee who was a member of the association on June 30, 2002,
143.11 based on employment that qualified for membership coverage by the public employees
143.12 retirement plan or the public employees police and fire plan under this chapter, or the
143.13 local government correctional employees retirement plan under chapter 353E as of June
143.14 30, 2002, retains that membership for the duration of the person's employment in that
143.15 position or incumbency in elected office. Except as provided in subdivision 28, the person
143.16 shall participate as a member until the employee or elected official terminates public
143.17 employment under subdivision 11a or terminates membership under subdivision 11b.

143.18 (c) Public employees under paragraph (a) include:

143.19 (1) physicians under section 353D.01, subdivision 2, who do not elect public
143.20 employees defined contribution plan coverage under section 353D.02, subdivision 2;

143.21 (2) full-time employees of the Dakota County Agricultural Society; and

143.22 (3) employees of the Minneapolis Firefighters Relief Association or Minneapolis
143.23 Police Relief Association who are not excluded employees under subdivision 2b due to
143.24 coverage by the relief association pension plan and who elect Public Employee Retirement
143.25 Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.

143.26 (d) For the purpose of participation in the MERF division of the general employees
143.27 retirement plan, public employees include employees who were members of the former
143.28 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
143.29 members of the MERF division of the association.

143.30 Sec. 2. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

143.31 Subd. 2b. **Excluded employees.** The following public employees are not eligible to
143.32 participate as members of the association with retirement coverage by the ~~public~~ general
143.33 employees retirement plan, the local government correctional employees retirement plan
143.34 under chapter 353E, or the public employees police and fire retirement plan:

144.1 (1) public officers, other than county sheriffs, who are elected to a governing body,
144.2 or persons who are appointed to fill a vacancy in an elective office of a governing body,
144.3 whose term of office commences on or after July 1, 2002, for the service to be rendered
144.4 in that elective position;

144.5 (2) election officers or election judges;

144.6 (3) patient and inmate personnel who perform services for a governmental
144.7 subdivision;

144.8 (4) except as otherwise specified in subdivision 12a, employees who are hired for
144.9 a temporary position as defined under subdivision 12a, and employees who resign from
144.10 a nontemporary position and accept a temporary position within 30 days in the same
144.11 governmental subdivision;

144.12 (5) employees who are employed by reason of work emergency caused by fire,
144.13 flood, storm, or similar disaster;

144.14 (6) employees who by virtue of their employment in one governmental subdivision
144.15 are required by law to be a member of and to contribute to any of the plans or funds
144.16 administered by the Minnesota State Retirement System, the Teachers Retirement
144.17 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
144.18 Retirement Fund Association, ~~the Minneapolis Employees Retirement Fund,~~ or any police
144.19 or firefighters relief association governed by section 69.77 that has not consolidated
144.20 with the Public Employees Retirement Association, or any local police or firefighters
144.21 consolidation account who have not elected the type of benefit coverage provided by the
144.22 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
144.23 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
144.24 police and fire plan benefit coverage. This clause must not be construed to prevent a person
144.25 from being a member of and contributing to the Public Employees Retirement Association
144.26 and also belonging to and contributing to another public pension plan or fund for other
144.27 service occurring during the same period of time. A person who meets the definition of
144.28 "public employee" in subdivision 2 by virtue of other service occurring during the same
144.29 period of time becomes a member of the association unless contributions are made to
144.30 another public retirement fund on the salary based on the other service or to the Teachers
144.31 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

144.32 (7) persons who are members of a religious order and are excluded from coverage
144.33 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
144.34 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
144.35 as amended through January 1, 1987, if no irrevocable election of coverage has been made
144.36 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

145.1 (8) employees of a governmental subdivision who have not reached the age of
145.2 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
145.3 basis at an accredited school, college, or university in an undergraduate, graduate, or
145.4 professional-technical program, or a public or charter high school;

145.5 (9) resident physicians, medical interns, and pharmacist residents and pharmacist
145.6 interns who are serving in a degree or residency program in public hospitals or clinics;

145.7 (10) students who are serving in an internship or residency program sponsored
145.8 by an accredited educational institution;

145.9 (11) persons who hold a part-time adult supplementary technical college license who
145.10 render part-time teaching service in a technical college;

145.11 (12) except for employees of Hennepin County or Hennepin Healthcare System,
145.12 Inc., foreign citizens working for a governmental subdivision with a work permit of less
145.13 than three years, or an H-1b visa valid for less than three years of employment. Upon
145.14 notice to the association that the work permit or visa extends beyond the three-year period,
145.15 the foreign citizens must be reported for membership from the date of the extension;

145.16 (13) public hospital employees who elected not to participate as members of the
145.17 association before 1972 and who did not elect to participate from July 1, 1988, to October
145.18 1, 1988;

145.19 (14) except as provided in section 353.86, volunteer ambulance service personnel,
145.20 as defined in subdivision 35, but persons who serve as volunteer ambulance service
145.21 personnel may still qualify as public employees under subdivision 2 and may be members
145.22 of the Public Employees Retirement Association and participants in the public general
145.23 employees retirement fund or the public employees police and fire fund, whichever
145.24 applies, on the basis of compensation received from public employment service other than
145.25 service as volunteer ambulance service personnel;

145.26 (15) except as provided in section 353.87, volunteer firefighters, as defined in
145.27 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties;
145.28 provided that a person who is a volunteer firefighter may still qualify as a public
145.29 employee under subdivision 2 and may be a member of the Public Employees Retirement
145.30 Association and a participant in the public general employees retirement fund or the public
145.31 employees police and fire fund, whichever applies, on the basis of compensation received
145.32 from public employment activities other than those as a volunteer firefighter;

145.33 (16) pipefitters and associated trades personnel employed by Independent School
145.34 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
145.35 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,

146.1 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
146.2 241, article 2, section 12;

146.3 (17) electrical workers, plumbers, carpenters, and associated trades personnel
146.4 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
146.5 who have retirement coverage under a collective bargaining agreement by the Electrical
146.6 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
146.7 or the Carpenters Local 87 pension plan who were either first employed after May 1,
146.8 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
146.9 chapter 461, article 7, section 5;

146.10 (18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
146.11 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or
146.12 Independent School District No. 625, St. Paul, with coverage under a collective
146.13 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
146.14 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
146.15 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
146.16 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
146.17 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
146.18 Session chapter 10, article 10, section 6;

146.19 (19) plumbers employed by the Metropolitan Airports Commission, with coverage
146.20 under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either
146.21 were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to
146.22 be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

146.23 (20) employees who are hired after June 30, 2002, to fill seasonal positions under
146.24 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
146.25 days or less in each year of employment with the governmental subdivision;

146.26 (21) persons who are provided supported employment or work-study positions
146.27 by a governmental subdivision and who participate in an employment or industries
146.28 program maintained for the benefit of these persons where the governmental subdivision
146.29 limits the position's duration to three years or less, including persons participating in a
146.30 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
146.31 unemployment relief program where the training or work experience is not provided as a
146.32 part of, or for, future permanent public employment;

146.33 (22) independent contractors and the employees of independent contractors; and

146.34 (23) reemployed annuitants of the association during the course of that
146.35 reemployment.

147.1 Sec. 3. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
147.2 to read:

147.3 Subd. 47. **MERF division.** "MERF division" means the separate retirement plan
147.4 within the general employees retirement plan of the Public Employees Retirement
147.5 Association containing the applicable provisions of Minnesota Statutes 2008, chapter
147.6 422A.

147.7 Sec. 4. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
147.8 to read:

147.9 Subd. 48. **MERF division account.** "MERF division account" means the separate
147.10 account within the retirement fund of the general employees retirement fund of the
147.11 Public Employees Retirement Association in which the actuarial liabilities of the former
147.12 Minneapolis Employees Retirement Fund are held, and in which the assets of the former
147.13 Minneapolis Employees Retirement Fund are credited.

147.14 Sec. 5. Minnesota Statutes 2008, section 353.05, is amended to read:

147.15 **353.05 CUSTODIAN OF FUNDS.**

147.16 The commissioner of management and budget shall be ex officio treasurer of the
147.17 retirement funds of the association, including the MERF division, and the general bond of
147.18 the commissioner of management and budget to the state ~~shall~~ must be so conditioned
147.19 as to cover all liability for acts as treasurer of these funds. All ~~moneys~~ money of the
147.20 association received by the commissioner of management and budget ~~shall~~ must be set
147.21 aside in the state treasury to the credit of the proper fund or account. The commissioner
147.22 of management and budget shall transmit monthly to the executive director a detailed
147.23 statement of all amounts so received and credited to the ~~fund~~ funds, including the MERF
147.24 division. Payments out of the fund ~~shall~~ funds, including the MERF division, may only
147.25 be made ~~only~~ on warrants issued by the commissioner of management and budget, upon
147.26 abstracts signed by the executive director; provided that abstracts for investment may be
147.27 signed by the ~~secretary~~ executive director of the State Board of Investment.

147.28 Sec. 6. Minnesota Statutes 2009 Supplement, section 353.06, is amended to read:

147.29 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

147.30 The executive director shall from time to time certify to the State Board of
147.31 Investment for investment such portions of the ~~retirement fund~~ funds of the association,
147.32 including the MERF division, as in ~~its~~ the director's judgment may not be required for
147.33 immediate use. The State Board of Investment shall thereupon invest and reinvest the sum

148.1 so certified, or transferred, in such securities as are duly authorized as legal investments
 148.2 ~~for state employees retirement fund~~ under section 11A.24 and ~~shall have~~ has authority to
 148.3 sell, convey, and exchange such securities and invest and reinvest the securities when it
 148.4 deems it desirable to do so and shall sell securities upon request of the ~~board of trustees~~
 148.5 executive director when such funds are needed for its purposes. All of the provisions
 148.6 regarding accounting procedures and restrictions and conditions for the purchase and
 148.7 sale of securities under chapter 11A must apply to the accounting, purchase and sale of
 148.8 securities for the funds of the Public Employees Retirement fund Association, including
 148.9 the MERF division.

148.10 Sec. 7. Minnesota Statutes 2008, section 353.27, as amended by Laws 2009, chapter
 148.11 169, article 1, section 32, and article 4, sections 9, 10, 11, and 12, is amended to read:

148.12 **353.27 PUBLIC GENERAL EMPLOYEES RETIREMENT FUND.**

148.13 Subdivision 1. **Income; disbursements.** There is a special fund known as the
 148.14 "public general employees retirement fund," the "retirement fund," or the "fund," which
 148.15 must include all the assets of the general employees retirement plan of the association.
 148.16 This fund must be credited with all contributions, all interest and all other income of the
 148.17 general employees retirement plan of the Public Employees Retirement Association that
 148.18 are authorized by law. From this fund there is appropriated the payments authorized by
 148.19 ~~this chapter~~ sections 353.01 to 353.46 in the amounts and at such time provided herein,
 148.20 including the expenses of administering the general employees retirement plan and fund.

148.21 Subd. 1a. **MERF division account established; revenue and disbursements.** The
 148.22 MERF division account is established as a special account. The MERF division account
 148.23 includes all of the assets of the former Minneapolis Employees Retirement Fund that
 148.24 were transferred to the administration of the Public Employees Retirement Association
 148.25 under section 353.50. The special account is credited with the contributions under
 148.26 section 353.50, subdivision 7, state aid under sections 356.43 and 422A.101, subdivision
 148.27 3, investment performance on the special account assets, and all other income of the
 148.28 MERF division authorized by law. The payments of annuities and benefits authorized by
 148.29 Minnesota Statutes 2008, chapter 422A, in the amounts and at the times provided in
 148.30 that chapter, and the administrative expenses of the MERF division are appropriated
 148.31 from the special account.

148.32 Subd. 2. **General employees retirement plan; employee contribution.** (a) For
 148.33 a basic member of the general employees retirement plan of the Public Employees
 148.34 Retirement Association, the employee contribution is 9.10 percent of salary. For a
 148.35 coordinated member of the general employees retirement plan of the Public Employees

149.1 Retirement Association, the employee contribution is six percent of salary plus any
 149.2 contribution rate adjustment under subdivision 3b.

149.3 (b) These contributions must be made by deduction from salary as defined in section
 149.4 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
 149.5 member's salary is paid from other than public funds, the member's employee contribution
 149.6 must be based on the total salary received by the member from all sources.

149.7 Subd. 3. **General employees retirement plan; employer contribution.** (a) For
 149.8 a basic member of the general employees retirement plan of the Public Employees
 149.9 Retirement Association, the employer contribution is 9.10 percent of salary. For a
 149.10 coordinated member of the general employees retirement plan of the Public Employees
 149.11 Retirement Association, the employer contribution is six percent of salary plus any
 149.12 contribution rate adjustment under subdivision 3b.

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

149.15 Subd. 3a. **Additional employer contribution.** (a) An additional employer
 149.16 contribution to the general employees retirement fund of the Public Employees Retirement
 149.17 Association must be made equal to the following applicable percentage of the total salary
 149.18 amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
149.19 Effective before January 1, 2006	2.68	.43
149.20 Effective January 1, 2006	2.68	.50
149.21 Effective January 1, 2009	2.68	.75
149.22 Effective January 1, 2010	2.68	1.00

149.24 These contributions must be made from funds available to the employing subdivision
 149.25 by the means and in the manner provided in section 353.28.

149.26 (b) The coordinated program contribution rates set forth in paragraph (a) effective
 149.27 for ~~January 1, 2009, or~~ January 1, 2010, must not be implemented if, following receipt of
 149.28 the ~~July 1, 2008, or~~ July 1, 2009, annual actuarial valuation ~~reports~~ report under section
 149.29 356.215, respectively, the actuarially required contributions are equal to or less than the
 149.30 total rates under this section in effect as of January 1, 2008.

149.31 (c) This subdivision is repealed once the actuarial value of the assets of the general
 149.32 employees retirement plan of the Public Employees Retirement Association equal or
 149.33 exceed the actuarial accrued liability of the plan as determined by the actuary retained
 149.34 under sections 356.214 and 356.215. The repeal is effective on the first day of the first full
 149.35 pay period occurring after March 31 of the calendar year following the issuance of the
 149.36 actuarial valuation upon which the repeal is based.

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

150.2 (a) For purposes of this section, a contribution sufficiency exists if the total of the
150.3 employee contribution under subdivision 2, the employer contribution under subdivision
150.4 3, the additional employer contribution under subdivision 3a, and any additional
150.5 contribution previously imposed under this subdivision exceeds the total of the normal
150.6 cost, the administrative expenses, and the amortization contribution of the general
150.7 employees retirement plan as reported in the most recent actuarial valuation of the
150.8 retirement plan prepared by the actuary retained under section 356.214 and prepared under
150.9 section 356.215 and the standards for actuarial work of the Legislative Commission on
150.10 Pensions and Retirement. For purposes of this section, a contribution deficiency exists if
150.11 the total of the employee contributions under subdivision 2, the employer contributions
150.12 under subdivision 3, the additional employer contribution under subdivision 3a, and any
150.13 additional contribution previously imposed under this subdivision is less than the total
150.14 of the normal cost, the administrative expenses, and the amortization contribution of the
150.15 general employees retirement plan as reported in the most recent actuarial valuation of the
150.16 retirement plan prepared by the actuary retained under section 356.214 and prepared under
150.17 section 356.215 and the standards for actuarial work of the Legislative Commission on
150.18 Pensions and Retirement.

150.19 (b) Employee and employer contributions to the general employees retirement plan
150.20 under subdivisions 2 and 3 must be adjusted:

150.21 (1) if, after July 1, 2010, the regular actuarial valuations of the general employees
150.22 retirement plan of the Public Employees Retirement Association under section 356.215
150.23 indicate that there is a contribution sufficiency under paragraph (a) equal to or greater
150.24 than 0.5 percent of covered payroll for two consecutive years, the coordinated program
150.25 employee and employer contribution rates must be decreased as determined under
150.26 paragraph (c) to a level such that the sufficiency equals no more than 0.25 percent of
150.27 covered payroll based on the most recent actuarial valuation; or

150.28 (2) if, after July 1, 2010, the regular actuarial valuations of the general employees
150.29 retirement plan of the Public Employees Retirement Association under section 356.215
150.30 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for
150.31 two consecutive years, the coordinated program employee and employer contribution rates
150.32 must be increased as determined under paragraph (c) to a level such that no deficiency
150.33 exists based on the most recent actuarial valuation.

150.34 (c) The general employees retirement plan contribution rate increase or decrease
150.35 must be determined by the executive director of the Public Employees Retirement
150.36 Association, must be reported to the chair and the executive director of the Legislative

151.1 Commission on Pensions and Retirement on or before the next February 1, and, if the
151.2 Legislative Commission on Pensions and Retirement does not recommend against the rate
151.3 change or does not recommend a modification in the rate change, is effective on the
151.4 next July 1 following the determination by the executive director that a contribution
151.5 deficiency or sufficiency has existed for two consecutive fiscal years based on the most
151.6 recent actuarial valuations under section 356.215. If the actuarially required contribution
151.7 of the general employees retirement plan exceeds or is less than the total support provided
151.8 by the combined employee and employer contribution rates by more than 0.5 percent of
151.9 covered payroll, the general employees retirement plan coordinated program employee
151.10 and employer contribution rates must be adjusted incrementally over one or more years to
151.11 a level such that there remains a contribution sufficiency of no more than 0.25 percent
151.12 of covered payroll.

151.13 (d) No incremental adjustment may exceed 0.25 percent for either the general
151.14 employees retirement plan coordinated program employee and employer contribution rates
151.15 per year in which any adjustment is implemented. A general employees retirement plan
151.16 contribution rate adjustment under this subdivision must not be made until at least two
151.17 years have passed since fully implementing a previous adjustment under this subdivision.

151.18 (e) The general employees retirement plan contribution sufficiency or deficiency
151.19 determination under paragraphs (a) to (d) must be made without the inclusion of the
151.20 contributions to, the funded condition of, or the actuarial funding requirements of the
151.21 MERF division.

151.22 Subd. 4. **Employer reporting requirements; contributions; member status.**

151.23 (a) A representative authorized by the head of each department shall deduct employee
151.24 contributions from the salary of each employee who qualifies for membership in the
151.25 general employees retirement plan of the Public Employees Retirement Association or in
151.26 the public employees police and fire retirement plan under this chapter and remit payment
151.27 in a manner prescribed by the executive director for the aggregate amount of the employee
151.28 contributions, the employer contributions and the additional employer contributions to be
151.29 received within 14 calendar days. The head of each department or the person's designee
151.30 shall for each pay period submit to the association a salary deduction report in the format
151.31 prescribed by the executive director. Data required to be submitted as part of salary
151.32 deduction reporting must include, but are not limited to:

151.33 (1) the legal names and Social Security numbers of employees who are members;

151.34 (2) the amount of each employee's salary deduction;

151.35 (3) the amount of salary from which each deduction was made;

152.1 (4) the beginning and ending dates of the payroll period covered and the date of
152.2 actual payment; and

152.3 (5) adjustments or corrections covering past pay periods.

152.4 (b) Employers must furnish the data required for enrollment for each new employee
152.5 who qualifies for membership in the general employees retirement plan of the Public
152.6 Employees Retirement Association or in the public employees police and fire retirement
152.7 plan in the format prescribed by the executive director. The required enrollment data
152.8 on new employees must be submitted to the association prior to or concurrent with the
152.9 submission of the initial employee salary deduction. The employer shall also report
152.10 to the association all member employment status changes, such as leaves of absence,
152.11 terminations, and death, and shall report the effective dates of those changes, on an
152.12 ongoing basis for the payroll cycle in which they occur. The employer shall furnish data,
152.13 forms, and reports as may be required by the executive director for proper administration
152.14 of the retirement system. Before implementing new or different computerized reporting
152.15 requirements, the executive director shall give appropriate advance notice to governmental
152.16 subdivisions to allow time for system modifications.

152.17 (c) Notwithstanding paragraph (a), the ~~association~~ executive director may provide
152.18 for less frequent reporting and payments for small employers.

152.19 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
152.20 as provided in paragraph (b), erroneous employee deductions and erroneous employer
152.21 contributions and additional employer contributions to the general employees retirement
152.22 plan of the Public Employees Retirement Association or to the public employees police
152.23 and fire retirement plan for a person, who otherwise does not qualify for membership
152.24 under this chapter, are considered:

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

152.30 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
152.31 1990. Upon determination of the error, the association shall refund all erroneous employee
152.32 deductions and all erroneous employer contributions as specified in paragraph (e). No
152.33 person may claim a right to continued or past membership in the association based on
152.34 erroneous deductions which began on or after January 1, 1990.

152.35 (b) Erroneous deductions taken from the salary of a person who did not qualify for
152.36 membership in the general employees retirement plan of the Public Employees Retirement

153.1 Association or in the public employees police and fire retirement plan by virtue of
153.2 concurrent employment before July 1, 1978, which required contributions to another
153.3 retirement fund or relief association established for the benefit of officers and employees
153.4 of a governmental subdivision, are invalid. Upon discovery of the error, the association
153.5 shall remove all invalid service and, upon termination of public service, the association
153.6 shall refund all erroneous employee deductions to the person, with interest as determined
153.7 under section 353.34, subdivision 2, and all erroneous employer contributions without
153.8 interest to the employer. This paragraph has both retroactive and prospective application.

153.9 (c) Adjustments to correct employer contributions and employee deductions taken
153.10 in error from amounts which are not salary under section 353.01, subdivision 10, must
153.11 be made as specified in paragraph (e). The period of adjustment must be limited to the
153.12 fiscal year in which the error is discovered by the association and the immediate two
153.13 preceding fiscal years.

153.14 (d) If there is evidence of fraud or other misconduct on the part of the employee or
153.15 the employer, the board of trustees may authorize adjustments to the account of a member
153.16 or former member to correct erroneous employee deductions and employer contributions
153.17 on invalid salary and the recovery of any overpayments for a period longer than provided
153.18 for under paragraph (c).

153.19 (e) Upon discovery of the receipt of erroneous employee deductions and employer
153.20 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
153.21 the employer to discontinue the erroneous employee deductions and erroneous employer
153.22 contributions reported on behalf of a member. Upon discontinuation, the association must:

153.23 (1) for a member, provide a refund or credit to the employer in the amount of the
153.24 invalid employee deductions with interest on the invalid employee deductions at the rate
153.25 specified under section 353.34, subdivision 2, from the received date of each invalid salary
153.26 transaction through the date the credit or refund is made; and the employer must pay the
153.27 refunded employee deductions plus interest to the member;

153.28 (2) for a former member who:

153.29 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
153.30 deductions to the former member through a refund with interest at the rate specified under
153.31 section 353.34, subdivision 2, from the received date of each invalid salary transaction
153.32 through the date the credit or refund is made; or

153.33 (ii) is receiving a retirement annuity or disability benefit, or a person who is
153.34 receiving an optional annuity or survivor benefit, for whom it has been determined an
153.35 overpayment must be recovered, adjust the payment amount and recover the overpayments
153.36 as provided under this section; and

154.1 (3) return the invalid employer contributions reported on behalf of a member or
154.2 former member to the employer by providing a credit against future contributions payable
154.3 by the employer.

154.4 (f) In the event that a salary warrant or check from which a deduction for the
154.5 retirement fund was taken has been canceled or the amount of the warrant or check
154.6 returned to the funds of the department making the payment, a refund of the sum
154.7 deducted, or any portion of it that is required to adjust the deductions, must be made
154.8 to the department or institution.

154.9 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
154.10 is within the limitation period specified in paragraph (c), and an overpayment has resulted
154.11 by using invalid service or salary, or due to any erroneous calculation procedure, the
154.12 association must recalculate the annuity or benefit payable and recover any overpayment
154.13 as provided under subdivision 7b.

154.14 (h) Notwithstanding the provisions of this subdivision, the association may apply
154.15 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
154.16 Compliance Resolution System and not issue a refund of erroneous employee deductions
154.17 and employer contributions or not recover a small overpayment of benefits if the cost to
154.18 correct the error would exceed the amount of the member refund or overpayment.

154.19 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
154.20 failure by an employer to follow the statutory requirements for reporting eligible members
154.21 and salary must be paid by the employer.

154.22 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
154.23 deductions and employer contributions under this section, section 353.50, 353.65, or
154.24 353E.03 were erroneously transmitted to the association, but should have been transmitted
154.25 to another Minnesota public pension plan, the executive director shall transfer the
154.26 erroneous employee deductions and employer contributions to the appropriate retirement
154.27 fund or individual account, as applicable, without interest. The time limitations specified
154.28 in subdivisions 7 and 12 do not apply.

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

154.32 (c) A potential transfer under paragraph (a) that is reasonably determined to cause
154.33 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
154.34 Code, as amended, must not be made by the executive director of the association. Within
154.35 30 days after being notified by the Public Employees Retirement Association of an
154.36 unmade potential transfer under this paragraph, the employer of the affected person

155.1 must transmit an amount representing the applicable salary deductions and employer
155.2 contributions, without interest, to the retirement fund of the appropriate Minnesota public
155.3 pension plan, or to the applicable individual account if the proper coverage is by a defined
155.4 contribution plan. The association must provide the employing unit a credit for the amount
155.5 of the erroneous salary deductions and employer contributions against future contributions
155.6 from the employer. If the employing unit receives a credit under this paragraph, the
155.7 employing unit is responsible for refunding to the applicable employee any amount that
155.8 had been erroneously deducted from the person's salary.

155.9 Subd. 7b. **Recovery of overpayments.** (a) In the event the executive director
155.10 determines that an overpaid annuity or benefit ~~that~~ from the general employees retirement
155.11 plan of the Public Employees Retirement Association, the public employees police and
155.12 fire retirement plan, or the local government correctional employees retirement plan is
155.13 the result of invalid salary included in the average salary used to calculate the payment
155.14 amount must be recovered, the association must determine the amount of the employee
155.15 deductions taken in error on the invalid salary, with interest determined in the manner
155.16 provided for a former member under subdivision 7, paragraph (e), clause (2), item (i),
155.17 and must subtract that amount from the total annuity or benefit overpayment, and the
155.18 remaining balance of the overpaid annuity or benefit, if any, must be recovered.

155.19 (b) If the invalid employee deductions plus interest exceed the amount of the
155.20 overpaid benefits, the balance must be refunded to the person to whom the benefit or
155.21 annuity is being paid.

155.22 (c) Any invalid employer contributions reported on the invalid salary must be
155.23 credited to the employer as provided in subdivision 7, paragraph (e).

155.24 (d) If a member or former member, who is receiving a retirement annuity or
155.25 disability benefit for which an overpayment is being recovered, dies before recovery of
155.26 the overpayment is completed and a joint and survivor optional annuity is payable, the
155.27 remaining balance of the overpaid annuity or benefit must continue to be recovered from
155.28 the payment to the optional annuity beneficiary.

155.29 (e) If the association finds that a refund has been overpaid to a former member,
155.30 beneficiary or other person, the amount of the overpayment must be recovered for the
155.31 benefit of the respective retirement fund or account.

155.32 (f) The board of trustees shall adopt policies directing the period of time and manner
155.33 for the collection of any overpaid retirement or optional annuity, and survivor or disability
155.34 benefit, or a refund that the executive director determines must be recovered as provided
155.35 under this section.

156.1 Subd. 7c. **Limitation on additional plan coverage.** No deductions for any plan
156.2 under this chapter or chapter 353E may be taken from the salary of a person who is
156.3 employed by a governmental subdivision under section 353.01, subdivision 6, and who is
156.4 receiving disability benefit payments from any plan under this chapter or chapter 353E
156.5 unless the person waives the right to further disability benefit payments.

156.6 Subd. 8. **District court reporters; salary deductions.** Deductions from the salary
156.7 of a district court reporter in a judicial district consisting of two or more counties ~~shall~~
156.8 must be made by the auditor of the county in which the bond and official oath of such
156.9 district court reporter are filed, from the portion of salary paid by such county.

156.10 Subd. 9. **Fee officers; contributions; obligations of employers.** Any appointed or
156.11 elected officer of a governmental subdivision who was or is a "public employee" within
156.12 the meaning of section 353.01 and was or is a member of the ~~fund~~ general employees
156.13 retirement plan of the Public Employees Retirement Association and whose salary
156.14 was or is paid in whole or in part from revenue derived by fees and assessments, shall
156.15 pay employee contribution in the amount, at the time, and in the manner provided in
156.16 subdivisions 2 and 4. This subdivision ~~shall~~ does not apply to district court reporters.
156.17 The employer contribution as provided in subdivision 3, and the additional employer
156.18 contribution as provided in subdivision 3a, with respect to such service ~~shall~~ must be
156.19 paid by the governmental subdivision. This subdivision ~~shall have~~ has both retroactive
156.20 and prospective application as to all such members; and every employing governmental
156.21 subdivision is deemed liable, retroactively and prospectively, for all employer and
156.22 additional employer contributions for every such member of the general employees
156.23 retirement plan in its employ. Delinquencies under this section ~~shall be~~ are governed
156.24 in all respects by section 353.28.

156.25 Subd. 10. **Employer exclusion reports.** The head of a department shall annually
156.26 furnish the executive director with an exclusion report listing only those employees in
156.27 potentially ~~PERA-eligible~~ PERA general employees retirement plan-eligible positions
156.28 who were not reported as members of the ~~association~~ general employees retirement plan
156.29 and who worked during the school year for school employees and calendar year for
156.30 nonschool employees. The department head must certify the accuracy and completeness
156.31 of the exclusion report to the association. The executive director shall prescribe the
156.32 manner and forms, including standardized exclusion codes, to be used by a governmental
156.33 subdivision in preparing and filing exclusion reports. The executive director shall also
156.34 check the exclusion report to ascertain whether any omissions have been made by a
156.35 department head in the reporting of new public employees for membership. The executive
156.36 director may delegate an association employee under section 353.03, subdivision 3a,

157.1 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a
157.2 governmental subdivision.

157.3 Subd. 11. **Employers; required to furnish requested information.** (a) All
157.4 governmental subdivisions shall furnish promptly such other information relative to the
157.5 employment status of all employees or former employees, including, but not limited to,
157.6 payroll abstracts pertaining to all past and present employees, as may be requested by the
157.7 executive director, including schedules of salaries applicable to various categories of
157.8 employment.

157.9 (b) In the event payroll abstract records have been lost or destroyed, for whatever
157.10 reason or in whatever manner, so that such schedules of salaries cannot be furnished
157.11 therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the
157.12 association an estimate of the earnings of any employee or former employee for any
157.13 period as may be requested by the executive director. If the association is provided a
157.14 schedule of estimated earnings, the executive director is authorized to use the same as a
157.15 basis for making whatever computations might be necessary for determining obligations
157.16 of the employee and employer to the general employees retirement fund plan, the public
157.17 employees police and fire retirement plan, or the local government correctional employees
157.18 retirement plan. If estimates are not furnished by the employer at the request of the
157.19 executive director, the executive director may estimate the obligations of the employee
157.20 and employer to the general employees retirement fund, the public employees police and
157.21 fire retirement plan, or the local government correctional employees retirement plan based
157.22 upon those records that are in its possession.

157.23 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission
157.24 of required deductions for the general employees retirement plan, the public employees
157.25 police and fire retirement plan, or the local government correctional employees retirement
157.26 plan from the salary of an employee, the department head or designee shall immediately,
157.27 upon discovery, report the employee for membership and deduct the employee deductions
157.28 under subdivision 4 during the current pay period or during the pay period immediately
157.29 following the discovery of the omission. Payment for the omitted obligations may only be
157.30 made in accordance with reporting procedures and methods established by the executive
157.31 director.

157.32 (b) When the entire omission period of an employee does not exceed 60 days, the
157.33 governmental subdivision may report and submit payment of the omitted employee
157.34 deductions and the omitted employer contributions through the reporting processes under
157.35 subdivision 4.

158.1 (c) When the omission period of an employee exceeds 60 days, the governmental
158.2 subdivision shall furnish to the association sufficient data and documentation upon which
158.3 the obligation for omitted employee and employer contributions can be calculated.
158.4 The omitted employee deductions must be deducted from the employee's subsequent
158.5 salary payment or payments and remitted to the association for deposit in the applicable
158.6 retirement fund. The employee shall pay omitted employee deductions due for the 60
158.7 days prior to the end of the last pay period in the omission period during which salary
158.8 was earned. The employer shall pay any remaining omitted employee deductions and any
158.9 omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent
158.10 compounded annually, from the date or dates each omitted employee contribution was
158.11 first payable.

158.12 (d) An employer shall not hold an employee liable for omitted employee deductions
158.13 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
158.14 those employee deductions paid by the employer on behalf of the employee. Omitted
158.15 deductions due under paragraph (c) which are not paid by the employee constitute a
158.16 liability of the employer that failed to deduct the omitted deductions from the employee's
158.17 salary. The employer shall make payment with interest at an annual rate of 8.5 percent
158.18 compounded annually. Omitted employee deductions are no longer due if an employee
158.19 terminates public service before making payment of omitted employee deductions to
158.20 the association, but the employer remains liable to pay omitted employer contributions
158.21 plus interest at an annual rate of 8.5 percent compounded annually from the date the
158.22 contributions were first payable.

158.23 (e) The association may not commence action for the recovery of omitted employee
158.24 deductions and employer contributions after the expiration of three calendar years after
158.25 the calendar year in which the contributions and deductions were omitted. Except as
158.26 provided under paragraph (b), no payment may be made or accepted unless the association
158.27 has already commenced action for recovery of omitted deductions. An action for recovery
158.28 commences on the date of the mailing of any written correspondence from the association
158.29 requesting information from the governmental subdivision upon which to determine
158.30 whether or not omitted deductions occurred.

158.31 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
158.32 who was a member of the general employees retirement plan of the Public Employees
158.33 Retirement Association, the public employees police and fire retirement plan, or the local
158.34 government correctional employees retirement plan and who has a period of employment
158.35 in which previously omitted employer contributions were made under subdivision 12
158.36 but for whom no, or only partial, omitted employee contributions have been made, or

159.1 a member who had prior coverage in the association for which previously omitted
159.2 employer contributions were made under subdivision 12 but who terminated service
159.3 before required omitted employee deductions could be withheld from salary, may pay the
159.4 omitted employee deductions for the period on which omitted employer contributions
159.5 were previously paid plus interest at an annual rate of 8.5 percent compounded annually.
159.6 A terminated employee may pay the omitted employee deductions plus interest within six
159.7 months of an initial notification from the association of eligibility to pay those omitted
159.8 deductions. If a terminated employee is reemployed in a position covered under a public
159.9 pension fund under section 356.30, subdivision 3, and elects to pay omitted employee
159.10 deductions, payment must be made no later than six months after a subsequent termination
159.11 of public service.

159.12 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were
159.13 omitted from salary adjustments or final salary of a terminated employee who was a
159.14 member of the general employees retirement plan, the public employees police and fire
159.15 retirement plan, or the local government correctional employees retirement plan and who
159.16 is immediately eligible to draw a monthly benefit, the employer shall pay the omitted
159.17 employer and employer additional contributions plus interest on both the employer and
159.18 employee amounts due at an annual rate of 8.5 percent compounded annually. The
159.19 employee shall pay the employee deductions within six months of an initial notification
159.20 from the association of eligibility to pay omitted deductions or the employee forfeits
159.21 the right to make the payment.

159.22 Subd. 13. **Certain warrants canceled.** A warrant payable from the general
159.23 employees retirement fund, the public employees police and fire retirement fund, or the
159.24 local government correctional retirement fund remaining unpaid for a period of six
159.25 months must be canceled into the applicable retirement fund and not canceled into the
159.26 state's general fund.

159.27 Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to
159.28 be a governmental subdivision due to receipt of a written notice of eligibility from the
159.29 association with respect to the general employees retirement plan, the public employees
159.30 police and fire retirement plan, or the local government correctional retirement plan, that
159.31 employer and its employees are subject to the requirements of subdivision 12, effective
159.32 retroactively to the date that the executive director of the association determines that
159.33 the entity first met the definition of a governmental subdivision, if that date predates
159.34 the notice of eligibility.

159.35 (b) If the retroactive time period under paragraph (a) exceeds three years, an
159.36 employee is authorized to purchase service credit in the applicable Public Employees

160.1 Retirement Association plan for the portion of the period in excess of three years, by
 160.2 making payment under section 356.551. Notwithstanding any provision of section
 160.3 356.551, subdivision 2, to the contrary, regarding time limits on purchases, payment of a
 160.4 service credit purchase amount may be made anytime before the termination of public
 160.5 service.

160.6 (c) This subdivision does not apply if the applicable employment under paragraph
 160.7 (a) included coverage by any public or private defined benefit or defined contribution
 160.8 retirement plan, other than a volunteer firefighters relief association. If this paragraph
 160.9 applies, an individual is prohibited from purchasing service credit from a Public Employees
 160.10 Retirement Association plan for any period or periods specified in paragraph (a).

160.11 Sec. 8. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

160.12 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled
 160.13 to a refund of accumulated employee deductions under subdivision 2, or to a deferred
 160.14 annuity under subdivision 3. Application for a refund may not be made before the date of
 160.15 termination of public service. Except as specified in paragraph (b), a refund must be paid
 160.16 within 120 days following receipt of the application unless the applicant has again become
 160.17 a public employee required to be covered by the association.

160.18 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,
 160.19 a refund is not payable before termination of service under section 353.01, subdivision 11a.

160.20 (c) An individual who terminates public service covered by the Public Employees
 160.21 Retirement Association general employees retirement plan, the MERF division, the
 160.22 Public Employees Retirement Association police and fire retirement plan, or the public
 160.23 employees local government corrections service retirement plan, and who is employed
 160.24 by a different employer and who becomes an active member covered by one of the other
 160.25 two plans, may receive a refund of employee contributions plus six percent interest
 160.26 compounded annually from the plan from which the member terminated service.

160.27 Sec. 9. Minnesota Statutes 2008, section 353.34, subdivision 6, is amended to read:

160.28 Subd. 6. **Additions to fund.** The board of trustees may credit to the general
 160.29 employees retirement fund any ~~moneys~~ money received in the form of contributions,
 160.30 donations, gifts, appropriations, bequests, or otherwise.

160.31 Sec. 10. Minnesota Statutes 2008, section 353.37, subdivision 1, is amended to read:

160.32 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible
 160.33 for an annuity ~~under this chapter~~ from the general employees retirement plan of the Public

161.1 Employees Retirement Association, the public employees police and fire retirement plan,
161.2 or the local government correctional employees retirement plan must be suspended under
161.3 subdivision 2 or reduced under subdivision 3, whichever results in the higher annual
161.4 annuity amount, if the person reenters public service as a nonelective employee of a
161.5 governmental subdivision in a position covered by this chapter or returns to work as an
161.6 employee of a labor organization that represents public employees who are association
161.7 members under this chapter and salary for the reemployment service exceeds the annual
161.8 maximum earnings allowable for that age for the continued receipt of full benefit amounts
161.9 monthly under the federal Old Age, Survivors and Disability Insurance Program as set by
161.10 the secretary of health and human services under United States Code, title 42, section 403,
161.11 in any calendar year. If the person has not yet reached the minimum age for the receipt
161.12 of Social Security benefits, the maximum salary for the person is equal to the annual
161.13 maximum earnings allowable for the minimum age for the receipt of Social Security
161.14 benefits.

161.15 (b) The provisions of paragraph (a) do not apply to the members of the MERF
161.16 division.

161.17 Sec. 11. Minnesota Statutes 2008, section 353.37, subdivision 2, is amended to read:

161.18 Subd. 2. **Suspension of annuity.** (a) The association shall suspend the annuity on
161.19 the first of the month after the month in which the salary of the reemployed annuitant
161.20 described in subdivision 1, paragraph (a), exceeds the maximums set in subdivision 1,
161.21 paragraph (a), based only on those months in which the annuitant is actually employed
161.22 in nonelective public service in a position covered under this chapter or employment
161.23 with a labor organization that represents public employees who are ~~association~~ members
161.24 of a retirement plan under this chapter or chapter 353E.

161.25 (b) An annuitant who is elected to public office after retirement may hold that office
161.26 and receive an annuity otherwise payable from a retirement plan administered by the
161.27 association.

161.28 Sec. 12. Minnesota Statutes 2008, section 353.37, subdivision 3, is amended to read:

161.29 Subd. 3. **Reduction of annuity.** (a) The association shall reduce the amount
161.30 of the annuity of a person who has not reached the retirement age by one-half of the
161.31 amount in excess of the applicable reemployment income maximum under subdivision
161.32 1, paragraph (a).

161.33 (b) There is no reduction upon reemployment, regardless of income, for a person
161.34 who has reached the retirement age.

162.1 Sec. 13. Minnesota Statutes 2008, section 353.37, subdivision 4, is amended to read:

162.2 Subd. 4. **Resumption of annuity.** The association shall resume paying a full
162.3 annuity to the reemployed annuitant described in subdivision 1, paragraph (a), at the
162.4 start of each calendar year until the salary exceeds the maximums under subdivision 1,
162.5 paragraph (a), or on the first of the month following the termination of the employment
162.6 which resulted in the suspension of the annuity. The executive director may adopt policies
162.7 regarding the suspension and reduction of annuities under this section.

162.8 Sec. 14. Minnesota Statutes 2008, section 353.37, subdivision 5, is amended to read:

162.9 Subd. 5. **Effect on annuity.** Except as provided under this section, public service
162.10 performed by an annuitant described in subdivision 1, paragraph (a), subsequent to
162.11 retirement ~~under this chapter~~ from the general employees retirement plan, the public
162.12 employees police and fire retirement plan, or the local government correctional employees
162.13 retirement plan does not increase or decrease the amount of an annuity. The annuitant shall
162.14 not make any further contributions to ~~the association's~~ a defined benefit plan administered
162.15 by the association by reason of this subsequent public service.

162.16 Sec. 15. Minnesota Statutes 2008, section 353.46, subdivision 2, is amended to read:

162.17 Subd. 2. **Rights of deferred annuitant.** The ~~right~~ entitlement of a deferred
162.18 annuitant or other former member of the general employees retirement plan of the
162.19 Public Employees Retirement Association, the Minneapolis Employees Retirement Fund
162.20 division, the public employees police and fire retirement plan, or the local government
162.21 correctional employees retirement plan to receive an annuity under the law in effect at the
162.22 time ~~such~~ the person terminated public service is herein preserved; provided, however,
162.23 The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753
162.24 ~~shall~~ apply to a deferred annuitant or other former member who first begins receiving an
162.25 annuity after July 1, 1973.

162.26 Sec. 16. Minnesota Statutes 2008, section 353.46, subdivision 6, is amended to read:

162.27 Subd. 6. **Computation of benefits for certain coordinated members.** Any
162.28 coordinated member of the general employees retirement plan of the Public Employees
162.29 Retirement Association who ~~prior to,~~ before July 1, 1979₂ was a member of the former
162.30 coordinated program of the former Minneapolis Municipal Employees Retirement
162.31 Fund and who ~~prior to,~~ before July 1, 1978₂ was a member of the basic program of the
162.32 Minneapolis Municipal Employees Retirement Fund ~~shall~~.

163.1 ~~(1) be~~ is entitled to receive a retirement annuity when otherwise qualified, the
 163.2 calculation of which ~~shall~~ must utilize the formula accrual rates specified in section
 163.3 422A.15, subdivision 1, for that portion of credited service which was rendered ~~prior to~~
 163.4 before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision
 163.5 3, for the remainder of credited service, both applied to the average salary as specified
 163.6 in section ~~353.29, subdivision 2~~ 353.01, subdivision 17a. The formula accrual rates to
 163.7 be used in calculating the retirement annuity ~~shall~~ must recognize the service after July
 163.8 1, 1978₂ as a member of the former coordinated program of the former Minneapolis
 163.9 Municipal Employees Retirement Fund and after July 1, 1979₂ as a member of the
 163.10 general employees retirement plan of the Public Employees Retirement Association as
 163.11 a continuation of service rendered ~~prior to~~ before July 1, 1978. The annuity amount
 163.12 attributable to service as a member of the basic program of the former Minneapolis
 163.13 Municipal Employees Retirement Fund ~~shall be~~ is payable by from the Minneapolis
 163.14 Employees Retirement Fund MERF division and the annuity amount attributable to all
 163.15 other service ~~shall be~~ is payable by from the general employees retirement fund of the
 163.16 Public Employees Retirement Association₂.

163.17 ~~(2) retain eligibility when otherwise qualified for a disability benefit from the~~
 163.18 ~~Minneapolis Employees Retirement Fund until July 1, 1982, notwithstanding coverage~~
 163.19 ~~by the Public Employees Retirement Association, if the member has or would, without~~
 163.20 ~~the transfer of retirement coverage from the basic program of the Minneapolis Municipal~~
 163.21 ~~Employees Retirement Fund to the coordinated program of the Minneapolis Municipal~~
 163.22 ~~Employees Retirement Fund or from the coordinated program of the Minneapolis~~
 163.23 ~~Municipal Employees Retirement Fund to the public employees retirement fund, have~~
 163.24 ~~sufficient credited service prior to January 1, 1983, to meet the minimum service~~
 163.25 ~~requirements for a disability benefit pursuant to section 422A.18. The disability benefit~~
 163.26 ~~amount attributable to service as a member of the basic program of the Minneapolis~~
 163.27 ~~Municipal Employees Retirement Fund shall be payable by the Minneapolis Employees~~
 163.28 ~~Retirement Fund and the disability benefit amount attributable to all other service shall be~~
 163.29 ~~payable by the Public Employees Retirement Association.~~

163.30 Sec. 17. **[353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT**
 163.31 **AND OPERATION.**

163.32 Subdivision 1. Administrative consolidation. (a) Notwithstanding any provision
 163.33 of this chapter or chapter 422A to the contrary, the administration of the Minneapolis
 163.34 Employees Retirement Fund as the MERF division is transferred to the Public Employees
 163.35 Retirement Association board of trustees. The assets, service credit, and benefit liabilities

164.1 of the Minneapolis Employees Retirement Fund transfer to the MERF division account
164.2 within the general employees retirement plan of the Public Employees Retirement
164.3 Association established by section 353.27, subdivision 1a, on July 1, 2010.

164.4 (b) The creation of the MERF division must not be construed to alter the Social
164.5 Security or Medicare coverage of any member of the former Minneapolis Employees
164.6 Retirement Fund on June 29, 2010, while the person is employed in a position covered
164.7 under the MERF division of the Public Employees Retirement Association.

164.8 Subd. 2. **Membership transfer.** Effective June 30, 2010, the active, inactive, and
164.9 retired members of the Minneapolis Employees Retirement Fund are transferred to the
164.10 MERF division administered by the Public Employees Retirement Association and are no
164.11 longer members of the Minneapolis Employees Retirement Fund.

164.12 Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service
164.13 credit and salary credit of the members of the Minneapolis Employees Retirement Fund
164.14 as specified in the records of the Minneapolis Employees Retirement Fund through June
164.15 30, 2010, are transferred to the MERF division of the Public Employees Retirement
164.16 Association and are credited by the MERF division. Annuities or benefits of persons
164.17 who are active members of the former Minneapolis Employees Retirement Fund on
164.18 June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11;
164.19 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16;
164.20 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic
164.21 postretirement adjustments after December 31, 2010, under section 356.415.

164.22 (b) The liability for the payment of annuities and benefits of the Minneapolis
164.23 Employees Retirement Fund retirees and benefit recipients as specified in the records
164.24 of the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the
164.25 MERF division of the Public Employees Retirement Association on June 30, 2010.

164.26 Subd. 4. **Records transfer.** On June 30, 2010, the executive director of the
164.27 Minneapolis Employees Retirement Fund shall transfer all records and documents relating
164.28 to the Minneapolis Employees Retirement Fund and its benefit plan to the executive
164.29 director of the Public Employees Retirement Association. To the extent possible, original
164.30 copies of all records and documents must be transferred.

164.31 Subd. 5. **Transfer of title to assets.** On June 30, 2010, legal title to the assets of
164.32 the Minneapolis Employees Retirement Fund transfers to the State Board of Investment
164.33 and the assets must be invested under section 11A.14, as assets of the MERF division of
164.34 the Public Employees Retirement Association. The MERF division is the successor in
164.35 interest to all claims that the former Minneapolis Employees Retirement Fund may have
164.36 or may assert against any person and is the successor in interest to all claims which could

165.1 have been asserted against the former Minneapolis Employees Retirement Fund, but the
165.2 MERF division is not liable for any claim against the former Minneapolis Employees
165.3 Retirement Fund, its former governing board, or its former administrative staff acting in a
165.4 fiduciary capacity under chapter 356A or under common law, which is founded upon a
165.5 claim of breach of fiduciary duty, but where the act or acts constituting the claimed breach
165.6 were not undertaken in good faith, the Public Employees Retirement Association may
165.7 assert any applicable defense to any claim in any judicial or administrative proceeding
165.8 that the former Minneapolis Employees Retirement Fund, its former board, or its
165.9 former administrative staff would otherwise have been entitled to assert, and the Public
165.10 Employees Retirement Association may assert any applicable defense that it has in its
165.11 capacity as a statewide agency.

165.12 Subd. 6. **Benefits.** (a) The annuities and benefits of, or attributable to, retired,
165.13 disabled, deferred, or inactive Minneapolis Employees Retirement Fund members
165.14 with that status as of June 30, 2010, with the exception of post-December 31, 2010,
165.15 postretirement adjustments, which are governed by paragraph (b), as calculated under
165.16 Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15;
165.17 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and
165.18 422A.23, continue in force after the administrative consolidation under this article.

165.19 (b) After December 31, 2010, annuities and benefits from the MERF division are
165.20 eligible for annual automatic postretirement adjustments solely under section 356.415.

165.21 Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the
165.22 member and employer contributions to the MERF division account are governed by this
165.23 subdivision.

165.24 (b) An active member covered by the MERF division must make an employee
165.25 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,
165.26 subdivision 10. The employee contribution must be made by payroll deduction by the
165.27 member's employing unit under section 353.27, subdivision 4, and is subject to the
165.28 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

165.29 (c) The employer regular contribution to the MERF division account with respect
165.30 to an active MERF division member is 9.75 percent of the total salary of the member as
165.31 defined in section 353.01, subdivision 10.

165.32 (d) The employer additional contribution to the MERF division account with respect
165.33 to an active member of the MERF division is 2.68 percent of the total salary of the member
165.34 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000
165.35 that the employing unit paid or is payable to the former Minneapolis Employees
165.36 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,

166.1 or 2a, during calendar year 2009, as was certified by the former executive director of the
166.2 former Minneapolis Employees Retirement Fund.

166.3 (e) Annually after June 30, 2012, the employer supplemental contribution to
166.4 the MERF division account by the city of Minneapolis, Special School District No. 1,
166.5 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,
166.6 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and
166.7 the Minnesota State Colleges and Universities system is the larger of the following:

166.8 (1) the amount by which the total actuarial required contribution determined under
166.9 section 356.215 by the approved actuary retained by the Public Employees Retirement
166.10 Association in the most recent actuarial valuation of the MERF division and based on a
166.11 June 30, 2031, amortization date, after subtracting the contributions under paragraphs
166.12 (b), (c), and (d), exceeds \$24,000,000; or

166.13 (2) the amount of \$27,000,000, but the total supplemental contribution amount
166.14 plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each
166.15 employing unit's share of the total employer supplemental contribution amount is equal
166.16 to the applicable portion specified in paragraph (g). The initial total actuarial required
166.17 contribution after June 30, 2012, must be calculated using the mortality assumption
166.18 change recommended on September 30, 2009, for the Minneapolis Employees Retirement
166.19 Fund by the approved consulting actuary retained by the Minneapolis Employees
166.20 Retirement Fund board.

166.21 (f) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of
166.22 August 1 annually, if the amount of the retirement annuities and benefits paid from the
166.23 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
166.24 exceeds the market value of the assets of the MERF division account on the preceding
166.25 June 30, plus state aid of \$9,000,000 or \$24,000,000, whichever applies, plus the amounts
166.26 payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied
166.27 by the factor of 1.035, the balance calculated is a special additional employer contribution.
166.28 The special additional employer contribution under this paragraph is payable in addition
166.29 to any employer contribution required under paragraphs (c), (d), and (e), and is payable on
166.30 or before the following June 30. The special additional employer contribution under this
166.31 paragraph must be allocated as specified in paragraph (g).

166.32 (g) The employer supplemental contribution under paragraph (e) or the special
166.33 additional employer contribution under paragraph (f) must be allocated between the city
166.34 of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned
166.35 public utility, improvement, or municipal activity, the Minnesota State Colleges and
166.36 Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan

167.1 Airports Commission in proportion to their share of the actuarial accrued liability of the
167.2 former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the
167.3 approved actuary retained under section 356.214 as part of the actuarial valuation prepared
167.4 as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by
167.5 the Legislative Commission on Pensions and Retirement.

167.6 (h) The employer contributions under paragraphs (c), (d), and (e) must be paid as
167.7 provided in section 353.28.

167.8 (i) Contributions under this subdivision are subject to the provisions of section
167.9 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

167.10 Subd. 7a. **Minneapolis Municipal Retirement Association dues.** If authorized
167.11 by an annuitant or retirement benefit recipient in writing on a form prescribed by the
167.12 executive director of the Public Employees Retirement Association, the executive director
167.13 shall deduct the dues for the Minneapolis Municipal Retirement Association from the
167.14 person's annuity or retirement benefit. This dues deduction authority expires upon the
167.15 eventual full consolidation of the MERF account under subdivision 8.

167.16 Subd. 8. **Eventual full consolidation.** (a) Once the fiscal year end market value
167.17 of assets of the MERF division account equals or exceeds 80 percent of the actuarial
167.18 accrued liability of the MERF division as calculated by the approved actuary retained by
167.19 the Public Employees Retirement Association under section 356.215 and the Standards
167.20 for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement,
167.21 the MERF division must be merged with the general employees retirement plan of the
167.22 Public Employees Retirement Association and the MERF division account ceases as a
167.23 separate account within the general employees retirement fund of the Public Employees
167.24 Retirement Association.

167.25 (b) If the market value of the MERF division account is less than 100 percent of the
167.26 actuarial accrued liability of the MERF division under paragraph (a), the total employer
167.27 contribution of employing units referenced in subdivision 7, paragraph (e), for the period
167.28 after the full consolidation and June 30, 2031, to amortize on a level annual dollar payment
167.29 the remaining unfunded actuarial accrued liability of the former MERF division account
167.30 on the full consolidation date by June 30, 2031, shall be calculated by the consulting
167.31 actuary retained under section 356.214 using the applicable postretirement interest rate
167.32 actuarial assumption for the general employees retirement plan under section 356.215.
167.33 The actuarial accrued liability of the MERF division must be calculated using the healthy
167.34 retired life mortality assumption applicable to the general employees retirement plan.

168.1 (c) The merger shall occur as of the first day of the first month after the date on
 168.2 which the triggering actuarial valuation report is filed with the executive director of the
 168.3 Legislative Commission on Pensions and Retirement.

168.4 (d) The executive director of the Public Employees Retirement Association shall
 168.5 prepare proposed legislation fully implementing the merger and updating the applicable
 168.6 provisions of chapters 353 and 356 and transmit the proposed legislation to the executive
 168.7 director of the Legislative Commission on Pensions and Retirement by the following
 168.8 February 15.

168.9 **Subd. 9. Merger of former MERF membership groups into PERA-general.**
 168.10 If provided for in an agreement between the board of trustees of the Public Employees
 168.11 Retirement Association and the governing board of an employing unit formerly with
 168.12 retirement coverage provided for its employees by the former Minneapolis Employees
 168.13 Retirement Fund, an employing unit may transfer sufficient assets to the general
 168.14 employees retirement fund to cover the anticipated actuarial accrued liability for its
 168.15 current or former employees that is in excess of MERF division account assets attributable
 168.16 to those employees, have those employees be considered full members of the general
 168.17 employees retirement plan, and be relieved of any further contribution obligation to the
 168.18 general employees retirement plan for those employees under this section. Any agreement
 168.19 under this subdivision and any actuarial valuation report related to a merger under this
 168.20 subdivision must be submitted to the executive director of the Legislative Commission on
 168.21 Pensions and Retirement for comment prior to the final execution.

168.22 Sec. 18. Minnesota Statutes 2008, section 353.64, subdivision 7, is amended to read:

168.23 **Subd. 7. Pension coverage for ~~certain~~ public safety employees of the**
 168.24 **Metropolitan Airports Commission.** Any person first employed as either a full-time
 168.25 firefighter or a full-time police officer by the Metropolitan Airports Commission ~~after June~~
 168.26 ~~30, 1978~~, who is not eligible for coverage under the agreement signed between the state
 168.27 and the secretary of the federal Department of Health and Human Services making the
 168.28 provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to
 168.29 municipal employees because that position is excluded from application ~~pursuant to~~ under
 168.30 Title 42, United States Code, Sections 418 (d) (5) (A) and 418 (d) (8) (D) and section
 168.31 355.07, ~~shall not be a member of the Minneapolis Employees Retirement Fund but shall~~
 168.32 ~~be~~ is a member of the public employees police and fire fund and ~~shall be~~ is deemed to be a
 168.33 firefighter or a police officer within the meaning of this section. The Metropolitan Airports
 168.34 Commission shall make the employer contribution required ~~pursuant to~~ under section
 168.35 353.65, subdivision 3, with respect to each of its firefighters or police officers covered

169.1 by the public employees police and fire fund and shall meet the employers recording and
 169.2 reporting requirements set forth in section 353.65, subdivision 4.

169.3 Sec. 19. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

169.4 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 169.5 the applicable following preretirement interest assumption and the applicable following
 169.6 postretirement interest assumption:

169.7		preretirement	postretirement
169.8		interest rate	interest rate
169.9	plan	assumption	assumption
169.10	general state employees retirement plan	8.5%	6.0%
169.11	correctional state employees retirement plan	8.5	6.0
169.12	State Patrol retirement plan	8.5	6.0
169.13	legislators retirement plan	8.5	6.0
169.14	elective state officers retirement plan	8.5	6.0
169.15	judges retirement plan	8.5	6.0
169.16	general public employees retirement plan	8.5	6.0
169.17	public employees police and fire retirement plan	8.5	6.0
169.18	local government correctional service retirement		
169.19	plan	8.5	6.0
169.20	teachers retirement plan	8.5	6.0
169.21	Minneapolis employees retirement plan	6.0	5.0
169.22	Duluth teachers retirement plan	8.5	8.5
169.23	St. Paul teachers retirement plan	8.5	8.5
169.24	Minneapolis Police Relief Association	6.0	6.0
169.25	Fairmont Police Relief Association	5.0	5.0
169.26	Minneapolis Fire Department Relief Association	6.0	6.0
169.27	Virginia Fire Department Relief Association	5.0	5.0
169.28	Bloomington Fire Department Relief Association	6.0	6.0
169.29	local monthly benefit volunteer firefighters relief		
169.30	associations	5.0	5.0

169.31 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 169.32 single rate future salary increase assumption, the applicable following modified single
 169.33 rate future salary increase assumption, or the applicable following graded rate future
 169.34 salary increase assumption:

169.35 (1) single rate future salary increase assumption

169.36		future salary
169.37	plan	increase assumption
169.38	legislators retirement plan	5.0%
169.39	judges retirement plan	4.0
169.40	Minneapolis Police Relief Association	4.0
169.41	Fairmont Police Relief Association	3.5

- 170.1 Minneapolis Fire Department Relief
- 170.2 Association 4.0
- 170.3 Virginia Fire Department Relief Association 3.5
- 170.4 Bloomington Fire Department Relief
- 170.5 Association 4.0
- 170.6 ~~(2) modified single rate future salary increase assumption~~
- 170.7 ~~future salary~~
- 170.8 ~~plan increase assumption~~
- 170.9 ~~Minneapolis employees~~ ~~the prior calendar year amount increased~~
- 170.10 ~~retirement plan~~ ~~first by 1.0198 percent to prior fiscal year~~
- 170.11 ~~date and then increased by 4.0 percent~~
- 170.12 ~~annually for each future year~~
- 170.13 ~~(2)~~ (2) select and ultimate future salary increase assumption or graded rate future
- 170.14 salary increase assumption
- 170.15 ~~future salary~~
- 170.16 ~~plan increase assumption~~
- 170.17 general state employees retirement plan select calculation and
- 170.18 assumption A
- 170.19 correctional state employees retirement plan assumption H
- 170.20 State Patrol retirement plan assumption G
- 170.21 general public employees retirement plan select calculation and
- 170.22 assumption B
- 170.23 public employees police and fire fund retirement plan assumption C
- 170.24 local government correctional service retirement plan assumption G
- 170.25 teachers retirement plan assumption D
- 170.26 Duluth teachers retirement plan assumption E
- 170.27 St. Paul teachers retirement plan assumption F
- 170.28 The select calculation is: during the
- 170.29 designated select period, a designated
- 170.30 percentage rate is multiplied by the result of
- 170.31 the designated integer minus T, where T is the
- 170.32 number of completed years of service, and is
- 170.33 added to the applicable future salary increase
- 170.34 assumption. The designated select period is
- 170.35 five years and the designated integer is five
- 170.36 for the general state employees retirement
- 170.37 plan and the general public employees
- 170.38 retirement plan. The designated select period
- 170.39 is ten years and the designated integer is ten
- 170.40 for all other retirement plans covered by

171.1 this clause. The designated percentage rate
 171.2 is: (1) 0.2 percent for the correctional state
 171.3 employees retirement plan, the State Patrol
 171.4 retirement plan, the public employees police
 171.5 and fire plan, and the local government
 171.6 correctional service plan; (2) 0.6 percent
 171.7 for the general state employees retirement
 171.8 plan and the general public employees
 171.9 retirement plan; and (3) 0.3 percent for the
 171.10 teachers retirement plan, the Duluth Teachers
 171.11 Retirement Fund Association, and the St.
 171.12 Paul Teachers Retirement Fund Association.
 171.13 The select calculation for the Duluth Teachers
 171.14 Retirement Fund Association is 8.00 percent
 171.15 per year for service years one through seven,
 171.16 7.25 percent per year for service years seven
 171.17 and eight, and 6.50 percent per year for
 171.18 service years eight and nine.

171.19 The ultimate future salary increase assumption is:

171.20	age	A	B	C	D	E	F	G	H
171.21	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
171.22	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
171.23	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
171.24	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
171.25	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
171.26	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
171.27	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
171.28	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
171.29	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
171.30	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
171.31	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
171.32	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
171.33	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
171.34	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
171.35	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
171.36	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
171.37	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
171.38	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
171.39	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000

172.1	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
172.2	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
172.3	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
172.4	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
172.5	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
172.6	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
172.7	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
172.8	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
172.9	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
172.10	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
172.11	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
172.12	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
172.13	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
172.14	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
172.15	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
172.16	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
172.17	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
172.18	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
172.19	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
172.20	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
172.21	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
172.22	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
172.23	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
172.24	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
172.25	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
172.26	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
172.27	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
172.28	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
172.29	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
172.30	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
172.31	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
172.32	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
172.33	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
172.34	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
172.35	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
172.36	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
172.37	71	4.25	4.00		5.20				

172.38 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
172.39 payroll growth assumption for calculating the amortization requirement for the unfunded
172.40 actuarial accrued liability where the amortization retirement is calculated as a level
172.41 percentage of an increasing payroll:

173.1		payroll growth
173.2	plan	assumption
173.3	general state employees retirement plan	4.50%
173.4	correctional state employees retirement plan	4.50
173.5	State Patrol retirement plan	4.50
173.6	legislators retirement plan	4.50
173.7	judges retirement plan	4.00
173.8	general public employees retirement plan	4.50
173.9	public employees police and fire retirement plan	4.50
173.10	local government correctional service retirement	
173.11	plan	4.50
173.12	teachers retirement plan	4.50
173.13	Duluth teachers retirement plan	4.50
173.14	St. Paul teachers retirement plan	5.00
173.15	(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to	
173.16	apply, unless a different salary assumption or a different payroll increase assumption:	
173.17	(1) has been proposed by the governing board of the applicable retirement plan;	
173.18	(2) is accompanied by the concurring recommendation of the actuary retained under	
173.19	section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the	
173.20	most recent actuarial valuation report if section 356.214 does not apply; and	
173.21	(3) has been approved or deemed approved under subdivision 18.	
173.22	Sec. 20. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11,	
173.23	is amended to read:	
173.24	Subd. 11. Amortization contributions. (a) In addition to the exhibit indicating	
173.25	the level normal cost, the actuarial valuation of the retirement plan must contain an	
173.26	exhibit for financial reporting purposes indicating the additional annual contribution	
173.27	sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit	
173.28	for contribution determination purposes indicating the additional contribution sufficient	
173.29	to amortize the unfunded actuarial accrued liability. For the retirement plans listed in	
173.30	subdivision 8, paragraph (c), <u>but excluding the MERF division of the Public Employees</u>	
173.31	<u>Retirement Association</u> , the additional contribution must be calculated on a level	
173.32	percentage of covered payroll basis by the established date for full funding in effect when	
173.33	the valuation is prepared, assuming annual payroll growth at the applicable percentage	
173.34	rate set forth in subdivision 8, paragraph (c). For all other retirement plans <u>and for the</u>	
173.35	<u>MERF division of the Public Employees Retirement Association</u> , the additional annual	
173.36	contribution must be calculated on a level annual dollar amount basis.	
173.37	(b) For any retirement plan other than the Minneapolis Employees Retirement Fund;	
173.38	the general employees <u>a retirement plan of the Public Employees Retirement Association;</u>	

174.1 ~~and the St. Paul Teachers Retirement Fund Association~~ governed by paragraph (d), (e),
174.2 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used
174.3 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
174.4 governing annuities and benefits payable from the fund, a change in the actuarial cost
174.5 method used in calculating the actuarial accrued liability of all or a portion of the fund, or
174.6 a combination of the three, which change or changes by itself or by themselves without
174.7 inclusion of any other items of increase or decrease produce a net increase in the unfunded
174.8 actuarial accrued liability of the fund, the established date for full funding is the first
174.9 actuarial valuation date occurring after June 1, 2020.

174.10 (c) For any retirement plan other than the ~~Minneapolis Employees Retirement~~
174.11 ~~Fund and the~~ general employees retirement plan of the Public Employees Retirement
174.12 Association, if there has been a change in any or all of the actuarial assumptions used
174.13 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
174.14 governing annuities and benefits payable from the fund, a change in the actuarial cost
174.15 method used in calculating the actuarial accrued liability of all or a portion of the fund,
174.16 or a combination of the three, and the change or changes, by itself or by themselves and
174.17 without inclusion of any other items of increase or decrease, produce a net increase in the
174.18 unfunded actuarial accrued liability in the fund, the established date for full funding must
174.19 be determined using the following procedure:

174.20 (i) the unfunded actuarial accrued liability of the fund must be determined in
174.21 accordance with the plan provisions governing annuities and retirement benefits and the
174.22 actuarial assumptions in effect before an applicable change;

174.23 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
174.24 needed to amortize the unfunded actuarial accrued liability amount determined under item
174.25 (i) by the established date for full funding in effect before the change must be calculated
174.26 using the interest assumption specified in subdivision 8 in effect before the change;

174.27 (iii) the unfunded actuarial accrued liability of the fund must be determined in
174.28 accordance with any new plan provisions governing annuities and benefits payable from
174.29 the fund and any new actuarial assumptions and the remaining plan provisions governing
174.30 annuities and benefits payable from the fund and actuarial assumptions in effect before
174.31 the change;

174.32 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
174.33 needed to amortize the difference between the unfunded actuarial accrued liability amount
174.34 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
174.35 under item (iii) over a period of 30 years from the end of the plan year in which the

175.1 applicable change is effective must be calculated using the applicable interest assumption
175.2 specified in subdivision 8 in effect after any applicable change;

175.3 (v) the level annual dollar or level percentage amortization contribution under item
175.4 (iv) must be added to the level annual dollar amortization contribution or level percentage
175.5 calculated under item (ii);

175.6 (vi) the period in which the unfunded actuarial accrued liability amount determined
175.7 in item (iii) is amortized by the total level annual dollar or level percentage amortization
175.8 contribution computed under item (v) must be calculated using the interest assumption
175.9 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
175.10 integral number of years, but not to exceed 30 years from the end of the plan year in
175.11 which the determination of the established date for full funding using the procedure set
175.12 forth in this clause is made and not to be less than the period of years beginning in the
175.13 plan year in which the determination of the established date for full funding using the
175.14 procedure set forth in this clause is made and ending by the date for full funding in effect
175.15 before the change; and

175.16 (vii) the period determined under item (vi) must be added to the date as of which
175.17 the actuarial valuation was prepared and the date obtained is the new established date
175.18 for full funding.

175.19 (d) For the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
175.20 Employees Retirement Association, the established date for full funding is June 30, ~~2020~~
175.21 2031.

175.22 (e) For the general employees retirement plan of the Public Employees Retirement
175.23 Association, the established date for full funding is June 30, 2031.

175.24 (f) For the Teachers Retirement Association, the established date for full funding is
175.25 June 30, 2037.

175.26 (g) For the correctional state employees retirement plan of the Minnesota State
175.27 Retirement System, the established date for full funding is June 30, 2038.

175.28 (h) For the judges retirement plan, the established date for full funding is June
175.29 30, 2038.

175.30 (i) For the public employees police and fire retirement plan, the established date
175.31 for full funding is June 30, 2038.

175.32 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
175.33 full funding is June 30 of the 25th year from the valuation date. In addition to other
175.34 requirements of this chapter, the annual actuarial valuation ~~shall~~ must contain an exhibit
175.35 indicating the funded ratio and the deficiency or sufficiency in annual contributions when

176.1 comparing liabilities to the market value of the assets of the fund as of the close of the
176.2 most recent fiscal year.

176.3 (k) For the retirement plans for which the annual actuarial valuation indicates an
176.4 excess of valuation assets over the actuarial accrued liability, the valuation assets in
176.5 excess of the actuarial accrued liability must be recognized as a reduction in the current
176.6 contribution requirements by an amount equal to the amortization of the excess expressed
176.7 as a level percentage of pay over a 30-year period beginning anew with each annual
176.8 actuarial valuation of the plan.

176.9 Sec. 21. Minnesota Statutes 2008, section 422A.101, subdivision 3, is amended to read:

176.10 Subd. 3. **State contributions.** (a) Subject to the limitation ~~set forth~~ in paragraph
176.11 (c), the state shall pay to the MERF division account of the Public Employees Retirement
176.12 Association with respect to the former Minneapolis Employees Retirement Fund annually
176.13 an amount equal to the amount calculated under paragraph (b).

176.14 (b) The payment amount is an amount equal to the financial requirements of the
176.15 ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees
176.16 Retirement Association reported in the actuarial valuation of the ~~fund~~ general employees
176.17 retirement plan of the Public Employees Retirement Association prepared by the actuary
176.18 retained under section 356.214 consistent with section 356.215 for the most recent year
176.19 but based on a target date for full amortization of the unfunded actuarial accrued liabilities
176.20 by June 30, ~~2020~~ 2031, less the amount of employee contributions required under section
176.21 ~~422A.10~~ 353.50, subdivision 7, paragraph (b), and the amount of employer contributions
176.22 required under ~~subdivisions 1a, 2, and 2a~~ section 353.50, subdivision 7, paragraphs (c)
176.23 and (d). Payments ~~shall~~ must be made September 15 annually.

176.24 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
176.25 plus the cost of the annual supplemental benefit determined under Minnesota Statutes
176.26 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the
176.27 cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section
176.28 356.43, plus \$15,000,000 annually after June 30, 2012, and until June 30, 2031.

176.29 (d) Annually and after June 30, 2012, if the amount determined under paragraph
176.30 (b) exceeds ~~\$9,000,000~~ the applicable maximum amount specified in paragraph (c),
176.31 the excess must be allocated to and paid to the fund by the employers identified in
176.32 Minnesota Statutes 2008, section 422A.101, subdivisions 1a and 2, other than units of
176.33 metropolitan government and 2a. Each employer's share of the excess is proportionate
176.34 to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in
176.35 the annual actuarial valuation prepared by the actuary retained under section 356.214

177.1 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed
 177.2 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions
 177.3 1a and 2, other than units of metropolitan government. Payments must be made ~~in equal~~
 177.4 ~~installments~~ as set forth in paragraph (b).

177.5 (e) State contributions under this section end on September 15, 2031, or on
 177.6 September 1 following the first date on which the current assets of the MERF division
 177.7 of the Public Employees Retirement Association equal or exceed the actuarial accrued
 177.8 liability of the MERF division of the Public Employees Retirement Association,
 177.9 whichever occurs earlier.

177.10 Sec. 22. Minnesota Statutes 2008, section 422A.26, is amended to read:

177.11 **422A.26 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT**
 177.12 **ASSOCIATION.**

177.13 Notwithstanding ~~section 422A.09~~, or any other law to the contrary, any person
 177.14 whose employment by, or assumption of a position as an appointed or elected officer
 177.15 of, the city of Minneapolis, any of the boards, departments, or commissions operated
 177.16 as a department of the city of Minneapolis or independently if financed in whole or in
 177.17 part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the
 177.18 former Minneapolis Employees Retirement Fund, or Special School District Number 1 if
 177.19 the person is not a member of the ~~Minneapolis Teachers Retirement Fund~~ Association
 177.20 by virtue of that employment or position, initially commences on or after July 1, 1979
 177.21 ~~shall be~~, is a member of the general employees retirement plan of the Public Employees
 177.22 Retirement Association unless excluded from membership pursuant to under section
 177.23 353.01, subdivision 2b. In no event shall there be any new members of the contributing
 177.24 class of the Minneapolis employees fund on or after July 1, 1979.

177.25 Sec. 23. **JULY 1, 2010, MERF DIVISION ACTUARIAL VALUATION**
 177.26 **ASSUMPTIONS.**

177.27 The approved actuary retained by the Minneapolis Employees Retirement Fund shall
 177.28 compare the actuarial assumptions to be used for the July 1, 2010, actuarial valuation of
 177.29 the general employees retirement plan of the Public Employees Retirement Association
 177.30 with the actuarial assumptions used to prepare the July 1, 2009, actuarial valuation of the
 177.31 Minneapolis Employees Retirement Fund and, on or before July 1, 2010, shall recommend
 177.32 to the approved actuary retained by the Public Employees Retirement Association and to
 177.33 the Legislative Commission on Pensions and Retirement the actuarial assumptions that
 177.34 the actuary believes would be appropriate for the MERF division portion of the actuarial

178.1 valuation of the general employees retirement plan of the Public Employees Retirement
178.2 Association. Any actuarial assumption changes related to the MERF division must be
178.3 approved under Minnesota Statutes, section 356.215, subdivision 18.

178.4 Sec. 24. **MINNEAPOLIS MUNICIPAL RETIREMENT ASSOCIATION.**

178.5 (a) The administrative consolidation of the former Minneapolis Employees
178.6 Retirement Fund into the general employees retirement plan of the Public Employees
178.7 Retirement Association and the merger of the MERF division of the Public Employees
178.8 Retirement Association into the general employees retirement plan of the Public
178.9 Employees Retirement Association does not affect the function of the Minneapolis
178.10 Municipal Retirement Association, a nonprofit corporation, to monitor the administration
178.11 of the retirement coverage for former members of the former Minneapolis Employees
178.12 Retirement Fund.

178.13 (b) Nothing in this article entitles the Minneapolis Municipal Retirement Association
178.14 to receive any revenue derived from taxes or obligates the Public Employees Retirement
178.15 Association to undertake any special duties with respect to the corporation.

178.16 Sec. 25. **TRANSFER OF MERF EMPLOYEES.**

178.17 (a) Unless the employee elects the severance pay option under paragraph (c),
178.18 full-time employees of the Minneapolis Employees Retirement Fund first employed
178.19 before June 30, 2008, and employed full time by the Minneapolis Employees Retirement
178.20 Fund on June 29, 2010, with the employment title of benefits coordinator, are transferred
178.21 to employment by the city of Minneapolis on July 1, 2010. The chief human relations
178.22 official of the city of Minneapolis shall place the transferred employee in an appropriate
178.23 employment position based on the employee's education and employment experience.
178.24 Transferred employees must have their accumulated, but unused, vacation and sick leave
178.25 balances as of June 30, 2010, posted to the individual accounts with the new employer.
178.26 The transferred employees must receive length of service credit for time served with the
178.27 Minneapolis Employees Retirement Fund. The transferred employee must be given the
178.28 opportunity as of the date of transfer to be covered for all health and other insurance
178.29 benefits offered by the new employer. Upon the transfer of the employee, the Minneapolis
178.30 Employees Retirement Fund shall transfer assets to the city of Minneapolis equal to the
178.31 present value of any accumulated unused vacation or sick leave balances as of the date
178.32 of transfer.

178.33 (b) Unless the employee elects the severance pay option under paragraph (c),
178.34 full-time employees of the Minneapolis Employees Retirement Fund first employed before

179.1 June 30, 2008, and employed full time by the Minneapolis Employees Retirement Fund
179.2 on June 29, 2010, with the employment title of accounting manager or accountant II are
179.3 transferred to employment by the Public Employees Retirement Association on July 1,
179.4 2010. The chief human relations official of the Public Employees Retirement Association
179.5 shall place the transferred employee in an appropriate employment position based on the
179.6 employee's education and employment experience. Transferred employees must have
179.7 their accumulated, but unused, vacation and sick leave balances as of June 30, 2010,
179.8 posted to the individual accounts with the new employer. The transferred employees
179.9 must receive length of service credit for time served with the Minneapolis Employees
179.10 Retirement Fund. The transferred employee must be given the opportunity as of the
179.11 date of transfer to be covered for all health and other insurance benefits offered by the
179.12 new employer. Upon the transfer of the employee, the executive director of the Public
179.13 Employees Retirement Association shall deduct from any assets transferred under section
179.14 353.50 an amount equal to the present value of any accumulated unused vacation or sick
179.15 leave balances as of the date of transfer.

179.16 (c) An employee covered by paragraph (a) or (b) who elects not to transfer to the
179.17 new employer unit is granted severance pay in an amount equivalent to one year of salary
179.18 based on the last annual salary rate received by the employee. The election must be
179.19 made prior to June 30, 2010, and is irrevocable. The severance pay is payable from the
179.20 Minneapolis Employees Retirement Fund on June 30, 2010.

179.21 Sec. 26. **MINNEAPOLIS EMPLOYEES RETIREMENT FUND.**

179.22 \$10,000,000 in fiscal year 2010 is appropriated to the Minneapolis employees
179.23 retirement fund, and is payable to the Minneapolis employees retirement fund on or before
179.24 June 29, 2010. This is a onetime appropriation, and is in addition to the amounts paid by
179.25 the state in fiscal year 2010 under Minnesota Statutes, section 422A.101, subdivision 2.

179.26 Sec. 27. **REVISOR'S INSTRUCTION.**

179.27 In the next and future editions of Minnesota Statutes, the revisor of statutes shall
179.28 renumber Minnesota Statutes, section 422A.101, subdivision 3, as Minnesota Statutes,
179.29 section 353.505, and shall renumber Minnesota Statutes, section 422A.26, as Minnesota
179.30 Statutes, section 353.855. The revisor of statutes shall make conforming changes in
179.31 Minnesota Statutes and Minnesota Rules consistent with the renumbering.

179.32 Sec. 28. **REPEALER.**

180.1 Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a;
 180.2 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, and 18;
 180.3 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6,
 180.4 and 8; 422A.06, subdivisions 1, 2, 3, 5, 6, and 7; 422A.08, subdivision 1; 422A.09;
 180.5 422A.10; 422A.101, subdivisions 1, 1a, 2, and 2a; 422A.11; 422A.12; 422A.13; 422A.14,
 180.6 subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3,
 180.7 4, 5, 6, 7, 8, 9, and 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, and 7; 422A.19;
 180.8 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, and 6; 422A.23, subdivisions 1, 2, 5, 6,
 180.9 7, 8, 9, 10, 11, and 12; 422A.231; 422A.24; and 422A.25, are repealed.

180.10 Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; and
 180.11 422A.08, subdivision 5, are repealed.

180.12 Sec. 29. **EFFECTIVE DATE.**

180.13 (a) Sections 1 to 25, 27, and 28 are effective June 30, 2010.

180.14 (b) Section 26 is effective the day following final enactment.

180.15 **ARTICLE 13**

180.16 **CONFORMING CHANGES RELATED TO THE MERF** 180.17 **ADMINISTRATIVE CONSOLIDATION**

180.18 Section 1. Minnesota Statutes 2009 Supplement, section 6.67, is amended to read:

180.19 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

180.20 Whenever a public accountant in the course of auditing the books and affairs of a
 180.21 political subdivision or a local public pension plan governed by section 69.77, sections
 180.22 69.771 to 69.775, or chapter 354A, ~~422A~~, 423B, 423C, or 424A, discovers evidence
 180.23 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or
 180.24 employee in the conduct of duties and affairs, the public accountant shall promptly make
 180.25 a report of such discovery to the state auditor and the county attorney of the county in
 180.26 which the governmental unit is situated and the public accountant shall also furnish a
 180.27 copy of the report of audit upon completion to said officers. The county attorney shall
 180.28 act on such report in the same manner as required by law for reports made to the county
 180.29 attorney by the state auditor.

180.30 Sec. 2. Minnesota Statutes 2008, section 11A.23, subdivision 4, is amended to read:

180.31 Subd. 4. **Covered retirement funds and plans.** The provisions of this section ~~shall~~
 180.32 apply to the following retirement funds and plans:

- 181.1 (1) Board of Trustees of the Minnesota State Colleges and Universities supplemental
 181.2 retirement plan established under chapter 354C;
- 181.3 (2) state employees retirement fund established pursuant to chapter 352;
- 181.4 (3) correctional employees retirement plan established pursuant to chapter 352;
- 181.5 (4) State Patrol retirement fund established pursuant to chapter 352B;
- 181.6 (5) unclassified employees retirement plan established pursuant to chapter 352D;
- 181.7 (6) ~~public~~ general employees retirement fund established pursuant to chapter 353;
- 181.8 (7) public employees police and fire fund established pursuant to chapter 353;
- 181.9 (8) teachers' retirement fund established pursuant to chapter 354;
- 181.10 (9) judges' retirement fund established pursuant to chapter 490; and
- 181.11 (10) any other funds required by law to be invested by the board.

181.12 Sec. 3. Minnesota Statutes 2008, section 13D.01, subdivision 1, is amended to read:

181.13 Subdivision 1. **In executive branch, local government.** All meetings, including
 181.14 executive sessions, must be open to the public

181.15 (a) of a state

181.16 (1) agency,

181.17 (2) board,

181.18 (3) commission, or

181.19 (4) department,

181.20 when required or permitted by law to transact public business in a meeting;

181.21 (b) of the governing body of a

181.22 (1) school district however organized,

181.23 (2) unorganized territory,

181.24 (3) county,

181.25 (4) statutory or home rule charter city,

181.26 (5) town, or

181.27 (6) other public body;

181.28 (c) of any

181.29 (1) committee,

181.30 (2) subcommittee,

181.31 (3) board,

181.32 (4) department, or

181.33 (5) commission,

181.34 of a public body; and

181.35 (d) of the governing body or a committee of:

182.1 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or
182.2 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,
182.3 or chapter 354A, ~~422A~~, or 423B.

182.4 Sec. 4. Minnesota Statutes 2008, section 43A.17, subdivision 9, is amended to read:

182.5 Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of
182.6 all other forms of compensation of a person employed by a political subdivision of this
182.7 state, excluding a school district, ~~or employed under section 422A.03~~ may not exceed 110
182.8 percent of the salary of the governor as set under section 15A.082, except as provided
182.9 in this subdivision. For purposes of this subdivision, "political subdivision of this state"
182.10 includes a statutory or home rule charter city, county, town, metropolitan or regional
182.11 agency, or other political subdivision, but does not include a hospital, clinic, or health
182.12 maintenance organization owned by such a governmental unit.

182.13 (b) Beginning in 2006, the limit in paragraph (a) ~~shall~~ must be adjusted annually in
182.14 January. The limit ~~shall~~ must equal the limit for the prior year increased by the percentage
182.15 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
182.16 second prior year to October of the immediately prior year.

182.17 (c) Deferred compensation and payroll allocations to purchase an individual annuity
182.18 contract for an employee are included in determining the employee's salary. Other forms of
182.19 compensation which ~~shall~~ must be included to determine an employee's total compensation
182.20 are all other direct and indirect items of compensation which are not specifically excluded
182.21 by this subdivision. Other forms of compensation which ~~shall~~ must not be included in a
182.22 determination of an employee's total compensation for the purposes of this subdivision are:

182.23 (1) employee benefits that are also provided for the majority of all other full-time
182.24 employees of the political subdivision, vacation and sick leave allowances, health and
182.25 dental insurance, disability insurance, term life insurance, and pension benefits or like
182.26 benefits the cost of which is borne by the employee or which is not subject to tax as
182.27 income under the Internal Revenue Code of 1986;

182.28 (2) dues paid to organizations that are of a civic, professional, educational, or
182.29 governmental nature; and

182.30 (3) reimbursement for actual expenses incurred by the employee which the
182.31 governing body determines to be directly related to the performance of job responsibilities,
182.32 including any relocation expenses paid during the initial year of employment.

182.33 The value of other forms of compensation ~~shall be~~ is the annual cost to the political
182.34 subdivision for the provision of the compensation.

183.1 (d) The salary of a medical doctor or doctor of osteopathy occupying a position that
183.2 the governing body of the political subdivision has determined requires an M.D. or D.O.
183.3 degree is excluded from the limitation in this subdivision.

183.4 (e) The commissioner may increase the limitation in this subdivision for a position
183.5 that the commissioner has determined requires special expertise necessitating a higher
183.6 salary to attract or retain a qualified person. The commissioner shall review each proposed
183.7 increase giving due consideration to salary rates paid to other persons with similar
183.8 responsibilities in the state and nation. The commissioner may not increase the limitation
183.9 until the commissioner has presented the proposed increase to the Legislative Coordinating
183.10 Commission and received the commission's recommendation on it. The recommendation
183.11 is advisory only. If the commission does not give its recommendation on a proposed
183.12 increase within 30 days from its receipt of the proposal, the commission is deemed to have
183.13 made no recommendation. If the commissioner grants or granted an increase under this
183.14 paragraph, the new limitation ~~shall~~ must be adjusted beginning in August 2005 and in each
183.15 subsequent calendar year in January by the percentage increase equal to the percentage
183.16 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
183.17 second prior year to October of the immediately prior year.

183.18 Sec. 5. Minnesota Statutes 2008, section 43A.316, subdivision 8, is amended to read:

183.19 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
183.20 participating in the program who is receiving a public pension disability benefit or an
183.21 annuity or has met the age and service requirements necessary to receive an annuity under
183.22 chapter 353, 353C, 354, 354A, 356, ~~422A~~, 423, 423A, ~~or~~ 424, or Minnesota Statutes
183.23 2008, chapter 422A, and the former employee's dependents, are eligible to participate in
183.24 the program. This participation is at the person's expense unless a collective bargaining
183.25 agreement or personnel policy provides otherwise. Premiums for these participants must
183.26 be established by the commissioner.

183.27 The commissioner may provide policy exclusions for preexisting conditions
183.28 only when there is a break in coverage between a participant's coverage under the
183.29 employment-based group insurance program and the participant's coverage under this
183.30 section. An employer shall notify an employee of the option to participate under this
183.31 paragraph no later than the effective date of retirement. The retired employee or the
183.32 employer of a participating group on behalf of a current or retired employee shall notify
183.33 the commissioner within 30 days of the effective date of retirement of intent to participate
183.34 in the program according to the rules established by the commissioner.

184.1 (b) The spouse of a deceased employee or former employee may purchase the
184.2 benefits provided at premiums established by the commissioner if the spouse was a
184.3 dependent under the employee's or former employee's coverage under this section at the
184.4 time of the death. The spouse remains eligible to participate in the program as long as
184.5 the group that included the deceased employee or former employee participates in the
184.6 program. Coverage under this clause must be coordinated with relevant insurance benefits
184.7 provided through the federally sponsored Medicare program.

184.8 (c) The program benefits must continue in the event of strike permitted by section
184.9 179A.18, if the exclusive representative chooses to have coverage continue and the
184.10 employee pays the total monthly premiums when due.

184.11 (d) A participant who discontinues coverage may not reenroll.

184.12 Persons participating under these paragraphs shall make appropriate premium
184.13 payments in the time and manner established by the commissioner.

184.14 Sec. 6. Minnesota Statutes 2009 Supplement, section 69.011, subdivision 1, is
184.15 amended to read:

184.16 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
184.17 a different meaning is intended, the following words and terms, for the purposes of this
184.18 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

184.19 (a) "Commissioner" means the commissioner of revenue.

184.20 (b) "Municipality" means:

184.21 (1) a home rule charter or statutory city;

184.22 (2) an organized town;

184.23 (3) a park district subject to chapter 398;

184.24 (4) the University of Minnesota;

184.25 (5) for purposes of the fire state aid program only, an American Indian tribal
184.26 government entity located within a federally recognized American Indian reservation;

184.27 (6) for purposes of the police state aid program only, an American Indian tribal
184.28 government with a tribal police department which exercises state arrest powers under
184.29 section 626.90, 626.91, 626.92, or 626.93;

184.30 (7) for purposes of the police state aid program only, the Metropolitan Airports
184.31 Commission ~~with respect to peace officers covered under chapter 422A;~~ and

184.32 (8) for purposes of the police state aid program only, the Department of Natural
184.33 Resources and the Department of Public Safety with respect to peace officers covered
184.34 under chapter 352B.

185.1 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
185.2 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
185.3 leakage and extended coverage premiums received upon risks located or to be performed
185.4 in this state less return premiums and dividends.

185.5 (d) "Firetown" means the area serviced by any municipality having a qualified fire
185.6 department or a qualified incorporated fire department having a subsidiary volunteer
185.7 firefighters' relief association.

185.8 (e) "Market value" means latest available market value of all property in a taxing
185.9 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
185.10 taxation obtained from information which appears on abstracts filed with the commissioner
185.11 of revenue or equalized by the State Board of Equalization.

185.12 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
185.13 commissioner for reporting by each fire and casualty insurer of all premiums received
185.14 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
185.15 during the preceding calendar year, with reference to insurance written for insuring against
185.16 the perils contained in auto insurance coverages as reported in the Minnesota business
185.17 schedule of the annual financial statement which each insurer is required to file with
185.18 the commissioner in accordance with the governing laws or rules less return premiums
185.19 and dividends.

185.20 (g) "Peace officer" means any person:

185.21 (1) whose primary source of income derived from wages is from direct employment
185.22 by a municipality or county as a law enforcement officer on a full-time basis of not less
185.23 than 30 hours per week;

185.24 (2) who has been employed for a minimum of six months prior to December 31
185.25 preceding the date of the current year's certification under subdivision 2, clause (b);

185.26 (3) who is sworn to enforce the general criminal laws of the state and local
185.27 ordinances;

185.28 (4) who is licensed by the Peace Officers Standards and Training Board and is
185.29 authorized to arrest with a warrant; and

185.30 (5) who is a member of ~~a local police relief association to which section 69.77~~
185.31 ~~applies~~ the Minneapolis Police Relief Association, the State Patrol retirement plan, or the
185.32 public employees police and fire fund, ~~or the Minneapolis Employees Retirement Fund.~~

185.33 (h) "Full-time equivalent number of peace officers providing contract service" means
185.34 the integral or fractional number of peace officers which would be necessary to provide
185.35 the contract service if all peace officers providing service were employed on a full-time
185.36 basis as defined by the employing unit and the municipality receiving the contract service.

186.1 (i) "Retirement benefits other than a service pension" means any disbursement
186.2 authorized under section 424A.05, subdivision 3, clauses (2) and (3).

186.3 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
186.4 who was elected or appointed to the specified position or, in the absence of the person,
186.5 another person who is designated by the applicable governing body. In a park district,
186.6 the clerk is the secretary of the board of park district commissioners. In the case of the
186.7 University of Minnesota, the clerk is that official designated by the Board of Regents.
186.8 For the Metropolitan Airports Commission, the clerk is the person designated by the
186.9 commission. For the Department of Natural Resources or the Department of Public Safety,
186.10 the clerk is the respective commissioner. For a tribal police department which exercises
186.11 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
186.12 designated by the applicable American Indian tribal government.

186.13 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
186.14 retirement plan established by chapter 353G.

186.15 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 10, is amended to read:

186.16 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of
186.17 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph
186.18 (b), 6, and 7a, for eligible employer units by any excess police state aid.

186.19 (b) "Excess police state aid" is:

186.20 (1) for counties and for municipalities in which police retirement coverage is
186.21 provided wholly by the public employees police and fire fund and all police officers are
186.22 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the
186.23 employer's total prior calendar year obligation as defined in paragraph (c), as certified by
186.24 the executive director of the Public Employees Retirement Association;

186.25 (2) for municipalities in which police retirement coverage is provided in part by the
186.26 public employees police and fire fund governed by sections 353.63 to 353.657 and in
186.27 part by a local police consolidation account governed by chapter 353A, and established
186.28 before March 2, 1999, for which the municipality declined merger under section 353.665,
186.29 subdivision 1, or established after March 1, 1999, the amount in excess of the employer's
186.30 total prior calendar year obligation as defined in paragraph (c), plus the amount of the
186.31 employer's total prior calendar year obligation under section 353A.09, subdivision 5,
186.32 paragraphs (a) and (b), as certified by the executive director of the Public Employees
186.33 Retirement Association;

186.34 (3) for municipalities in which police retirement coverage is provided by the public
186.35 employees police and fire plan governed by sections 353.63 to 353.657, in which police

187.1 retirement coverage was provided by a police consolidation account under chapter
187.2 353A before July 1, 1999, and for which the municipality has an additional municipal
187.3 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of
187.4 the employer's total prior calendar year obligation as defined in paragraph (c), plus the
187.5 amount of any additional municipal contribution under section 353.665, subdivision 8,
187.6 paragraph (b), until the year 2010, as certified by the executive director of the Public
187.7 Employees Retirement Association;

187.8 (4) for municipalities in which police retirement coverage is provided in part by the
187.9 public employees police and fire fund governed by sections 353.63 to 353.657 and in part
187.10 by a local police relief association governed by sections 69.77 and 423A.01, the amount
187.11 in excess of the employer's total prior calendar year obligation as defined in paragraph
187.12 (c), as certified by the executive director of the public employees retirement association,
187.13 plus the amount of the financial requirements of the relief association certified to the
187.14 applicable municipality during the prior calendar year under section 69.77, subdivisions 4
187.15 and 5, reduced by the amount of member contributions deducted from the covered salary
187.16 of the relief association during the prior calendar year under section 69.77, subdivision 3,
187.17 as certified by the chief administrative officer of the applicable municipality;

187.18 (5) for the Metropolitan Airports Commission, ~~if there are police officers hired~~
187.19 ~~before July 1, 1978, with retirement coverage by the Minneapolis Employees Retirement~~
187.20 ~~Fund remaining,~~ the amount in excess of the commission's total prior calendar year
187.21 obligation as defined in paragraph (c), as certified by the executive director of the Public
187.22 Employees Retirement Association, ~~plus the amount determined by expressing the~~
187.23 ~~commission's total prior calendar year contribution to the Minneapolis Employees~~
187.24 ~~Retirement Fund under section 422A.101, subdivisions 2 and 2a, as a percentage of~~
187.25 ~~the commission's total prior calendar year covered payroll for commission employees~~
187.26 ~~covered by the Minneapolis Employees Retirement Fund and applying that percentage~~
187.27 ~~to the commission's total prior calendar year covered payroll for commission police~~
187.28 ~~officers covered by the Minneapolis Employees Retirement Fund, as certified by the chief~~
187.29 ~~administrative officer of the Metropolitan Airports Commission; and~~

187.30 (6) for the Department of Natural Resources and for the Department of Public
187.31 Safety, the amount in excess of the employer's total prior calendar year obligation under
187.32 section 352B.02, subdivision 1c, for plan members who are peace officers under section
187.33 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
187.34 State Retirement System.

187.35 (c) The employer's total prior calendar year obligation with respect to the public
187.36 employees police and fire plan is the total prior calendar year obligation under section

188.1 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2,
 188.2 and the actual total prior calendar year obligation under section 353.65, subdivision 3,
 188.3 for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those
 188.4 firefighters the applicable following amounts:

188.5	Municipality	Maximum Amount
188.6	Albert Lea	\$54,157.01
188.7	Anoka	10,399.31
188.8	Apple Valley	5,442.44
188.9	Austin	49,864.73
188.10	Bemidji	27,671.38
188.11	Brooklyn Center	6,605.92
188.12	Brooklyn Park	24,002.26
188.13	Burnsville	15,956.00
188.14	Cloquet	4,260.49
188.15	Coon Rapids	39,920.00
188.16	Cottage Grove	8,588.48
188.17	Crystal	5,855.00
188.18	East Grand Forks	51,009.88
188.19	Edina	32,251.00
188.20	Elk River	5,216.55
188.21	Ely	13,584.16
188.22	Eveleth	16,288.27
188.23	Fergus Falls	6,742.00
188.24	Fridley	33,420.64
188.25	Golden Valley	11,744.61
188.26	Hastings	16,561.00
188.27	Hopkins	4,324.23
188.28	International Falls	14,400.69
188.29	Lakeville	782.35
188.30	Lino Lakes	5,324.00
188.31	Little Falls	7,889.41
188.32	Maple Grove	6,707.54
188.33	Maplewood	8,476.69
188.34	Minnetonka	10,403.00
188.35	Montevideo	1,307.66
188.36	Moorhead	68,069.26
188.37	New Hope	6,739.72
188.38	North St. Paul	4,241.14
188.39	Northfield	770.63
188.40	Owatonna	37,292.67
188.41	Plymouth	6,754.71
188.42	Red Wing	3,504.01

189.1	Richfield	53,757.96
189.2	Rosemont <u>Rosemount</u>	1,712.55
189.3	Roseville	9,854.51
189.4	St. Anthony	33,055.00
189.5	St. Louis Park	53,643.11
189.6	Thief River Falls	28,365.04
189.7	Virginia	31,164.46
189.8	Waseca	11,135.17
189.9	West St. Paul	15,707.20
189.10	White Bear Lake	6,521.04
189.11	Woodbury	3,613.00
189.12	any other municipality	0.00

189.13 (d) The total amount of excess police state aid must be deposited in the excess
 189.14 police state-aid account in the general fund, administered and distributed as provided
 189.15 in subdivision 11.

189.16 Sec. 8. Minnesota Statutes 2009 Supplement, section 69.031, subdivision 5, is
 189.17 amended to read:

189.18 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
 189.19 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
 189.20 firefighter retirement plan under chapter 353G, the executive director shall credit the fire
 189.21 state aid against future municipal contribution requirements under section 353G.08 and
 189.22 shall notify the municipality or independent nonprofit firefighting corporation of the fire
 189.23 state aid so credited at least annually. If the municipality or the independent nonprofit
 189.24 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
 189.25 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,
 189.26 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
 189.27 association if there is one organized and the association has filed a financial report with the
 189.28 municipality. If the relief association has not filed a financial report with the municipality,
 189.29 the municipal treasurer shall delay transmission of the fire state aid to the relief association
 189.30 until the complete financial report is filed. If the municipality or independent nonprofit
 189.31 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
 189.32 firefighter retirement plan, if there is no relief association organized, or if the association
 189.33 has dissolved or has been removed as trustees of state aid, then the treasurer of the
 189.34 municipality shall deposit the money in the municipal treasury and the money may be
 189.35 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the
 189.36 payment of the employer contribution requirement with respect to firefighters covered by
 189.37 the public employees police and fire retirement plan under section 353.65, subdivision 3.

190.1 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the
190.2 police state aid in the following manner:

190.3 (1) For a municipality in which a local police relief association exists and all peace
190.4 officers are members of the association, the total state aid must be transmitted to the
190.5 treasurer of the relief association within 30 days of the date of receipt, and the treasurer
190.6 of the relief association shall immediately deposit the total state aid in the special fund
190.7 of the relief association;

190.8 (2) For a municipality in which police retirement coverage is provided by the public
190.9 employees police and fire fund and all peace officers are members of the fund, including
190.10 municipalities covered by section 353.665, the total state aid must be applied toward the
190.11 municipality's employer contribution to the public employees police and fire fund under
190.12 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

190.13 (3) For a municipality other than a city of the first class with a population of more
190.14 than 300,000 in which both a police relief association exists and police retirement
190.15 coverage is provided in part by the public employees police and fire fund, the municipality
190.16 may elect at its option to transmit the total state aid to the treasurer of the relief association
190.17 as provided in clause (1), to use the total state aid to apply toward the municipality's
190.18 employer contribution to the public employees police and fire fund subject to all the
190.19 provisions set forth in clause (2), or to allot the total state aid proportionately to be
190.20 transmitted to the police relief association as provided in this subdivision and to apply
190.21 toward the municipality's employer contribution to the public employees police and fire
190.22 fund subject to the provisions of clause (2) on the basis of the respective number of active
190.23 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

190.24 For a city of the first class with a population of more than 300,000, in addition, the
190.25 city may elect to allot the appropriate portion of the total police state aid to apply toward
190.26 the employer contribution of the city to the public employees police and fire fund based
190.27 on the covered salary of police officers covered by the fund each payroll period and to
190.28 transmit the balance to the police relief association; or

190.29 (4) For a municipality in which police retirement coverage is provided in part by
190.30 the public employees police and fire fund and in part by a local police consolidation
190.31 account governed by chapter 353A and established before March 2, 1999, for which the
190.32 municipality declined merger under section 353.665, subdivision 1, or established after
190.33 March 1, 1999, the total police state aid must be applied towards the municipality's total
190.34 employer contribution to the public employees police and fire fund and to the local police
190.35 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

191.1 (c) The county treasurer, upon receipt of the police state aid for the county, shall
 191.2 apply the total state aid toward the county's employer contribution to the public employees
 191.3 police and fire fund under section 353.65, subdivision 3.

191.4 (d) The designated Metropolitan Airports Commission official, upon receipt of the
 191.5 police state aid for the Metropolitan Airports Commission, shall apply the total police
 191.6 state aid ~~first~~ toward the commission's employer contribution for police officers to the
 191.7 ~~Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if~~
 191.8 ~~there is any amount of police state aid remaining, shall apply that remainder toward the~~
 191.9 ~~commission's employer contribution for police officers to the public employees police and~~
 191.10 fire plan under section 353.65, subdivision 3.

191.11 (e) The police state aid apportioned to the Departments of Public Safety and Natural
 191.12 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner
 191.13 of management and budget for transfer to the funds and accounts from which the
 191.14 salaries of peace officers certified under section 69.011, subdivision ~~2a~~ 2b, are paid.
 191.15 The commissioner of revenue shall certify to the commissioners of public safety,
 191.16 natural resources, and management and budget the amounts to be transferred from the
 191.17 appropriation for police state aid. The commissioners of public safety and natural
 191.18 resources shall certify to the commissioner of management and budget the amounts to be
 191.19 credited to each of the funds and accounts from which the peace officers employed by their
 191.20 respective departments are paid. Each commissioner shall allocate the police state aid first
 191.21 for employer contributions for employees funded from the general fund and then for
 191.22 employer contributions for employees funded from other funds. For peace officers whose
 191.23 salaries are paid from the general fund, the amounts transferred from the appropriation
 191.24 for police state aid must be canceled to the general fund.

191.25 Sec. 9. Minnesota Statutes 2008, section 126C.41, subdivision 3, is amended to read:

191.26 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
 191.27 this subdivision applies may levy an additional amount required for contributions to the
 191.28 general employees retirement plan of the Public Employees Retirement Association as the
 191.29 successor of the Minneapolis Employees Retirement Fund as a result of the maximum
 191.30 dollar amount limitation on state contributions to ~~the fund~~ that plan imposed under
 191.31 section 422A.101, subdivision 3. The additional levy must not exceed the most recent
 191.32 amount certified by the ~~board of the Minneapolis Employees Retirement Fund~~ executive
 191.33 director of the Public Employees Retirement Association as the district's share of the
 191.34 contribution requirement in excess of the maximum state contribution under section
 191.35 422A.101, subdivision 3.

192.1 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,
 192.2 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase
 192.3 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,
 192.4 section 1.

192.5 (c) If the employer retirement fund contributions under section 354A.12, subdivision
 192.6 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
 192.7 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
 192.8 1994 or later an amount equal to the amount derived by applying the net increase in
 192.9 the employer retirement fund contribution rate of the respective teacher retirement fund
 192.10 association between fiscal year 1993 and the fiscal year beginning in the year after the
 192.11 levy is certified to the total covered payroll of the applicable teacher retirement fund
 192.12 association. If an applicable school district levies under this paragraph, they may not
 192.13 levy under paragraph (b).

192.14 (d) In addition to the levy authorized under paragraph (c), Special School District
 192.15 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
 192.16 contributions under section 423A.02, subdivision 3, and may also levy in payable 1994
 192.17 or later an amount equal to the state aid contribution under section 354A.12, subdivision
 192.18 3b. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an
 192.19 amount equal to the supplemental contributions under section 423A.02, subdivision 3.

192.20 Sec. 10. Minnesota Statutes 2008, section 256D.21, is amended to read:

192.21 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**
 192.22 **EMPLOYEES.**

192.23 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis
 192.24 who is transferred to and employed by the county under the provisions of section 256D.20
 192.25 and who is a contributing member of a retirement system organized under the provisions
 192.26 of Minnesota Statutes 2008, chapter 422A, shall continue to be is a member of ~~that system~~
 192.27 the MERF division of the Public Employees Retirement Association and is entitled to all
 192.28 of the applicable benefits conferred ~~thereby~~ by and subject to all the restrictions of ~~chapter~~
 192.29 ~~422A, unless the member applies to cancel membership within six months after January~~
 192.30 ~~1, 1974~~ section 353.50.

192.31 Subd. 2. **City obligation.** The cost to the public of that portion of the retirement
 192.32 allowances or other benefits accrued while any such employee was in the service of the
 192.33 city of Minneapolis ~~shall~~ must remain an obligation of the city and a tax ~~shall~~ must be
 192.34 levied and collected by it to discharge its obligation as provided ~~by chapter 422A in~~
 192.35 section 353.50, subdivision 7.

193.1 Subd. 3. **County obligation.** The cost to the public of the retirement allowances
 193.2 or other benefits accruing to employees so transferred to and employed by the county
 193.3 ~~shall be~~ is the obligation of and paid by the county ~~at such time as the retirement board~~
 193.4 ~~shall fix and determine in accordance with chapter 422A~~ in section 353.50, subdivision
 193.5 7. The county shall pay to the ~~municipal~~ general employees retirement fund ~~an amount~~
 193.6 ~~certified to the county auditor of the county by the retirement board as the cost of the~~
 193.7 ~~retirement allowances and other benefits accruing and owing to such county employees of~~
 193.8 the Public Employees Retirement Association those amounts. The cost to the public of
 193.9 the retirement allowances as herein provided shall coverage under this section must be
 193.10 paid from the county revenue fund by the county auditor ~~upon receipt of certification from~~
 193.11 ~~the retirement board as herein provided~~, and the county board is authorized to levy and
 193.12 collect such taxes as may be necessary to pay such costs.

193.13 Sec. 11. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is
 193.14 amended to read:

193.15 Subd. 2b. **Excluded employees.** "State employee" does not include:

193.16 (1) students employed by the University of Minnesota, or the state colleges and
 193.17 universities, unless approved for coverage by the Board of Regents of the University of
 193.18 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
 193.19 whichever is applicable;

193.20 (2) employees who are eligible for membership in the state Teachers Retirement
 193.21 Association, except employees of the Department of Education who have chosen or may
 193.22 choose to be covered by the general state employees retirement plan of the Minnesota
 193.23 State Retirement System instead of the Teachers Retirement Association;

193.24 (3) employees of the University of Minnesota who are excluded from coverage by
 193.25 action of the Board of Regents;

193.26 (4) officers and enlisted personnel in the National Guard and the naval militia who
 193.27 are assigned to permanent peacetime duty and who under federal law are or are required to
 193.28 be members of a federal retirement system;

193.29 (5) election officers;

193.30 (6) persons who are engaged in public work for the state but who are employed
 193.31 by contractors when the performance of the contract is authorized by the legislature or
 193.32 other competent authority;

193.33 (7) officers and employees of the senate, or of the house of representatives, or of a
 193.34 legislative committee or commission who are temporarily employed;

- 194.1 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
194.2 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
194.3 employed by the Department of Labor and Industry;
- 194.4 (9) patient and inmate help in state charitable, penal, and correctional institutions
194.5 including the Minnesota Veterans Home;
- 194.6 (10) persons who are employed for professional services where the service is
194.7 incidental to their regular professional duties and whose compensation is paid on a per
194.8 diem basis;
- 194.9 (11) employees of the Sibley House Association;
- 194.10 (12) the members of any state board or commission who serve the state intermittently
194.11 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
194.12 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
194.13 from serving more than three years; and the board of managers of the State Agricultural
194.14 Society and its treasurer unless the treasurer is also its full-time secretary;
- 194.15 (13) state troopers and persons who are described in section 352B.011, subdivision
194.16 10, clauses (2) to (8);
- 194.17 (14) temporary employees of the Minnesota State Fair who are employed on or
194.18 after July 1 for a period not to extend beyond October 15 of that year; and persons who
194.19 are employed at any time by the state fair administration for special events held on the
194.20 fairgrounds;
- 194.21 (15) emergency employees who are in the classified service; except that if an
194.22 emergency employee, within the same pay period, becomes a provisional or probationary
194.23 employee on other than a temporary basis, the employee must be considered a "state
194.24 employee" retroactively to the beginning of the pay period;
- 194.25 (16) temporary employees in the classified service, and temporary employees in the
194.26 unclassified service who are appointed for a definite period of not more than six months
194.27 and who are employed less than six months in any one-year period;
- 194.28 (17) interns hired for six months or less and trainee employees, except those listed in
194.29 subdivision 2a, clause (8);
- 194.30 (18) persons whose compensation is paid on a fee basis or as an independent
194.31 contractor;
- 194.32 (19) state employees who are employed by the Board of Trustees of the Minnesota
194.33 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
194.34 subdivision 1, clause (9);
- 194.35 (20) state employees who in any year have credit for 12 months service as teachers
194.36 in the public schools of the state and as teachers are members of the Teachers Retirement

195.1 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
195.2 incidental employment as a state employee that is not covered by one of the teacher
195.3 retirement associations or systems;

195.4 (21) employees of the adjutant general who are employed on an unlimited
195.5 intermittent or temporary basis in the classified or unclassified service for the support of
195.6 Army and Air National Guard training facilities;

195.7 (22) chaplains and nuns who are excluded from coverage under the federal Old
195.8 Age, Survivors, Disability, and Health Insurance Program for the performance of service
195.9 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no
195.10 irrevocable election of coverage has been made under section 3121(r) of the Internal
195.11 Revenue Code of 1986, as amended through December 31, 1992;

195.12 (23) examination monitors who are employed by departments, agencies,
195.13 commissions, and boards to conduct examinations required by law;

195.14 (24) persons who are appointed to serve as members of fact-finding commissions or
195.15 adjustment panels, arbitrators, or labor referees under chapter 179;

195.16 (25) temporary employees who are employed for limited periods under any state or
195.17 federal program for training or rehabilitation, including persons who are employed for
195.18 limited periods from areas of economic distress, but not including skilled and supervisory
195.19 personnel and persons having civil service status covered by the system;

195.20 (26) full-time students who are employed by the Minnesota Historical Society
195.21 intermittently during part of the year and full-time during the summer months;

195.22 (27) temporary employees who are appointed for not more than six months, of
195.23 the Metropolitan Council and of any of its statutory boards, if the board members are
195.24 appointed by the Metropolitan Council;

195.25 (28) persons who are employed in positions designated by the Department of
195.26 Management and Budget as student workers;

195.27 (29) members of trades who are employed by the successor to the Metropolitan
195.28 Waste Control Commission, who have trade union pension plan coverage under a
195.29 collective bargaining agreement, and who are first employed after June 1, 1977;

195.30 (30) off-duty peace officers while employed by the Metropolitan Council;

195.31 (31) persons who are employed as full-time police officers by the Metropolitan
195.32 Council and as police officers are members of the public employees police and fire fund;

195.33 (32) persons who are employed as full-time firefighters by the Department of Military
195.34 Affairs and as firefighters are members of the public employees police and fire fund;

195.35 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
195.36 valid for less than three years of employment, unless notice of extension is supplied which

196.1 allows them to work for three or more years as of the date the extension is granted, in
196.2 which case they are eligible for coverage from the date extended; and

196.3 (34) persons who are employed by the Board of Trustees of the Minnesota State
196.4 Colleges and Universities and who elected to remain members of the Public Employees
196.5 Retirement Association or of the MERF division of the Public Employees Retirement
196.6 Association as the successor of the Minneapolis Employees Retirement Fund, whichever
196.7 applies, under Minnesota Statutes 1994, section 136C.75.

196.8 Sec. 12. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

196.9 Subdivision 1. **Management; composition; election.** (a) The management of
196.10 the Public Employees Retirement ~~fund~~ Association is vested in an 11-member board of
196.11 trustees consisting of ten members and the state auditor. The state auditor may designate
196.12 a deputy auditor with expertise in pension matters as the auditor's representative on the
196.13 board. The governor shall appoint five trustees to four-year terms, one of whom shall be
196.14 designated to represent school boards, one to represent cities, one to represent counties,
196.15 one who is a retired annuitant, and one who is a public member knowledgeable in pension
196.16 matters. The membership of the association, including recipients of retirement annuities
196.17 and disability and survivor benefits, shall elect five trustees for terms of four years, one of
196.18 whom must be a member of the police and fire fund and one of whom must be a former
196.19 member who met the definition of public employee under section 353.01, subdivisions 2
196.20 and 2a, for at least five years prior to terminating membership or a member who receives
196.21 a disability benefit. Terms expire on January 31 of the fourth year, and positions are
196.22 vacant until newly elected members are seated. Except as provided in this subdivision,
196.23 trustees elected by the membership of the association must be public employees and
196.24 members of the association.

196.25 (b) For seven days beginning October 1 of each year preceding a year in which
196.26 an election is held, the association shall accept at its office filings in person or by mail
196.27 of candidates for the board of trustees. A candidate shall submit at the time of filing a
196.28 nominating petition signed by 25 or more members of the association. No name may
196.29 be withdrawn from nomination by the nominee after October 15. At the request of a
196.30 candidate for an elected position on the board of trustees, the board shall mail a statement
196.31 of up to 300 words prepared by the candidate to all persons eligible to vote in the election
196.32 of the candidate. The board may adopt policies, subject to review and approval by the
196.33 secretary of state under paragraph (e), to govern the form and length of these statements,
196.34 timing of mailings, and deadlines for submitting materials to be mailed. The secretary

197.1 of state shall resolve disputes between the board and a candidate concerning application
197.2 of these policies to a particular statement.

197.3 (c) By January 10 of each year in which elections are to be held, the board shall
197.4 distribute by mail to the members ballots listing the candidates. No member may vote for
197.5 more than one candidate for each board position to be filled. A ballot indicating a vote for
197.6 more than one person for any position is void. No special marking may be used on the
197.7 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no
197.8 later than January 31. The ballot envelopes must be so designated and the ballots must be
197.9 counted in a manner that ensures that each vote is secret.

197.10 (d) A candidate who receives contributions or makes expenditures in excess of \$100,
197.11 or has given implicit or explicit consent for any other person to receive contributions or
197.12 make expenditures in excess of \$100 for the purpose of bringing about the candidate's
197.13 election, shall file a report with the campaign finance and public disclosure board
197.14 disclosing the source and amount of all contributions to the candidate's campaign. The
197.15 campaign finance and public disclosure board shall prescribe forms governing these
197.16 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
197.17 These terms do not include the mailing made by the association board on behalf of the
197.18 candidate. A candidate shall file a report within 30 days from the day that the results of
197.19 the election are announced. The Campaign Finance and Public Disclosure Board shall
197.20 maintain these reports and make them available for public inspection in the same manner
197.21 as the board maintains and makes available other reports filed with it.

197.22 (e) The secretary of state shall review and approve the procedures defined by the
197.23 board of trustees for conducting the elections specified in this subdivision, including
197.24 board policies adopted under paragraph (b).

197.25 (f) The board of trustees and the executive director shall undertake their activities
197.26 consistent with chapter 356A.

197.27 Sec. 13. Minnesota Statutes 2008, section 353.71, subdivision 4, is amended to read:

197.28 Subd. 4. **Repayment of refund.** Any person who has received a refund from the
197.29 Public Employees Retirement ~~fund~~ Association and who is a member of any public
197.30 retirement system referred to in subdivision 1, may repay such refund to the Public
197.31 Employees Retirement ~~fund~~ Association as provided in section 353.35.

197.32 Sec. 14. Minnesota Statutes 2008, section 353.86, subdivision 1, is amended to read:

197.33 Subdivision 1. **Participation.** Volunteer ambulance service personnel, as defined
197.34 in section 353.01, subdivision 35, who are or become members of and participants in

198.1 the public general employees retirement fund or the public employees police and fire
198.2 fund before July 1, 2002, and make contributions to either of those funds based on
198.3 compensation for service other than volunteer ambulance service may elect to participate
198.4 in that same fund with respect to compensation received for volunteer ambulance service,
198.5 provided that the volunteer ambulance service is not credited to another public or private
198.6 pension plan including the public employees retirement plan established by chapter
198.7 353D and provided further that the volunteer ambulance service is rendered for the same
198.8 governmental unit for which the nonvolunteer ambulance service is rendered.

198.9 Sec. 15. Minnesota Statutes 2008, section 353.86, subdivision 2, is amended to read:

198.10 Subd. 2. **Election.** Volunteer ambulance service personnel to whom subdivision
198.11 1 applies may exercise the election authorized under subdivision 1 within the earlier of
198.12 the one-year period beginning on July 1, 1989, and extending through June 30, 1990, or
198.13 the one-year period commencing on the first day of the first month following the start of
198.14 employment in a position covered by the public general employees retirement fund or the
198.15 public employees police and fire fund. The election must be exercised by filing a written
198.16 notice on a form prescribed by the executive director of the association.

198.17 Sec. 16. Minnesota Statutes 2008, section 353.87, subdivision 1, is amended to read:

198.18 Subdivision 1. **Participation.** Except as provided in subdivision 2, a volunteer
198.19 firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was
198.20 a member of, and a participant in, the public general employees retirement fund or the
198.21 public employees police and fire fund and was making contributions to either of those
198.22 funds based, at least in part, on compensation for services performed as a volunteer
198.23 firefighter shall continue as a member of, and a participant in, the public general
198.24 employees retirement fund or the public employees police and fire fund and compensation
198.25 for services performed as a volunteer firefighter ~~shall~~ must be considered salary.

198.26 Sec. 17. Minnesota Statutes 2008, section 353.87, subdivision 2, is amended to read:

198.27 Subd. 2. **Option.** A volunteer firefighter to whom subdivision 1 applies has the
198.28 option to terminate membership and future participation in the public general employees
198.29 retirement fund or the public employees police and fire fund upon filing of a written notice
198.30 of intention to terminate participation. Notice must be given on a form prescribed by the
198.31 executive director of the association and must be filed in the offices of the association not
198.32 later than June 30, 1990.

199.1 Sec. 18. Minnesota Statutes 2008, section 353.88, is amended to read:

199.2 **353.88 PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND**
 199.3 **CERTIFICATION FAILURES.**

199.4 (a) If the board of trustees of the Public Employees Retirement Association,
 199.5 upon the recommendation of the executive director, determines that a governmental
 199.6 subdivision has certified a public employee for membership in the public employees
 199.7 police and fire retirement plan when the public employee was not eligible for that
 199.8 retirement plan coverage, the public employee must be covered by the correct retirement
 199.9 plan for subsequent service, the public employee retains the coverage for the period of
 199.10 the misclassification, and the governmental subdivision shall pay in a lump sum the
 199.11 difference in the actuarial present value of the retirement annuities to which the public
 199.12 employee would have been entitled if the public employee was properly classified. The
 199.13 governmental subdivision payment is payable within 30 days of the board's determination.
 199.14 If unpaid, it must be collected under section 353.28. The lump-sum payment must be
 199.15 deposited in the ~~public~~ general employees retirement fund.

199.16 (b) If the executive director of the Public Employees Retirement Association
 199.17 determines that a governmental subdivision has failed to certify a person for retirement
 199.18 plan membership and coverage under this chapter, in addition to the procedures under
 199.19 section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of
 199.20 \$25 for each membership certification failure.

199.21 Sec. 19. Minnesota Statutes 2008, section 354.71, is amended to read:

199.22 **354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID**
 199.23 **REDEDICATED.**

199.24 Subdivision 1. **Appropriation.** The positive difference, if any, between the
 199.25 actual state aid ~~paid~~ payable to the MERF division account of the Public Employees
 199.26 Retirement Association with respect to the former Minneapolis Employees Retirement
 199.27 Fund under section 422A.101, subdivision 3, and \$8,065,000 annually is appropriated
 199.28 from the general fund to the commissioner of management and budget for deposit in
 199.29 the Teachers Retirement Association to offset all or a portion of the ~~current and future~~
 199.30 unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement
 199.31 Fund Association.

199.32 Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available to
 199.33 the extent that financial requirements ~~of~~ with respect to the MERF division of the Public
 199.34 Employees Retirement Association as the successor of the former Minneapolis Employees
 199.35 Retirement Fund under section ~~422A.101, subdivision 3,~~ 353.50 have been satisfied.

200.1 Sec. 20. Minnesota Statutes 2008, section 354A.011, subdivision 27, is amended to
200.2 read:

200.3 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public
200.4 school district, other than a charter school, located in the corporate limits of Duluth or
200.5 St. Paul, as any of the following:

200.6 (1) a full-time employee in a position for which a valid license from the state
200.7 Department of Education is required;

200.8 (2) an employee of the teachers retirement fund association located in the city of
200.9 the first class ~~unless the employee has exercised the option pursuant to Laws 1955,~~
200.10 ~~chapter 10, section 1, to retain membership in the Minneapolis Employees Retirement~~
200.11 ~~Fund established pursuant to chapter 422A;~~

200.12 (3) a part-time employee in a position for which a valid license from the state
200.13 Department of Education is required; or

200.14 (4) a part-time employee in a position for which a valid license from the state
200.15 Department of Education is required who also renders other nonteaching services for the
200.16 school district, unless the board of trustees of the teachers retirement fund association
200.17 determines that the combined employment is on the whole so substantially dissimilar to
200.18 teaching service that the service may not be covered by the association.

200.19 (b) The term does not mean any person who renders service in the school district
200.20 as any of the following:

200.21 (1) an independent contractor or the employee of an independent contractor;

200.22 (2) an employee who is a full-time teacher covered by the Teachers Retirement
200.23 Association or by another teachers retirement fund association established pursuant to this
200.24 chapter or chapter 354;

200.25 (3) an employee who is exempt from licensure pursuant to section 122A.30;

200.26 (4) an employee who is a teacher in a technical college located in a city of the first
200.27 class unless the person elects coverage by the applicable first class city teacher retirement
200.28 fund association under section 354B.21, subdivision 2;

200.29 (5) a teacher employed by a charter school, irrespective of the location of the
200.30 school; or

200.31 (6) an employee who is a part-time teacher in a technical college in a city of the first
200.32 class and who has elected coverage by the applicable first class city teacher retirement
200.33 fund association under section 354B.21, subdivision 2, but (i) the teaching service is
200.34 incidental to the regular nonteaching occupation of the person; (ii) the applicable technical
200.35 college stipulates annually in advance that the part-time teaching service will not exceed

201.1 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300
201.2 hours in the fiscal year to which the certification applies.

201.3 Sec. 21. Minnesota Statutes 2008, section 354A.39, is amended to read:

201.4 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

201.5 Any person who has been a member of the Minnesota State Retirement System, the
201.6 Public Employees Retirement Association including the Public Employees Retirement
201.7 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota
201.8 State Patrol Retirement Association, the legislators retirement plan, the constitutional
201.9 officers retirement plan, ~~the Minneapolis Employees Retirement Fund~~, the Duluth
201.10 Teachers Retirement Fund Association new law coordinated program, the St. Paul
201.11 Teachers Retirement Fund Association coordinated program, or any other public employee
201.12 retirement system in the state of Minnesota having a like provision, but excluding all other
201.13 funds providing retirement benefits for police officers or firefighters ~~shall be~~, is entitled,
201.14 when qualified, to an annuity from each fund if the person's total allowable service in all
201.15 of the funds or in any two or more of the funds totals three or more years, provided that
201.16 no portion of the allowable service upon which the retirement annuity from one fund is
201.17 based is used again in the computation for a retirement annuity from another fund and
201.18 provided further that the person has not taken a refund from any of funds or associations
201.19 since the person's membership in the fund or association has terminated. The annuity from
201.20 each fund or association ~~shall~~ must be determined by the appropriate provisions of the law
201.21 governing each fund or association, except that the requirement that a person must have at
201.22 least three years of allowable service in the respective fund or association ~~shall~~ does not
201.23 apply for the purposes of this section, provided that the aggregate service in two or more
201.24 of these funds equals three or more years.

201.25 Sec. 22. Minnesota Statutes 2008, section 355.095, subdivision 1, is amended to read:

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

201.34 (b) The applicable employees are:

202.1 (1) employees who are members of one of the retirement plans in Minnesota Statutes
 202.2 2008, section 356.30, subdivision 3, except clauses (4) and (8), based on continuous
 202.3 employment since March 31, 1986; and

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

202.6 Sec. 23. Minnesota Statutes 2009 Supplement, section 356.20, subdivision 2, is
 202.7 amended to read:

202.8 Subd. 2. **Covered public pension plans and funds.** This section applies to the
 202.9 following public pension plans:

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

202.12 (2) the general employees retirement plan of the Public Employees Retirement
 202.13 Association;

202.14 (3) the Teachers Retirement Association;

202.15 (4) the State Patrol retirement plan;

202.16 (5) the St. Paul Teachers Retirement Fund Association;

202.17 (6) the Duluth Teachers Retirement Fund Association;

202.18 ~~(7) the Minneapolis Employees Retirement Fund;~~

202.19 ~~(8)~~ (7) the University of Minnesota faculty retirement plan;

202.20 ~~(9)~~ (8) the University of Minnesota faculty supplemental retirement plan;

202.21 ~~(10)~~ (9) the judges retirement fund;

202.22 ~~(11)~~ (10) a police or firefighter's relief association specified or described in section
 202.23 69.77, subdivision 1a;

202.24 ~~(12)~~ (11) a volunteer firefighter relief association governed by section 69.771,
 202.25 subdivision 1;

202.26 ~~(13)~~ (12) the public employees police and fire plan of the Public Employees
 202.27 Retirement Association;

202.28 ~~(14)~~ (13) the correctional state employees retirement plan of the Minnesota State
 202.29 Retirement System;

202.30 ~~(15)~~ (14) the local government correctional service retirement plan of the Public
 202.31 Employees Retirement Association; and

202.32 ~~(16)~~ (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

202.33 Sec. 24. Minnesota Statutes 2008, section 356.214, subdivision 1, is amended to read:

203.1 Subdivision 1. **Actuary retention.** (a) The governing board or managing or
 203.2 administrative official of each public pension plan and retirement fund or plan enumerated
 203.3 in paragraph (b) shall contract with an established actuarial consulting firm to conduct
 203.4 annual actuarial valuations and related services. The principal from the actuarial
 203.5 consulting firm on the contract must be an approved actuary under section 356.215,
 203.6 subdivision 1, paragraph (c).

203.7 (b) Actuarial services must include the preparation of actuarial valuations and
 203.8 related actuarial work for the following retirement plans:

203.9 (1) the teachers retirement plan, Teachers Retirement Association;

203.10 (2) the general state employees retirement plan, Minnesota State Retirement System;

203.11 (3) the correctional employees retirement plan, Minnesota State Retirement System;

203.12 (4) the State Patrol retirement plan, Minnesota State Retirement System;

203.13 (5) the judges retirement plan, Minnesota State Retirement System;

203.14 ~~(6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement~~
 203.15 ~~Fund;~~

203.16 ~~(7) (6) the public general employees retirement plan, Public Employees Retirement~~
 203.17 ~~Association, including the MERF division;~~

203.18 ~~(8) (7) the public employees police and fire plan, Public Employees Retirement~~
 203.19 ~~Association;~~

203.20 ~~(9) (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund~~
 203.21 ~~Association;~~

203.22 ~~(10) (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund~~
 203.23 ~~Association;~~

203.24 ~~(11) (10) the legislators retirement plan, Minnesota State Retirement System;~~

203.25 ~~(12) (11) the elective state officers retirement plan, Minnesota State Retirement~~
 203.26 ~~System; and~~

203.27 ~~(13) (12) local government correctional service retirement plan, Public Employees~~
 203.28 ~~Retirement Association.~~

203.29 (c) The contracts must require completion of the annual actuarial valuation
 203.30 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations
 203.31 as specified in section 356.215, and in conformity with the standards for actuarial work
 203.32 adopted by the Legislative Commission on Pensions and Retirement.

203.33 The contracts must require completion of annual experience data collection and
 203.34 processing and a quadrennial published experience study for the plans listed in paragraph
 203.35 (b), clauses (1), (2), and ~~(7) (6)~~, as provided for in the standards for actuarial work

204.1 adopted by the commission. The experience data collection, processing, and analysis
204.2 must evaluate the following:

204.3 (1) individual salary progression;

204.4 (2) the rate of return on investments based on the current asset value;

204.5 (3) payroll growth;

204.6 (4) mortality;

204.7 (5) retirement age;

204.8 (6) withdrawal; and

204.9 (7) disablement.

204.10 (d) The actuary shall annually prepare a report to the governing or managing board
204.11 or administrative official and the legislature, summarizing the results of the actuarial
204.12 valuation calculations. The actuary shall include with the report any recommendations
204.13 concerning the appropriateness of the support rates to achieve proper funding of
204.14 the retirement plans by the required funding dates. The actuary shall, as part of the
204.15 quadrennial experience study, include recommendations on the appropriateness of the
204.16 actuarial valuation assumptions required for evaluation in the study.

204.17 (e) If the actuarial gain and loss analysis in the actuarial valuation calculations
204.18 indicates a persistent pattern of sizable gains or losses, the governing or managing board
204.19 or administrative official shall direct the actuary to prepare a special experience study for a
204.20 plan listed in paragraph (b), clause (3), (4), (5), ~~(6), (7)~~, (8), (9), (10), (11), or (12), ~~or (13)~~;
204.21 in the manner provided for in the standards for actuarial work adopted by the commission.

204.22 Sec. 25. Minnesota Statutes 2008, section 356.30, subdivision 3, is amended to read:

204.23 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

204.24 (1) the general state employees retirement plan of the Minnesota State Retirement
204.25 System, established under chapter 352;

204.26 (2) the correctional state employees retirement plan of the Minnesota State
204.27 Retirement System, established under chapter 352;

204.28 (3) the unclassified employees retirement program, established under chapter 352D;

204.29 (4) the State Patrol retirement plan, established under chapter 352B;

204.30 (5) the legislators retirement plan, established under chapter 3A;

204.31 (6) the elective state officers retirement plan, established under chapter 352C;

204.32 (7) the general employees retirement plan of the Public Employees Retirement

204.33 Association, established under chapter 353, including the MERF division of the Public

204.34 Employees Retirement Association;

- 205.1 (8) the public employees police and fire retirement plan of the Public Employees
 205.2 Retirement Association, established under chapter 353;
- 205.3 (9) the local government correctional service retirement plan of the Public
 205.4 Employees Retirement Association, established under chapter 353E;
- 205.5 (10) the Teachers Retirement Association, established under chapter 354;
- 205.6 ~~(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~
- 205.7 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established under
 205.8 chapter 354A;
- 205.9 ~~(13)~~ (12) the Duluth Teachers Retirement Fund Association, established under
 205.10 chapter 354A; and
- 205.11 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

205.12 Sec. 26. Minnesota Statutes 2008, section 356.302, subdivision 1, is amended to read:

205.13 Subdivision 1. **Definitions.** (a) The terms used in this section are defined in this
 205.14 subdivision.

205.15 (b) "Average salary" means the highest average of covered salary for the appropriate
 205.16 period of credited service that is required for the calculation of a disability benefit by
 205.17 the covered retirement plan and that is drawn from any period of credited service and
 205.18 successive years of covered salary in a covered retirement plan.

205.19 (c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision
 205.20 7.

205.21 (d) "Duty-related" means a disabling illness or injury that occurred while the person
 205.22 was actively engaged in employment duties or that arose out of the person's active
 205.23 employment duties.

205.24 (e) "General employee retirement plan" means a covered retirement plan listed in
 205.25 subdivision 7, clauses (1) to ~~(8)~~ (6) and ~~(13)~~ (12).

205.26 (f) "Occupationally disabled" means the condition of having a medically
 205.27 determinable physical or mental impairment that makes a person unable to satisfactorily
 205.28 perform the minimum requirements of the person's employment position or a substantially
 205.29 similar employment position.

205.30 (g) "Public safety employee retirement plan" means a covered retirement plan listed
 205.31 in subdivision 7, clauses ~~(9)~~ (7) to ~~(12)~~ (11).

205.32 (h) "Totally and permanently disabled" means the condition of having a medically
 205.33 determinable physical or mental impairment that makes a person unable to engage in any
 205.34 substantial gainful activity and that is expected to continue or has continued for a period
 205.35 of at least one year or that is expected to result directly in the person's death.

206.1 Sec. 27. Minnesota Statutes 2008, section 356.302, subdivision 7, is amended to read:

206.2 Subd. 7. **Covered retirement plans.** This section applies to the following
206.3 retirement plans:

206.4 (1) the general state employees retirement plan of the Minnesota State Retirement
206.5 System, established by chapter 352;

206.6 (2) the unclassified state employees retirement program of the Minnesota State
206.7 Retirement System, established by chapter 352D;

206.8 (3) the general employees retirement plan of the Public Employees Retirement
206.9 Association, established by chapter 353, including the MERF division of the Public
206.10 Employees Retirement Association;

206.11 (4) the Teachers Retirement Association, established by chapter 354;

206.12 (5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

206.13 (6) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

206.14 ~~(7) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

206.15 ~~(8)~~ (7) the state correctional employees retirement plan of the Minnesota State
206.16 Retirement System, established by chapter 352;

206.17 ~~(9)~~ (8) the State Patrol retirement plan, established by chapter 352B;

206.18 ~~(10)~~ (9) the public employees police and fire plan of the Public Employees
206.19 Retirement Association, established by chapter 353;

206.20 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
206.21 Employees Retirement Association, established by chapter 353E; and

206.22 ~~(12)~~ (11) the judges retirement plan, established by chapter 490.

206.23 Sec. 28. Minnesota Statutes 2008, section 356.303, subdivision 4, is amended to read:

206.24 Subd. 4. **Covered retirement plans.** This section applies to the following
206.25 retirement plans:

206.26 (1) the legislators retirement plan, established by chapter 3A;

206.27 (2) the general state employees retirement plan of the Minnesota State Retirement
206.28 System, established by chapter 352;

206.29 (3) the correctional state employees retirement plan of the Minnesota State
206.30 Retirement System, established by chapter 352;

206.31 (4) the State Patrol retirement plan, established by chapter 352B;

206.32 (5) the elective state officers retirement plan, established by chapter 352C;

206.33 (6) the unclassified state employees retirement program, established by chapter
206.34 352D;

207.1 (7) the general employees retirement plan of the Public Employees Retirement
 207.2 Association, established by chapter 353, including the MERF division of the Public
 207.3 Employees Retirement Association;

207.4 (8) the public employees police and fire plan of the Public Employees Retirement
 207.5 Association, established by chapter 353;

207.6 (9) the local government correctional service retirement plan of the Public
 207.7 Employees Retirement Association, established by chapter 353E;

207.8 (10) the Teachers Retirement Association, established by chapter 354;

207.9 (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

207.10 (12) the St. Paul Teachers Retirement Fund Association, established by chapter
 207.11 354A; and

207.12 ~~(13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and~~

207.13 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

207.14 Sec. 29. Minnesota Statutes 2009 Supplement, section 356.32, subdivision 2, is
 207.15 amended to read:

207.16 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
 207.17 following retirement plans:

207.18 (1) the general state employees retirement plan of the Minnesota State Retirement
 207.19 System, established under chapter 352;

207.20 (2) the correctional state employees retirement plan of the Minnesota State
 207.21 Retirement System, established under chapter 352;

207.22 (3) the State Patrol retirement plan, established under chapter 352B;

207.23 (4) the general employees retirement plan of the Public Employees Retirement
 207.24 Association, established under chapter 353, including the MERF division of the Public
 207.25 Employees Retirement Association;

207.26 (5) the public employees police and fire plan of the Public Employees Retirement
 207.27 Association, established under chapter 353;

207.28 (6) the Teachers Retirement Association, established under chapter 354;

207.29 ~~(7) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~

207.30 ~~(8)~~ (7) the Duluth Teachers Retirement Fund Association, established under chapter
 207.31 354A; and

207.32 ~~(9)~~ (8) the St. Paul Teachers Retirement Fund Association, established under chapter
 207.33 354A.

208.1 Sec. 30. Minnesota Statutes 2009 Supplement, section 356.401, subdivision 3, is
208.2 amended to read:

208.3 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
208.4 following retirement plans:

208.5 (1) the legislators retirement plan, established by chapter 3A;

208.6 (2) the general state employees retirement plan of the Minnesota State Retirement
208.7 System, established by chapter 352;

208.8 (3) the correctional state employees retirement plan of the Minnesota State
208.9 Retirement System, established by chapter 352;

208.10 (4) the State Patrol retirement plan, established by chapter 352B;

208.11 (5) the elective state officers retirement plan, established by chapter 352C;

208.12 (6) the unclassified state employees retirement program, established by chapter
208.13 352D;

208.14 (7) the general employees retirement plan of the Public Employees Retirement
208.15 Association, established by chapter 353, including the MERF division of the Public
208.16 Employees Retirement Association;

208.17 (8) the public employees police and fire plan of the Public Employees Retirement
208.18 Association, established by chapter 353;

208.19 (9) the public employees defined contribution plan, established by chapter 353D;

208.20 (10) the local government correctional service retirement plan of the Public
208.21 Employees Retirement Association, established by chapter 353E;

208.22 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
208.23 established by chapter 353G;

208.24 (12) the Teachers Retirement Association, established by chapter 354;

208.25 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

208.26 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
208.27 354A;

208.28 (15) the individual retirement account plan, established by chapter 354B;

208.29 (16) the higher education supplemental retirement plan, established by chapter 354C;

208.30 ~~(17) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

208.31 ~~(18)~~ (17) the Minneapolis Police Relief Association, established by chapter 423B;

208.32 ~~(19)~~ (18) the Minneapolis Firefighters Relief Association, established by chapter
208.33 423C; and

208.34 ~~(20)~~ (19) the judges retirement fund, established by chapter 490.

208.35 Sec. 31. Minnesota Statutes 2008, section 356.407, subdivision 2, is amended to read:

209.1 Subd. 2. **Covered funds.** The provisions of this section apply to the following
209.2 retirement funds:

209.3 (1) the general employees retirement plan of the Public Employees Retirement
209.4 Association established under chapter 353, including the MERF division of the Public
209.5 Employees Retirement Association;

209.6 (2) the public employees police and fire plan of the Public Employees Retirement
209.7 Association established under chapter 353;

209.8 (3) the State Patrol retirement plan established under chapter 352B;

209.9 (4) the legislators retirement plan established under chapter 3A;

209.10 (5) the elective state officers retirement plan established under chapter 352C; and

209.11 (6) the Teachers Retirement Association established under chapter 354; and

209.12 ~~(7) the Minneapolis Employees Retirement Fund established under chapter 422A.~~

209.13 Sec. 32. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 2, is
209.14 amended to read:

209.15 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
209.16 following retirement plans:

209.17 (1) the legislators retirement plan established under chapter 3A;

209.18 (2) the correctional state employees retirement plan of the Minnesota State
209.19 Retirement System established under chapter 352;

209.20 (3) the general state employees retirement plan of the Minnesota State Retirement
209.21 System established under chapter 352;

209.22 (4) the State Patrol retirement plan established under chapter 352B;

209.23 (5) the elective state officers retirement plan established under chapter 352C;

209.24 (6) the general employees retirement plan of the Public Employees Retirement
209.25 Association established under chapter 353, including the MERF division of the Public

209.26 Employees Retirement Association;

209.27 (7) the public employees police and fire retirement plan of the Public Employees
209.28 Retirement Association established under chapter 353;

209.29 (8) the local government correctional employees retirement plan of the Public
209.30 Employees Retirement Association established under chapter 353E;

209.31 (9) the teachers retirement plan established under chapter 354; and

209.32 (10) the judges retirement plan established under chapter 490.

209.33 Sec. 33. Minnesota Statutes 2008, section 356.431, subdivision 1, is amended to read:

210.1 Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid
 210.2 after December 31, 2001, to eligible persons under ~~sections~~ section 356.42 and 356.43,
 210.3 the amount of the most recent lump-sum benefit payable to an eligible recipient under
 210.4 ~~sections~~ section 356.42 and 356.43 must be divided by 12. The result must be added to
 210.5 the monthly annuity or benefit otherwise payable to an eligible recipient, must become a
 210.6 permanent part of the benefit recipient's pension, and must be included in any pension
 210.7 benefit subject to future increases.

210.8 Sec. 34. Minnesota Statutes 2008, section 356.465, subdivision 3, is amended to read:

210.9 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
 210.10 following retirement plans:

210.11 (1) the general state employees retirement plan of the Minnesota State Retirement
 210.12 System established under chapter 352;

210.13 (2) the correctional state employees retirement plan of the Minnesota State
 210.14 Retirement System established under chapter 352;

210.15 (3) the State Patrol retirement plan established under chapter 352B;

210.16 (4) the legislators retirement plan established under chapter 3A;

210.17 (5) the judges retirement plan established under chapter 490;

210.18 (6) the general employees retirement plan of the Public Employees Retirement
 210.19 Association established under chapter 353, including the MERF division of the Public
 210.20 Employees Retirement Association;

210.21 (7) the public employees police and fire plan of the Public Employees Retirement
 210.22 Association established under chapter 353;

210.23 (8) the teachers retirement plan established under chapter 354;

210.24 (9) the Duluth Teachers Retirement Fund Association established under chapter
 210.25 354A;

210.26 (10) the St. Paul Teachers Retirement Fund Association established under chapter
 210.27 354A;

210.28 ~~(11) the Minneapolis Employees Retirement Fund established under chapter 422A;~~

210.29 ~~(12)~~ (11) the Minneapolis Firefighters Relief Association established under chapter
 210.30 423C;

210.31 ~~(13)~~ (12) the Minneapolis Police Relief Association established under chapter
 210.32 423B; and

210.33 ~~(14)~~ (13) the local government correctional service retirement plan of the Public
 210.34 Employees Retirement Association established under chapter 353E.

211.1 Sec. 35. Minnesota Statutes 2008, section 356.64, is amended to read:

211.2 **356.64 REAL ESTATE INVESTMENTS.**

211.3 (a) Notwithstanding any law to the contrary, any public pension plan whose assets
211.4 are not invested by the State Board of Investment may invest its funds in Minnesota situs
211.5 nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if
211.6 the investment is consistent with section 356A.04.

211.7 (b) ~~Except to the extent authorized in the case of the Minneapolis Employees~~
211.8 ~~Retirement Fund under section 422A.05, subdivision 2c, paragraph (a),~~ An investment
211.9 otherwise authorized by this section must also comply with the requirements and
211.10 limitations of section 11A.24, subdivision 6.

211.11 Sec. 36. Minnesota Statutes 2008, section 356.65, subdivision 2, is amended to read:

211.12 Subd. 2. **Disposition of abandoned amounts.** Any unclaimed public pension
211.13 fund amounts existing in any public pension fund are presumed to be abandoned, but are
211.14 not subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of
211.15 the public pension fund specifically provides for a different disposition of unclaimed or
211.16 abandoned funds or amounts, any unclaimed public pension fund amounts cancel and
211.17 must be credited to the public pension fund. If the unclaimed public pension fund amount
211.18 exceeds \$25 and the inactive or former member again becomes a member of the applicable
211.19 public pension plan or applies for a retirement annuity under section 3A.12, 352.72,
211.20 352B.30, 353.71, 354.60, or 356.30, ~~or 422A.16, subdivision 8,~~ whichever applies, the
211.21 canceled amount must be restored to the credit of the person.

211.22 Sec. 37. Minnesota Statutes 2008, section 356.91, is amended to read:

211.23 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

211.24 (a) Upon written authorization of a person receiving an annuity from a public
211.25 pension fund administered by the Minnesota State Retirement System; or the Public
211.26 Employees Retirement Association, ~~or the Minneapolis Employees Retirement Fund,~~ the
211.27 executive director of the public pension fund may deduct from the retirement annuity an
211.28 amount requested by the annuitant to be paid as dues to any labor organization that is an
211.29 exclusive bargaining agent representing public employees or an organization representing
211.30 retired public employees of which the annuitant is a member and shall pay the amount to
211.31 the organization so designated by the annuitant.

211.32 (b) A pension fund and the plan fiduciaries which authorize or administer deductions
211.33 of dues payments under paragraph (a) are not liable for failure to properly deduct or

212.1 transmit the dues amounts, provided that the fund and the fiduciaries have acted in good
212.2 faith.

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

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

212.7 Sec. 38. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 1, is
212.8 amended to read:

212.9 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
212.10 a different meaning is intended, for the purpose of this section, the terms in paragraphs
212.11 (b) to (e) have the meanings given them.

212.12 (b) "Chief administrative officer" means the executive director of a covered pension
212.13 plan or the executive director's designee or representative.

212.14 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
212.15 2, clauses (1) to (4), ~~(10) (9)~~, and ~~(13) (12)~~ to ~~(16) (15)~~, but does not mean the
212.16 deferred compensation plan administered under sections 352.965 and 352.97 or to the
212.17 postretirement health care savings plan administered under section 352.98.

212.18 (d) "Governing board" means the Board of Trustees of the Public Employees
212.19 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
212.20 the Board of Directors of the Minnesota State Retirement System.

212.21 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in
212.22 a covered pension plan or a beneficiary of a participant, or an individual who has applied
212.23 to be a participant or who is or may be a survivor of a participant, or a state agency or
212.24 other governmental unit that employs active participants in a covered pension plan.

212.25 Sec. 39. Minnesota Statutes 2008, section 473.511, subdivision 3, is amended to read:

212.26 Subd. 3. **Existing sanitary districts, joint sewer boards.** Effective January 1,
212.27 1971, the corporate existence of the Minneapolis-St. Paul Sanitary District, the North
212.28 Suburban Sanitary Sewer District, and any joint board created by agreement among local
212.29 government units ~~pursuant to~~ under section 471.59, to provide interceptors and treatment
212.30 works for such local government units, ~~shall~~ terminate. All persons regularly employed by
212.31 such sanitary districts and joint boards on that date or on any earlier date on which the
212.32 former waste control commission pursuant to subdivisions 1 and 2 assumed ownership and
212.33 control of any interceptors or treatment works owned or operated by such sanitary districts
212.34 and joint boards, and who are employees of the commission on July 1, 1994, ~~shall be~~ are

213.1 employees of the council, ~~and may at their option become members of the Minnesota~~
213.2 ~~State Retirement System or may continue as members of a public retirement association~~
213.3 ~~under chapter 422A or any other law, to which they belonged before such date, and shall~~
213.4 ~~retain all pension rights which they may have under such latter laws, and all other rights to~~
213.5 ~~which they are entitled by contract or law.~~ Members of trades who are employed by the
213.6 former Metropolitan Waste Control Commission, who have trade union pension coverage
213.7 pursuant to under a collective bargaining agreement, and who elected exclusion from
213.8 coverage pursuant to under section 473.512, or who are first employed after July 1, 1977,
213.9 ~~shall~~ may not be covered by the Minnesota State Retirement System. The council shall
213.10 make the employer's contributions to pension funds of its employees. Such employees
213.11 shall perform such duties as may be prescribed by the council. All funds of such sanitary
213.12 districts and joint boards then on hand, and all subsequent collections of taxes, special
213.13 assessments or service charges levied or imposed by or for such sanitary districts or joint
213.14 boards ~~shall~~ must be transferred to the council. The local government units otherwise
213.15 entitled to such cash, taxes, assessments or service charges ~~shall~~ must be credited with
213.16 such amounts, and such credits ~~shall~~ must be offset against any amounts to be paid by
213.17 them to the council as provided in section 473.517. The former Metropolitan Waste
213.18 Control Commission, and on July 1, 1994, the council shall succeed to and become vested
213.19 by action of law with all right, title and interest in and to any property, real or personal,
213.20 owned or operated by such sanitary districts and joint boards. Prior to that date the proper
213.21 officers of such sanitary districts and joint boards, or the former Metropolitan Waste
213.22 Control Commission, shall execute and deliver to the council all deeds, conveyances, bills
213.23 of sale, and other documents or instruments required to vest in the council good and
213.24 marketable title to all such real or personal property; provided that vesting of the title ~~shall~~
213.25 must occur by operation of law and failure to execute and deliver the documents ~~shall~~ does
213.26 not affect the vesting of title in the former Metropolitan Waste Control Commission or the
213.27 council on the dates indicated in this subdivision. The council shall become obligated to
213.28 pay or assume all bonded or other debt and contract obligations incurred by the former
213.29 Metropolitan Waste Control Commission, or by such sanitary districts and joint boards, or
213.30 incurred by local government units for the acquisition or betterment of any interceptors or
213.31 treatment works owned or operated by such sanitary districts or joint boards.

213.32 Sec. 40. Minnesota Statutes 2008, section 473.606, subdivision 5, is amended to read:

213.33 Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation
213.34 shall have the power to appoint engineers and other consultants, attorneys, and such
213.35 other officers, agents, and employees as it may see fit, who shall perform such duties and

214.1 receive such compensation as the corporation may determine, and be removable at the
 214.2 pleasure of the corporation. The corporation ~~shall~~ must adopt an affirmative action plan,
 214.3 which shall be submitted to the appropriate agency or office of the state for review and
 214.4 approval. The plan ~~shall~~ must include a yearly progress report to the agency or office.
 214.5 ~~Officers and employees of the corporation who cannot qualify and participate in the~~
 214.6 ~~municipal employees retirement fund under chapter 422A, shall be separated from service~~
 214.7 ~~at the retirement age applicable to officers or employees of the state of Minnesota in the~~
 214.8 ~~classified service of the state civil service as provided in section 43A.34, or as the same~~
 214.9 ~~may from time to time be amended, regardless of the provisions of the Veteran's Preference~~
 214.10 ~~Act.~~ Whenever the corporation performs any work within the limits of a city of the first
 214.11 class, or establishes a minimum wage for skilled or unskilled labor in the specifications or
 214.12 any contract for work within one of the cities, the rate of pay to such skilled and unskilled
 214.13 labor ~~shall~~ must be the prevailing rate of wage for such labor in that city.

214.14 Sec. 41. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

214.15 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
 214.16 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
 214.17 for funding actuarial liabilities to pay postemployment benefits to employees or officers
 214.18 after their termination of service; or for funding all or part of the municipality's current
 214.19 and future unfunded liability for a pension or retirement fund or plan referred to in
 214.20 section 356.20, subdivision 2, as those liabilities are most recently computed pursuant
 214.21 to under sections 356.215 and 356.216. The board of trustees or directors of a pension
 214.22 fund or relief association referred to in section 69.77 ~~or chapter 422A~~ must consent and
 214.23 must be a party to any contract made under this section with respect to the fund held by
 214.24 it for the benefit of and in trust for its members. For purposes of this section, the term
 214.25 "postemployment benefits" means benefits giving rise to a liability under Statement No.
 214.26 45 of the Governmental Accounting Standards Board.

214.27 Sec. 42. Minnesota Statutes 2009 Supplement, section 480.181, subdivision 2, is
 214.28 amended to read:

214.29 Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a
 214.30 person is transferred to state employment under this section, the person may elect to do
 214.31 either or both of the following:

214.32 (1) keep life insurance; hospital, medical, and dental insurance; and vacation and
 214.33 sick leave benefits and accumulated time provided by the county instead of receiving
 214.34 benefits from the state under the judicial branch personnel rules; or

215.1 (2) remain a member of the general employees retirement plan of the Public
215.2 Employees Retirement Association or the ~~Minneapolis employees retirement fund~~ MERF
215.3 division of the Public Employees Retirement Association instead of joining the Minnesota
215.4 State Retirement System.

215.5 Employees who make an election under clause (1) remain on the county payroll,
215.6 but the state shall reimburse the county on a quarterly basis for the salary and cost of the
215.7 benefits provided by the county. The state shall make the employer contribution to the
215.8 general employees retirement plan of the Public Employees Retirement Association or the
215.9 employer contribution under section ~~422A.10~~ 353.50, subdivision ~~1a~~ 7, paragraphs (c)
215.10 and (d), to the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
215.11 Employees Retirement Association on behalf of employees who make an election under
215.12 clause (2).

215.13 (b) An employee who makes an election under paragraph (a), clause (1), may revoke
215.14 the election, once, at any time, but if the employee revokes the election, the employee
215.15 cannot make another election. An employee who makes an election under paragraph (a),
215.16 clause (2), may revoke the election at any time within six months after the person becomes
215.17 a state employee. Once an employee revokes this election, the employee cannot make
215.18 another election.

215.19 (c) The Supreme Court, after consultation with the Judicial Council, the
215.20 commissioner of management and budget, and the executive directors of the Public
215.21 Employees Retirement Association and the Minnesota State Retirement Association, shall
215.22 adopt procedures for making elections under this section.

215.23 (d) The Supreme Court shall notify all affected employees of the options available
215.24 under this section. The executive directors of the Public Employees Retirement
215.25 Association and the Minnesota State Retirement System shall provide counseling to
215.26 affected employees on the effect of making an election to remain a member of the Public
215.27 Employees Retirement Association.

215.28 Sec. 43. **EFFECTIVE DATE.**

215.29 Sections 1 to 42 are effective June 30, 2010.

215.30 **ARTICLE 14**

215.31 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION MODIFICATIONS**

215.32 Section 1. Minnesota Statutes 2009 Supplement, section 69.772, subdivision 6, is
215.33 amended to read:

216.1 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
216.2 relief association does not have a surplus over full funding ~~pursuant to~~ under subdivision 3,
216.3 clause (2), subclause (e), ~~or~~ and if the municipality is required to provide financial support
216.4 to the special fund of the relief association ~~pursuant to~~ under this section, the adoption of
216.5 or any amendment to the articles of incorporation or bylaws of a relief association which
216.6 increases or otherwise affects the retirement coverage provided by or the service pensions
216.7 or retirement benefits payable from the special fund of any relief association to which this
216.8 section applies is not effective until it is ratified by the governing body of the municipality
216.9 in which the relief association is located and the officers of a relief association shall not
216.10 seek municipal ratification prior to preparing and certifying an estimate of the expected
216.11 increase in the accrued liability and annual accruing liability of the relief association
216.12 attributable to the amendment. If the special fund of the relief association has a surplus
216.13 over full funding ~~pursuant to~~ under subdivision 3, clause (2), subclause (e), and if the
216.14 municipality is not required to provide financial support to the special fund of the relief
216.15 association ~~pursuant to~~ under this section, the relief association may adopt or amend its
216.16 articles of incorporation or bylaws which increase or otherwise affect the retirement
216.17 coverage provided by or the service pensions or retirement benefits payable from the
216.18 special fund of the relief association which are effective without municipal ratification so
216.19 long as this does not cause the amount of the resulting increase in the accrued liability
216.20 of the special fund of the relief association to exceed 90 percent of the amount of the
216.21 surplus over full funding reported in the prior year and this does not result in the financial
216.22 requirements of the special fund of the relief association exceeding the expected amount
216.23 of the future fire state aid to be received by the relief association as determined by the
216.24 board of trustees following the preparation of an estimate of the expected increase in the
216.25 accrued liability and annual accruing liability of the relief association attributable to the
216.26 change. If a relief association adopts or amends its articles of incorporation or bylaws
216.27 without municipal ratification ~~pursuant to~~ under this subdivision, and, subsequent to
216.28 the amendment or adoption, the financial requirements of the special fund of the relief
216.29 association ~~pursuant to~~ under this section are such so as to require financial support from
216.30 the municipality, the provision which was implemented without municipal ratification is
216.31 no longer effective without municipal ratification and any service pensions or retirement
216.32 benefits payable after that date may be paid only in accordance with the articles of
216.33 incorporation or bylaws as amended or adopted with municipal ratification.

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

217.1 Sec. 2. Minnesota Statutes 2009 Supplement, section 69.773, subdivision 6, is
217.2 amended to read:

217.3 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
217.4 relief association does not have a surplus over full funding ~~pursuant to~~ under subdivision
217.5 4, ~~or~~ and if the municipality is required to provide financial support to the special fund of
217.6 the relief association ~~pursuant to~~ under this section, the adoption of or any amendment to
217.7 the articles of incorporation or bylaws of a relief association which increases or otherwise
217.8 affects the retirement coverage provided by or the service pensions or retirement benefits
217.9 payable from the special fund of any relief association to which this section applies is not
217.10 effective until it is ratified by the governing body of the municipality in which the relief
217.11 association is located. If the special fund of the relief association has a surplus over full
217.12 funding ~~pursuant to~~ under subdivision 4, and if the municipality is not required to provide
217.13 financial support to the special fund of the relief association ~~pursuant to~~ under this section,
217.14 the relief association may adopt or amend its articles of incorporation or bylaws which
217.15 increase or otherwise affect the retirement coverage provided by or the service pensions
217.16 or retirement benefits payable from the special fund of the relief association which are
217.17 effective without municipal ratification so long as this does not cause the amount of the
217.18 resulting increase in the accrued liability of the special fund of the relief association to
217.19 exceed 90 percent of the amount of the surplus over full funding reported in the prior year
217.20 and this does not result in the financial requirements of the special fund of the relief
217.21 association exceeding the expected amount of the future fire state aid to be received by the
217.22 relief association as determined by the board of trustees following the preparation of an
217.23 updated actuarial valuation including the proposed change or an estimate of the expected
217.24 actuarial impact of the proposed change prepared by the actuary of the relief association.
217.25 If a relief association adopts or amends its articles of incorporation or bylaws without
217.26 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or
217.27 adoption, the financial requirements of the special fund of the relief association ~~pursuant~~
217.28 ~~to~~ under this section are such so as to require financial support from the municipality, the
217.29 provision which was implemented without municipal ratification is no longer effective
217.30 without municipal ratification and any service pensions or retirement benefits payable after
217.31 that date may be paid only in accordance with the articles of incorporation or bylaws as
217.32 amended or adopted with municipal ratification.

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

217.34 Sec. 3. Minnesota Statutes 2008, section 356A.06, subdivision 8, is amended to read:

218.1 Subd. 8. **Minimum liquidity requirements.** A covered pension plan described by
218.2 subdivision 6, ~~paragraph (a)~~ or 7, in order to pay benefits as they come due, shall invest
218.3 a portion of its assets in authorized short-term debt obligations that can be immediately
218.4 liquidated without accrual of a substantial determinable penalty or loss and that have an
218.5 average maturity of no more than 90 days. The chief administrative officer of the plan
218.6 shall determine the minimum liquidity requirement of the plan and shall retain appropriate
218.7 documentation of that determination for three years from the date of determination.

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

218.9 Sec. 4. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 1, is
218.10 amended to read:

218.11 Subdivision 1. **Minors.** ~~(a) No volunteer firefighters' relief association associated~~
218.12 ~~with a municipality or an independent nonprofit firefighting corporation may include as a~~
218.13 ~~relief association member a minor serving as a firefighter, except for members of a youth,~~
218.14 ~~civic, or educational organization or program who participate with uninterrupted adult~~
218.15 ~~supervision, as allowed by federal law and by section 181A.04. Such organizations or~~
218.16 ~~programs include, but are not limited to, Boy Scout Explorer programs or firefighting~~
218.17 ~~degree programs.~~

218.18 ~~(b)~~ No volunteer firefighters' relief association associated with a municipality or an
218.19 independent nonprofit firefighting corporation may include as a relief association member
218.20 a minor serving as a volunteer firefighter.

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

218.22 Sec. 5. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 6, is
218.23 amended to read:

218.24 Subd. 6. **Return to active firefighting after break in service.** (a) The requirements
218.25 of this section apply to all breaks in service, except breaks in service mandated by federal
218.26 or state law.

218.27 (b)(1) If a former active firefighter who has ceased to perform or supervise fire
218.28 suppression and fire prevention duties for at least 60 days resumes performing active
218.29 firefighting with the fire department associated with the relief association, if the bylaws of
218.30 the relief association so permit, the person firefighter may again become an active member
218.31 of the relief association. A firefighter who returns to active service and membership is
218.32 subject to the service pension calculation requirements under this section.

219.1 (2) A firefighter who has been granted an approved leave of absence not exceeding
219.2 one year by the fire department or by the relief association is exempt from the minimum
219.3 period of resumption service requirement of this section.

219.4 (3) A person who has a break in service not exceeding one year but has not been
219.5 granted an approved leave of absence and who has not received a service pension or
219.6 disability benefit may be made exempt from the minimum period of resumption service
219.7 requirement of this section by the relief association bylaws.

219.8 (4) If the bylaws so provide, a firefighter who returns to active relief association
219.9 membership under this paragraph may continue to collect a monthly service pension,
219.10 notwithstanding the service pension eligibility requirements under chapter 424A.

219.11 ~~(b)~~ (c) If a former firefighter who has received a service pension or disability benefit
219.12 returns to active relief association membership under paragraph ~~(a)~~ (b), the firefighter may
219.13 qualify for the receipt of a service pension from the relief association for the resumption
219.14 service period if the firefighter meets a minimum period of resumption service specified in
219.15 the relief association bylaws the service requirements of section 424A.016, subdivision 3,
219.16 or 424A.02, subdivision 2.

219.17 (d) If a former firefighter who has not received a service pension or disability benefit
219.18 returns to active relief association membership under paragraph (b), the firefighter may
219.19 qualify for the receipt of a service pension from the relief association for the resumption
219.20 service period if the firefighter meets the minimum period of resumption service specified
219.21 in the relief association bylaws and the service requirements of section 424A.016,
219.22 subdivision 3, or 424A.02, subdivision 2.

219.23 ~~(e)~~ (e) A firefighter who returns to active lump-sum relief association membership
219.24 and who qualifies for a service pension under paragraph ~~(b)~~ (c) or (d) must have, upon
219.25 a subsequent cessation of duties, any service pension for the resumption service period
219.26 calculated as a separate benefit. If a lump-sum service pension had been paid to the
219.27 firefighter upon the firefighter's previous cessation of duties, a second lump-sum service
219.28 pension for the resumption service period must be calculated to apply the service pension
219.29 amount in effect on the date of the firefighter's termination of the resumption service for all
219.30 years of the resumption service. No firefighter may be paid a service pension twice for the
219.31 same period of service. If a lump-sum service pension had not been paid to the firefighter
219.32 upon the firefighter's previous cessation of duties and the firefighter meets the minimum
219.33 service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, a
219.34 service pension must be calculated to apply the service pension amount in effect on the
219.35 date of the firefighter's termination of the resumption service for all years of service credit.

220.1 ~~(d)~~ (f) A firefighter who had not been paid a lump-sum service pension returns
220.2 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
220.3 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
220.4 requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the
220.5 firefighter's previous years of active service, must have, upon a subsequent cessation of
220.6 duties, a service pension calculated for the previous years of service based on the service
220.7 pension amount in effect on the date of the firefighter's termination of the resumption
220.8 service, or, if the bylaws so provide, based on the service pension amount in effect on the
220.9 date of the firefighter's previous cessation of duties.

220.10 ~~(e)~~ (g) If a firefighter receiving a monthly benefit service pension returns to active
220.11 monthly benefit relief association membership under paragraph ~~(a)~~ (b), and if the relief
220.12 association bylaws do not allow for the firefighter to continue collecting a monthly service
220.13 pension, any monthly benefit service pension payable to the firefighter is suspended as
220.14 of the first day of the month next following the date on which the firefighter returns to
220.15 active membership. If the firefighter was receiving a monthly benefit service pension,
220.16 and qualifies for a service pension under paragraph ~~(b)~~ (c), the firefighter is entitled to
220.17 an additional monthly benefit service pension upon a subsequent cessation of duties
220.18 calculated based on the resumption service credit and the service pension accrual amount
220.19 in effect on the date of the termination of the resumption service. ~~The~~ A suspended initial
220.20 service pension resumes as of the first of the month next following the termination of the
220.21 resumption service. If the firefighter was not receiving a monthly benefit service pension
220.22 and meets the minimum service requirement of section 424A.02, subdivision 2, a service
220.23 pension must be calculated to apply the service pension amount in effect on the date of the
220.24 firefighter's termination of the resumption service for all years of service credit.

220.25 ~~(f)~~ (h) A firefighter who was not receiving a monthly benefit service pension returns
220.26 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
220.27 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
220.28 requirement of section 424A.02, subdivision 2, based on the firefighter's previous years
220.29 of active service, must have, upon a subsequent cessation of duties, a service pension
220.30 calculated for the previous years of service based on the service pension amount in effect
220.31 on the date of the firefighter's termination of the resumption service, or, if the bylaws so
220.32 provide, based on the service pension amount in effect on the date of the firefighter's
220.33 previous cessation of duties.

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

221.1 Sec. 6. Minnesota Statutes 2009 Supplement, section 424A.015, is amended by adding
221.2 a subdivision to read:

221.3 Subd. 5. **Minnesota deferred compensation plan transfers.** A relief association
221.4 may directly transfer on an institution-to-institution basis the eligible member's
221.5 lump-sum pension amount to the requesting member's account in the Minnesota deferred
221.6 compensation plan, if:

221.7 (1) the governing articles of incorporation or bylaws so provide;

221.8 (2) the volunteer firefighter participates in the Minnesota deferred compensation
221.9 plan at the time of retirement; and

221.10 (3) the applicable retiring firefighter requests in writing that the relief association
221.11 do so.

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

221.13 Sec. 7. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 4, is
221.14 amended to read:

221.15 Subd. 4. **Individual accounts.** (a) An individual account must be established for
221.16 each firefighter who is a member of the relief association.

221.17 (b) To each individual active member account must be credited an equal share of:

221.18 (1) any amounts of fire state aid received by the relief association;

221.19 (2) any amounts of municipal contributions to the relief association raised from
221.20 levies on real estate or from other available municipal revenue sources exclusive of fire
221.21 state aid; and

221.22 (3) any amounts equal to the share of the assets of the special fund to the credit of:

221.23 (i) any former member who terminated active service with the fire department to
221.24 which the relief association is associated before meeting the minimum service requirement
221.25 provided for in subdivision 2, paragraph (b), and has not returned to active service with
221.26 the fire department for a period no shorter than five years; or

221.27 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
221.28 the amounts credited to the individual member account under subdivision 2, paragraph
221.29 (b), and any applicable provision of the bylaws of the relief association. In addition, any
221.30 investment return on the assets of the special fund must be credited in proportion to the
221.31 share of the assets of the special fund to the credit of each individual active member
221.32 account. Administrative expenses of the relief association payable from the special
221.33 fund may be deducted from individual accounts in a manner specified in the bylaws of
221.34 the relief association.

222.1 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
 222.2 any investment return on the assets of the special fund to the accounts of inactive members.

222.3 (d) Amounts to be credited to individual accounts must be allocated uniformly for
 222.4 all years of active service and allocations must be made for all years of service, except for
 222.5 caps on service credit if so provided in the bylaws of the relief association. The allocation
 222.6 method may utilize monthly proration for fractional years of service, as the bylaws or
 222.7 articles of incorporation of the relief association so provide. The bylaws or articles of
 222.8 incorporation may define a "month," but the definition must require a calendar month to
 222.9 have at least 16 days of active service. If the bylaws or articles of incorporation do not
 222.10 define a "month," a "month" is a completed calendar month of active service measured
 222.11 from the member's date of entry to the same date in the subsequent month.

222.12 ~~(d)~~ (e) At the time of retirement under subdivision 2 and any applicable provision
 222.13 of the bylaws of the relief association, a retiring member is entitled to that portion of the
 222.14 assets of the special fund to the credit of the member in the individual member account
 222.15 which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of
 222.16 the relief association based on the number of years of service to the credit of the retiring
 222.17 member.

222.18 ~~(e)~~ (f) Annually, the secretary of the relief association shall certify the individual
 222.19 account allocations to the state auditor at the same time that the annual financial statement
 222.20 or financial report and audit of the relief association, whichever applies, is due under
 222.21 section 69.051.

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

222.23 Sec. 8. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 7, is
 222.24 amended to read:

222.25 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief
 222.26 association may only pay an ancillary benefit which would constitute an authorized
 222.27 disbursement as specified in section 424A.05. The ancillary benefit for active members
 222.28 must equal the vested ~~or~~ and nonvested amount of the individual account of the member.

222.29 (b) For deferred members, the ancillary benefit must equal the vested amount of
 222.30 the individual account of the member. For the recipient of installment payments of a
 222.31 service pension, the ancillary benefit must equal the remaining balance in the individual
 222.32 account of the recipient.

222.33 (c)(1) If a survivor or death benefit is payable under the articles of incorporation or
 222.34 bylaws, the benefit must be paid:

222.35 (i) as a survivor benefit to the surviving spouse of the deceased firefighter;

223.1 (ii) as a survivor benefit to the surviving children of the deceased firefighter if no
223.2 surviving spouse;

223.3 (iii) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
223.4 surviving spouse or surviving children; or

223.5 (iv) as a death benefit to the estate of the deceased active or deferred firefighter if no
223.6 surviving spouse, no surviving children, and no beneficiary designated.

223.7 (2) If there are no surviving children, the surviving spouse may waive, in writing,
223.8 wholly or partially, the spouse's entitlement to a survivor benefit.

223.9 (d) For purposes of this section, for a defined contribution volunteer fire relief
223.10 association, a trust created under chapter 501B may be a designated beneficiary. If a trust
223.11 payable to the surviving children organized under chapter 501B has been established as
223.12 authorized by this section and there is no surviving spouse, the survivor benefit may be
223.13 paid to the trust, notwithstanding the requirements of this section.

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

223.15 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 9, is
223.16 amended to read:

223.17 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
223.18 including any volunteer firefighters relief association governed by section 69.77 or any
223.19 volunteer firefighters division of a relief association governed by chapter 424, may only
223.20 pay ancillary benefits which would constitute an authorized disbursement as specified in
223.21 section 424A.05 subject to the following requirements or limitations:

223.22 (1) with respect to a defined benefit relief association in which governing bylaws
223.23 provide for a lump-sum service pension to a retiring member, no ancillary benefit may
223.24 be paid to any former member or paid to any person on behalf of any former member
223.25 after the former member (i) terminates active service with the fire department and active
223.26 membership in the relief association; and (ii) commences receipt of a service pension as
223.27 authorized under this section; and

223.28 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
223.29 payable to any member, to any former member, or to any person on behalf of any member
223.30 or former member, may exceed in amount the total earned service pension of the member
223.31 or former member. The total earned service pension must be calculated by multiplying
223.32 the service pension amount specified in the bylaws of the relief association at the time of
223.33 death or disability, whichever applies, by the years of service credited to the member or
223.34 former member. The years of service must be determined as of (i) the date the member or
223.35 former member became entitled to the ancillary benefit; or (ii) the date the member or

224.1 former member died entitling a survivor or the estate of the member or former member to
224.2 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
224.3 member had attained the minimum amount of service and membership credit specified in
224.4 the governing bylaws. For active members, the amount of a permanent disability benefit
224.5 or a survivor benefit must be equal to the member's total earned service pension except
224.6 that the bylaws of a defined benefit relief association may provide for the payment of a
224.7 survivor benefit in an amount not to exceed five times the yearly service pension amount
224.8 specified in the bylaws on behalf of any member who dies before having performed five
224.9 years of active service in the fire department with which the relief association is affiliated.

224.10 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
224.11 incorporation or bylaws, the benefit must be paid:

224.12 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

224.13 (B) as a survivor benefit to the surviving children of the deceased firefighter if
224.14 no surviving spouse;

224.15 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
224.16 surviving spouse or surviving children; or

224.17 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
224.18 surviving children and no beneficiary designated.

224.19 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
224.20 wholly or partially, the spouse's entitlement to a survivor benefit.

224.21 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
224.22 incorporation or bylaws, the benefit must be paid:

224.23 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

224.24 (B) as a survivor benefit to the surviving children of the deceased firefighter if
224.25 no surviving spouse;

224.26 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
224.27 surviving spouse or surviving children; or

224.28 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
224.29 surviving spouse, no surviving children, and no beneficiary designated.

224.30 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
224.31 wholly or partially, the spouse's entitlement to a survivor benefit.

224.32 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
224.33 survivor benefit payable to a designated beneficiary, the relief association bylaws may
224.34 limit the total survivor benefit amount payable.

224.35 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
224.36 or for a combination lump-sum and monthly benefit volunteer fire relief association where

225.1 a monthly benefit service pension has been elected by or a monthly benefit is payable with
225.2 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
225.3 of this section, for a lump-sum volunteer fire relief association or for a combination
225.4 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
225.5 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
225.6 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to
225.7 the surviving children organized under chapter 501B as authorized by this section and
225.8 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding
225.9 a requirement of this section to the contrary.

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

225.11 Sec. 10. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 10,
225.12 is amended to read:

225.13 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each
225.14 defined benefit relief association to which this section applies must file a revised copy
225.15 of its governing bylaws with the state auditor upon the adoption of any amendment to
225.16 its governing bylaws by the relief association or upon the approval of any amendment
225.17 to its governing bylaws granted by the governing body of each municipality served by
225.18 the fire department to which the relief association is directly associated. Failure of the
225.19 relief association to file a copy of the bylaws or any bylaw amendments with the state
225.20 auditor disqualifies the municipality from the distribution of any future fire state aid until
225.21 this filing requirement has been completed.

225.22 (b) If the special fund of the relief association does not have a surplus over full
225.23 funding under section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,
225.24 subdivision 4, and if the municipality is required to provide financial support to the special
225.25 fund of the relief association under section 69.772 or 69.773, no bylaw amendment which
225.26 would affect the amount of, the manner of payment of, or the conditions for qualification
225.27 for service pensions or ancillary benefits or disbursements other than administrative
225.28 expenses authorized under section 69.80 payable from the special fund of the relief
225.29 association is effective until it has been ratified ~~by the governing body or bodies of the~~
225.30 ~~appropriate municipalities~~ as required under section 69.772, subdivision 6, or 69.773,
225.31 subdivision 6. If the special fund of the relief association has a surplus over full funding
225.32 under section 69.772, subdivision 3, or 69.773, subdivision 4, and if the municipality is
225.33 not required to provide financial support to the special fund under this section, the relief
225.34 association may adopt or amend without municipal ratification its articles of incorporation
225.35 or bylaws which increase or otherwise affect the service pensions or ancillary benefits

226.1 payable from the special fund ~~so long as the changes do not cause the amount of the~~
226.2 ~~resulting increase in the accrued liability of the special fund to exceed 90 percent of the~~
226.3 ~~amount of the surplus over full funding reported in the prior year and the changes do not~~
226.4 ~~result in the financial requirements of the special fund exceeding the expected amount~~
226.5 ~~of the subsequent calendar year's fire state aid to be received by the relief association if~~
226.6 authorized under section 69.772, subdivision 6, or 69.773, subdivision 6.

226.7 (c) If the relief association pays only a lump-sum pension, the financial requirements
226.8 are to be determined by the board of trustees following the preparation of an estimate
226.9 of the expected increase in the accrued liability and annual accruing liability of the
226.10 relief association attributable to the change. If the relief association pays a monthly
226.11 benefit service pension, the financial requirements are to be determined by the board of
226.12 trustees following either an updated actuarial valuation including the proposed change
226.13 or an estimate of the expected actuarial impact of the proposed change prepared by the
226.14 actuary of the relief association. If a relief association adopts or amends its articles
226.15 of incorporation or bylaws without municipal ratification under this subdivision, and,
226.16 subsequent to the amendment or adoption, the financial requirements of the special fund
226.17 under this section are such so as to require financial support from the municipality, the
226.18 provision which was implemented without municipal ratification is no longer effective
226.19 without municipal ratification, and any service pensions or ancillary benefits payable after
226.20 that date must be paid only in accordance with the articles of incorporation or bylaws as
226.21 amended or adopted with municipal ratification.

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

226.23 Sec. 11. Minnesota Statutes 2009 Supplement, section 424A.05, subdivision 3, is
226.24 amended to read:

226.25 Subd. 3. **Authorized disbursements from the special fund.** ~~(a)~~ Disbursements
226.26 from the special fund may not be made for any purpose other than one of the following:

226.27 (1) for the payment of service pensions to retired members of the relief association if
226.28 authorized and paid under law and the bylaws governing the relief association;

226.29 (2) for the purchase of an annuity for the applicable person under section 424A.015,
226.30 subdivision 3, for the transfer of service pension or benefit amounts to the applicable
226.31 person's individual retirement account under section 424A.015, subdivision 4, or to the
226.32 applicable person's account in the Minnesota deferred compensation plan under section
226.33 424A.015, subdivision 5;

227.1 ~~(2)~~ (3) for the payment of temporary or permanent disability benefits to disabled
 227.2 members of the relief association if authorized and paid under law and specified in amount
 227.3 in the bylaws governing the relief association;

227.4 ~~(3)~~ (4) for the payment of survivor benefits ~~to surviving spouses and surviving~~
 227.5 ~~children, or if none, to designated beneficiaries, of deceased members of the relief~~
 227.6 ~~association, and if no survivors and if no designated beneficiary, or~~ for the payment of a
 227.7 death benefit to the estate of the deceased active or deferred firefighter, if authorized by
 227.8 and paid under law and specified in amount in the bylaws governing the relief association;

227.9 ~~(4)~~ (5) for the payment of the fees, dues and assessments to the Minnesota State
 227.10 Fire Department Association and to the Minnesota Area Relief Association Coalition in
 227.11 order to entitle relief association members to membership in and the benefits of these
 227.12 associations or organizations;

227.13 ~~(5)~~ (6) for the payment of insurance premiums to the state Volunteer Firefighters
 227.14 Benefit Association, or an insurance company licensed by the state of Minnesota offering
 227.15 casualty insurance, in order to entitle relief association members to membership in and the
 227.16 benefits of the association or organization; and

227.17 ~~(6)~~ (7) for the payment of administrative expenses of the relief association as
 227.18 authorized under section 69.80.

227.19 ~~(b) For purposes of this chapter, for a monthly benefit volunteer fire relief association~~
 227.20 ~~or for a combination lump-sum and monthly benefit volunteer fire relief association where~~
 227.21 ~~a monthly benefit service pension has been elected by or a monthly benefit is payable with~~
 227.22 ~~respect to a firefighter, a designated beneficiary must be a natural person. For purposes of~~
 227.23 ~~this chapter, for a defined contribution volunteer fire relief association, for a lump-sum~~
 227.24 ~~volunteer fire relief association, or for a combination lump-sum and monthly benefit~~
 227.25 ~~volunteer fire relief association where a lump-sum service pension has been elected by~~
 227.26 ~~or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary~~
 227.27 ~~may be a trust created under chapter 501B.~~

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

227.29 Sec. 12. Minnesota Statutes 2009 Supplement, section 424A.05, is amended by adding
 227.30 a subdivision to read:

227.31 **Subd. 3a. Corrections of erroneous special fund deposits.** Upon notification
 227.32 of funds deposited in error in the special fund and after presentation of evidence that
 227.33 the error occurred in good faith, the state auditor may require the relief association to
 227.34 provide a written legal opinion concluding that the transfer of funds from the special
 227.35 fund is consistent with federal and state law. Taking into consideration the evidence of

228.1 good faith presented and the legal opinion, if any, provided, the state auditor may order
228.2 the transfer from the special fund to the appropriate fund or account an amount equal
228.3 to the funds deposited in error.

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

228.5 Sec. 13. **REPEALER.**

228.6 (a) Minnesota Statutes 2009 Supplement, section 424A.001, subdivision 6, is
228.7 repealed.

228.8 (b) Laws 2009, chapter 169, article 10, section 32, is repealed.

228.9 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

228.10 Paragraph (b) is effective retroactively from July 1, 2009.

228.11 **ARTICLE 15**

228.12 **ONE PERSON/SMALL GROUP PENSION ISSUES**

228.13 Section 1. **PERA-GENERAL; PURCHASE OF OMITTED INVER GROVE**
228.14 **HEIGHTS SCHOOL DISTRICT OMITTED MEMBER CONTRIBUTIONS.**

228.15 (a) Notwithstanding any provision of law to the contrary, an eligible person
228.16 described in paragraph (b) is entitled to purchase from the general employees retirement
228.17 plan of the Public Employees Retirement Association allowable service credit under
228.18 Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member
228.19 deductions described in paragraph (c).

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

228.21 (1) was born on April 17, 1948;

228.22 (2) is a current employee of Independent School District No. 199, Inver Grove
228.23 Heights;

228.24 (3) is a current member of the general employees retirement plan of the Public
228.25 Employees Retirement Association;

228.26 (4) was employed by Independent School District No. 199, Inver Grove Heights,
228.27 on August 26, 1985; and

228.28 (5) was not reported by Independent School District No. 199, Inver Grove Heights,
228.29 for retirement coverage by and membership in the general employees retirement plan of
228.30 the Public Employees Retirement Association until September 1, 1986.

228.31 (c) The period of uncredited service authorized for purchase is the period of August
228.32 26, 1985, until August 31, 1986, during which no member contributions for the general
228.33 employees retirement plan of the Public Employees Retirement Association were

229.1 deducted from the eligible person's salary by Independent School District No. 199, Inver
229.2 Grove Heights.

229.3 (d) The purchase payment amount payable by the eligible person is four percent of
229.4 the eligible person's salary under Minnesota Statutes 1984, section 353.01, subdivision
229.5 10, from Independent School District No. 199, Inver Grove Heights, during the period of
229.6 August 26, 1985, until August 31, 1986, plus annual compound interest on that amount at
229.7 the rate of 8.5 percent from March 1, 1986, until the date on which payment is made to
229.8 the Public Employees Retirement Association. The purchase payment amount payable
229.9 by Independent School District No. 199, Inver Grove Heights, is the balance of the full
229.10 actuarial value prior service credit purchase payment amount determined under Minnesota
229.11 Statutes, section 356.551, as of the first day of the month next following the receipt of the
229.12 eligible person's payment that is remaining after deducting the purchase payment amount
229.13 payable by the eligible person.

229.14 (e) The school district purchase payment amount payable under paragraph (d) must
229.15 be made on or before the 15th of the month next following the receipt of the eligible
229.16 person's payment under paragraph (d). If the school district purchase payment amount is
229.17 not paid in a timely fashion, the amount due accrues compound monthly interest at the
229.18 rate of 0.71 percent per month from the first day of the month next following the receipt
229.19 of the eligible person's payment until the school district purchase payment amount is
229.20 received by the Public Employees Retirement Association. If the school district purchase
229.21 payment amount is not paid to the Public Employees Retirement Association 90 days
229.22 after the receipt of the eligible person's payment, the executive director shall notify
229.23 the commissioner of management and budget, the commissioner of education, and the
229.24 commissioner of revenue of that unpaid obligation and the unpaid obligation must be
229.25 deducted from any state aid otherwise payable to the school district, plus interest.

229.26 (f) The eligible person must provide the executive director of the Public Employees
229.27 Retirement Association with any relevant requested information pertaining to this service
229.28 credit purchase.

229.29 (g) Authority to make a service credit purchase under this section expires on June
229.30 30, 2011, or upon the termination from public employment under Minnesota Statutes,
229.31 section 353.01, subdivision 11a, whichever occurs earlier.

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

229.33 **Sec. 2. TEACHERS RETIREMENT ASSOCIATION; SECOND CHANCE**
229.34 **RETIREMENT COVERAGE AUTHORITY FOR IRAP MEMBER.**

230.1 (a) Notwithstanding any provision of Minnesota Statutes, chapter 352, 353, or
230.2 354B or section 356.551 to the contrary, an eligible person described in paragraph (b) is
230.3 entitled to elect retirement coverage for Minnesota State Colleges and Universities System
230.4 employment by the Teachers Retirement Association under Minnesota Statutes, section
230.5 354B.21, subdivisions 2 and 3, despite the time limitation on the election.

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

230.7 (1) was born on July 19, 1948;

230.8 (2) was employed by Mankato State University in 1969, with retirement coverage in
230.9 the general state employees retirement plan of the Minnesota State Retirement System, for
230.10 which a refund of member contributions and interest was taken before 2007;

230.11 (3) was employed by the city of Austin in the early 1980s, with retirement coverage
230.12 in the general employees retirement plan of the Public Employees Retirement Association,
230.13 for which a refund of member contributions and interest was taken before 2007;

230.14 (4) is employed by the Minnesota State Colleges and Universities System at
230.15 Riverland Community College; and

230.16 (5) had the person's employment position upgraded by the Minnesota State Colleges
230.17 and Universities System on September 9, 2007, and had retirement coverage transferred
230.18 by operation of law to the higher education individual retirement account plan.

230.19 (c) An election to change retirement coverage from the Minnesota State Colleges
230.20 and Universities System individual retirement account plan to the Teachers Retirement
230.21 Association must be made by July 1, 2010, and is retroactive to September 9, 2007. If
230.22 the election is made, Minnesota Statutes, section 356.551, applies to the purchase of
230.23 past service except for subdivision 1, paragraph (c), of that provision, which requires
230.24 all refunds to be paid before the service credit purchase. The eligible person's account
230.25 in the individual retirement account plan must be liquidated by transfer to the Teachers
230.26 Retirement Association fund by August 1, 2010, and used to cover part of the service
230.27 credit purchase payment amount. Any remaining payment amount must be paid in a lump
230.28 sum to the executive director of the Teachers Retirement Association for deposit in the
230.29 Teachers Retirement Association fund by September 1, 2010. Retroactive service credit
230.30 in the Teachers Retirement Association must be granted to the eligible person once the
230.31 transfers and payments required under this paragraph have been made.

230.32 (d) If an eligible person under paragraph (b) elects Teachers Retirement Association
230.33 coverage but fails to make the full payment required under paragraph (c), the election of
230.34 Teachers Retirement Association coverage is voided and the individual retains coverage
230.35 by the Minnesota State Colleges and Universities System individual retirement account
230.36 plan. If amounts were transferred under paragraph (c) from the individual retirement

231.1 account plan, those amounts must be returned to the individual's account or accounts
231.2 under that plan.

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

231.4 Amend the title accordingly