

1.1 moves to amend S.F. No. 2918; H.F. No. 3281, 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, 2011, 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, 2011, whichever is earlier; and

1.20 (4) two percent after December 31, 2010.

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, 2011, 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, 2011, 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, 2011, if the employee becomes an employee after June 30, 2006,
5.22 and two percent compounded annually after December 31, 2010, 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, 2010, whichever is earlier, and two
7.4 percent after June 30, 2010, 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 chapter 169, article 1, section 23; article 2, section 16; and
9.29 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 11.20 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 16.80 percent

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

10.24 Subd. 1d. **Additional employer contributions.** (a) In addition to the regular
 10.25 employer contribution under subdivision 1c, department heads shall pay a sum equal to
 10.26 ten percent of the salary upon which member contribution deductions were made, which is
 10.27 the additional employer contribution to the fund.

10.28 (b) Department additional employer contributions must be paid from departmental
 10.29 appropriations or revenue.

10.30 Subd. ~~1d~~ 1e. **Fund revenue and expenses.** The amounts provided for in this section
 10.31 must be credited to the State Patrol retirement fund. All money received must be deposited
 10.32 by the commissioner of management and budget in the State Patrol retirement fund. The
 10.33 fund must be used to pay the administrative expenses of the retirement fund, and the
 10.34 benefits and annuities provided in this chapter.

10.35 Subd. ~~1e~~ 1f. **Audit; regular actuarial valuation; supplemental valuations.** (a)
 10.36 The legislative auditor shall audit the fund.

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

11.3 **(c)** Any approved actuary retained by the executive director under section 352.03,
11.4 subdivision 6, may perform actuarial valuations and experience studies to supplement
11.5 those performed by the actuary retained under section 356.214. Any supplemental
11.6 actuarial valuation or experience studies must be filed with the executive director of the
11.7 Legislative Commission on Pensions and Retirement.

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

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

11.10 Subdivision 1. **Eligibility; when to apply; accrual.** **(a)** Every member who is
11.11 credited with three or more years of allowable service if first employed before July 1,
11.12 2010, or with at least five years of allowable service if first employed after June 30, 2010,
11.13 is entitled to separate from state service and upon becoming 50 years old, is entitled to
11.14 receive a life annuity, upon separation from state service.

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

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

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

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

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

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

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

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

12.1 Subd. 2b. **Surviving spouse benefit eligibility.** (a) If an active member with three or
12.2 more years of allowable service if first employed before July 1, 2010, or with at least five
12.3 years of allowable service if first employed after June 30, 2010, dies before attaining age
12.4 55, the surviving spouse is entitled to the benefit specified in subdivision 2c, paragraph (b).

12.5 (b) If an active member with less than three years of allowable service if first
12.6 employed before July 1, 2010, or with fewer than five years of allowable service if first
12.7 employed after June 30, 2010, dies at any age, the surviving spouse is entitled to receive
12.8 the benefit specified in subdivision 2c, paragraph (c).

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

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

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

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

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

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

12.29 Subdivision 1. **Entitlement to annuity.** Any person who has been an employee
12.30 covered by the Minnesota State Retirement System, or a member of the Public Employees
12.31 Retirement Association including the Public Employees Retirement Association Police
12.32 and Fire Fund, or the Teachers Retirement Association, or the State Patrol retirement fund,
12.33 or any other public employee retirement system in Minnesota having a like provision but
12.34 excluding all other funds providing benefits for police or firefighters is entitled when
12.35 qualified to an annuity from each fund if total allowable service in all funds or in any two

13.1 of these funds totals ~~three or more~~ the number of years of allowable service required by
 13.2 the applicable retirement plan with the longest vesting period for the person. No part of
 13.3 the allowable service upon which the retirement annuity from one fund is based may
 13.4 again be used in the computation for benefits from another fund. The member must not
 13.5 have taken a refund from any one of these funds since service entitling the member to
 13.6 coverage under the system or membership in any of the associations last terminated.
 13.7 The annuity from each fund must be determined by the appropriate law except that the
 13.8 requirement that a person must have at least ~~three~~ a specific number of years allowable
 13.9 service in the respective system or association does not apply for the purposes of this
 13.10 section if the combined service in two or more of these funds equals ~~three or more~~ the
 13.11 number of years of allowable service required by the applicable retirement plan with
 13.12 the longest vesting period for the person.

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

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

13.15 Subd. 2. **Computation of deferred annuity.** Deferred annuities must be computed
 13.16 according to this chapter on the basis of allowable service before termination of service
 13.17 and augmented as provided in this chapter. The required reserves applicable to a deferred
 13.18 annuity must be augmented by interest compounded annually from the first day of the
 13.19 month following the month in which the member terminated service, or July 1, 1971,
 13.20 whichever is later, to the first day of the month in which the annuity begins to accrue. The
 13.21 rates of interest used for this purpose ~~shall~~ must be five percent per year compounded
 13.22 annually until January 1, 1981, ~~and after that date~~ three percent per year compounded
 13.23 annually after January 1, 1981, until January 1, 2011, if the employee became an employee
 13.24 before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes
 13.25 an employee after June 30, 2006, and two percent per year compounded annually after
 13.26 December 31, 2010, irrespective of when the employee was first employed. The mortality
 13.27 table and interest assumption used to compute the annuity ~~shall~~ must be those in effect
 13.28 when the member files application for annuity.

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

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

13.31 **352F.07 EFFECT ON REFUND.**

13.32 Notwithstanding any provision of chapter 352 to the contrary, terminated hospital
 13.33 employees may receive a refund of employee accumulated contributions plus interest

14.1 ~~at the rate of six percent per year compounded annually~~ in accordance with Minnesota
14.2 ~~Statutes 1994~~, section 352.22, subdivision 2, at any time after the transfer of employment
14.3 to Fairview, University of Minnesota Physicians, or University Affiliated Family
14.4 Physicians. If a terminated hospital employee has received a refund from a pension plan
14.5 enumerated in section 356.30, subdivision 3, the person may not repay that refund unless
14.6 the person again becomes a member of one of those enumerated plans and complies
14.7 with section 356.30, subdivision 2.

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

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

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

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

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

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

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

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

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

14.32 (i) 50 percent after five years;

14.33 (ii) 60 percent after six years;

14.34 (iii) 70 percent after seven years;

14.35 (iv) 80 percent after eight years;

15.1 (v) 90 percent after nine years; and

15.2 (vi) 100 percent after ten years.

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

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

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

15.10 Effective before January 1, 2011 6.00

15.11 Effective after December 31, 2010 6.25

15.12 (b) These contributions must be made by deduction from salary as defined in section
15.13 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
15.14 member's salary is paid from other than public funds, the member's employee contribution
15.15 must be based on the total salary received by the member from all sources.

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

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

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

15.23 Effective before January 1, 2011 6.00

15.24 Effective after December 31, 2010 6.25

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

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

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

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

15.30 (a) For purposes of this section:

16.1 (1) a contribution sufficiency exists if the total of the employee contribution under
 16.2 subdivision 2, the employer contribution under subdivision 3, the additional employer
 16.3 contribution under subdivision 3a, and any additional contribution previously imposed
 16.4 under this subdivision exceeds the total of the normal cost, the administrative expenses,
 16.5 and the amortization contribution of the retirement plan as reported in the most recent
 16.6 actuarial valuation of the retirement plan prepared by the actuary retained under section
 16.7 356.214 and prepared under section 356.215 and the standards for actuarial work of the
 16.8 Legislative Commission on Pensions and Retirement. ~~For purposes of this section,; and~~

16.9 (2) a contribution deficiency exists if the total of the employee contributions under
 16.10 subdivision 2, the employer contributions under subdivision 3, the additional employer
 16.11 contribution under subdivision 3a, and any additional contribution previously imposed
 16.12 under this subdivision is less than the total of the normal cost, the administrative expenses,
 16.13 and the amortization contribution of the retirement plan as reported in the most recent
 16.14 actuarial valuation of the retirement plan prepared by the actuary retained under section
 16.15 356.214 and prepared under section 356.215 and the standards for actuarial work of the
 16.16 Legislative Commission on Pensions and Retirement.

16.17 (b) Employee and employer contributions under subdivisions 2 and 3 must be
 16.18 adjusted:

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

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

16.34 (c) ~~The contribution rate increase or decrease must be determined by the executive~~
 16.35 ~~director of the Public Employees Retirement Association, must be reported to the chair~~
 16.36 ~~and the executive director of the Legislative Commission on Pensions and Retirement~~

17.1 ~~on or before the next February 1, and, if the Legislative Commission on Pensions and~~
17.2 ~~Retirement does not recommend against the rate change or does not recommend a~~
17.3 ~~modification in the rate change, is effective on the next July 1 following the determination~~
17.4 ~~by the executive director that a contribution deficiency or sufficiency has existed for~~
17.5 ~~two consecutive fiscal years based on the most recent actuarial valuations under section~~
17.6 ~~356.215. If the actuarially required contribution exceeds or is less than the total support~~
17.7 ~~provided by the combined employee and employer contribution rates under subdivisions~~
17.8 ~~2, 3, and 3a, by more than 0.5 one percent of covered payroll, the coordinated program~~
17.9 ~~employee and employer contribution rates under subdivisions 2 and 3 must be adjusted~~
17.10 ~~decreased incrementally over one or more years by no more than 0.25 percent of pay each~~
17.11 ~~for employee and employer matching contribution rates to a level such that there remains~~
17.12 ~~a contribution sufficiency of no more than 0.25 at least one percent of covered payroll. No~~
17.13 ~~contribution rate decrease may be made until at least two years have elapsed since any~~
17.14 ~~adjustment under this subdivision has been fully implemented.~~

17.15 (d) ~~No~~ If the actuarially required contribution exceeds the total support provided
17.16 by the combined employee and employer contribution rates under subdivisions 2, 3, and
17.17 3a, the employee and matching employer contribution rates must be increased equally to
17.18 eliminate that contribution deficiency. If the contribution deficiency is:

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

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

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

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

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

18.4 (g) Before any reduction in contributions to eliminate a sufficiency in excess of one
 18.5 percent of covered pay may be recommended, the executive director must review any
 18.6 need for a change in actuarial assumptions, as recommended by the actuary retained under
 18.7 section 356.214 in the most recent experience study of the general employees retirement
 18.8 plan prepared under section 356.215 and the standards for actuarial work promulgated by
 18.9 the Legislative Commission on Pensions and Retirement that may result in an increase
 18.10 in the actuarially required contribution and must report to the Legislative Commission
 18.11 on Pensions and Retirement any recommendation by the board to use the sufficiency
 18.12 exceeding one percent of covered payroll to offset the impact of an actuarial assumption
 18.13 change recommended by the actuary retained under section 356.214, subdivision 1, and
 18.14 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

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

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

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

18.24 Subdivision 1. **Age and allowable service requirements.** Upon termination of
 18.25 membership, a person who has attained normal retirement age and who ~~received credit for~~
 18.26 ~~not less than three years of allowable service~~ is vested under section 353.01, subdivision
 18.27 47, is entitled upon application to a retirement annuity. The retirement annuity is known
 18.28 as the "normal" retirement annuity.

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

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

18.31 Subd. 1c. **Pre-July 1, 1989, members: early retirement.** Upon termination of
 18.32 public service, a person who first became a public employee or a member of a pension
 18.33 fund listed in section 356.30, subdivision 3, before July 1, 1989, who has become at least

19.1 55 years old but not normal retirement age, and ~~has received credit for at least three years~~
 19.2 ~~of allowable service~~ is vested under section 353.01, subdivision 47, is entitled, upon
 19.3 application, to a retirement annuity in an amount equal to the normal annuity provided in
 19.4 section 353.29, subdivision 3, paragraph (a), reduced by one-quarter of one percent for
 19.5 each month that the member is under normal retirement age at the time of retirement.

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

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

19.8 Subdivision 1. **Before retirement.** If a member or former member who terminated
 19.9 public service dies before retirement or before receiving any retirement annuity and no
 19.10 other payment of any kind is or may become payable to any person, a refund ~~shall be paid~~
 19.11 is payable to the designated beneficiary or, if there be none, to the surviving spouse,
 19.12 or, if none, to the legal representative of the decedent's estate. ~~Such~~ The refund ~~shall~~
 19.13 must be in an amount equal to accumulated deductions plus annual compound interest
 19.14 thereon at the rate ~~of six percent per annum compounded annually~~ specified in section
 19.15 353.34, subdivision 2, and less the sum of any disability or survivor benefits, if any, that
 19.16 may have been paid by the fund; provided that a survivor who has a right to benefits
 19.17 ~~pursuant to~~ under section 353.31 may waive such benefits in writing, except such benefits
 19.18 for a dependent child under the age of 18 years may only be waived ~~pursuant to~~ under an
 19.19 order of the district court.

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

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

19.22 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member
 19.23 who ~~has credit for not less than three years of allowable service~~ is vested under section
 19.24 353.01, subdivision 47, and who dies before the annuity or disability benefit begins to
 19.25 accrue under section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any
 19.26 designation of beneficiary to the contrary, the surviving spouse may elect to receive,
 19.27 instead of a refund with interest under subdivision 1, or surviving spouse benefits otherwise
 19.28 payable under section 353.31, an annuity equal to a 100 percent joint and survivor annuity
 19.29 computed consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

19.30 (b) If a member first became a public employee or a member of a pension fund listed
 19.31 in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years
 19.32 of allowable service on the date of death, the surviving spouse may elect to receive a
 19.33 100 percent joint and survivor annuity computed using section 353.30, subdivision 1b,

20.1 except that the early retirement reduction under that provision will be applied from age
20.2 62 back to age 55 and one-half of the early retirement reduction from age 55 back to
20.3 the age payment begins.

20.4 (c) If a member who was under age 55 and ~~has credit for at least three years of~~
20.5 ~~allowable service~~ who is vested under section 353.01, subdivision 47, dies, but did not
20.6 qualify for retirement on the date of death, the surviving spouse may elect to receive a
20.7 100 percent joint and survivor annuity computed using section 353.30, subdivision 1c or
20.8 5, as applicable, except that the early retirement reduction specified in the applicable
20.9 subdivision will be applied to age 55 and one-half of the early retirement reduction from
20.10 age 55 back to the age payment begins.

20.11 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
20.12 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
20.13 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
20.14 with the association. If there is no surviving spouse or child or children, a former spouse
20.15 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
20.16 marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite
20.17 the terms of a marriage dissolution decree filed with the association.

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

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

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

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

20.33 (i) If the deceased member or former member first became a public employee or a
20.34 member of a public pension plan listed in section 356.30, subdivision 3, on or after July
20.35 1, 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as

21.1 specified in section 353.30, subdivision 5, except for the revised early retirement reduction
 21.2 specified in paragraph (c), if paragraph (c) is the applicable provision.

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

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

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

21.9 Subdivision 1. **Age, service, and salary requirements.** (a) A coordinated or
 21.10 basic member who ~~has at least three years of allowable service~~ is vested under section
 21.11 353.01, subdivision 47, and who becomes totally and permanently disabled before normal
 21.12 retirement age, upon application as defined under section 353.031, is entitled to a disability
 21.13 benefit in an amount determined under subdivision 3.

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

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

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

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

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

21.27 (c) An individual who terminates public service covered by the Public Employees
 21.28 Retirement Association general employees retirement plan, the Public Employees
 21.29 Retirement Association police and fire retirement plan, or the public employees local
 21.30 government ~~corrections~~ correctional service retirement plan, and who is employed by a
 21.31 different employer and who becomes an active member covered by one of the other two
 21.32 plans, may receive a refund of employee contributions plus ~~six percent~~ annual compound

22.1 interest ~~compounded annually~~ from the plan from which the member terminated service at
22.2 the applicable rate specified in subdivision 2.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23.26 Subd. 4. **Early retirement.** (a) A person who becomes a police and fire plan
23.27 member after June 30, 2007, or a former member who is reinstated as a member of the
23.28 plan after that date, who is at least 50 years of age ~~with at least three years of allowable~~
23.29 ~~service~~ and who is vested under section 353.01, subdivision 47, upon the termination of
23.30 public service is entitled upon application to a retirement annuity equal to the normal

24.1 annuity calculated under subdivision 3, reduced by two-tenths of one percent for each
24.2 month that the member is under age 55 at the time of retirement.

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

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

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

24.10 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire
24.11 fund dies from any cause before retirement or before becoming disabled and receiving
24.12 disability benefits, the association shall grant survivor benefits to a surviving spouse, as
24.13 defined in section 353.01, subdivision 20, and to a dependent child or children, as defined
24.14 in section 353.01, subdivision 15, except that if the death is not a line of duty death, the
24.15 member must ~~have accrued at least three years of credited service~~ be vested under section
24.16 353.01, subdivision 47.

24.17 (b) Notwithstanding the definition of surviving spouse, a former spouse of the
24.18 member, if any, is entitled to a portion of the monthly surviving spouse benefit if
24.19 stipulated under the terms of a marriage dissolution decree filed with the association. If
24.20 there is no surviving spouse or child or children, a former spouse may be entitled to
24.21 a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a
24.22 marriage dissolution decree but not a monthly surviving spouse benefit despite the terms
24.23 of a marriage dissolution decree filed with the association.

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

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

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

24.28 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
24.29 who has attained the age of at least 50 years and ~~has credit for not less than three years~~
24.30 ~~allowable service~~ either who is vested under section 353.01, subdivision 47, or who has
24.31 credit for at least 30 years of allowable service, regardless of age attained, dies before
24.32 the annuity or disability benefit becomes payable, notwithstanding any designation of

25.1 beneficiary to the contrary, the surviving spouse may elect to receive a death while
25.2 eligible survivor benefit.

25.3 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
25.4 20, a former spouse of the member, if any, is entitled to a portion of the death while
25.5 eligible survivor benefit if stipulated under the terms of a marriage dissolution decree
25.6 filed with the association. If there is no surviving spouse or child or children, a former
25.7 spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision
25.8 1, if provided for in a marriage dissolution decree but not a death while eligible survivor
25.9 benefit despite the terms of a marriage dissolution decree filed with the association.

25.10 (c) The benefit may be elected instead of a refund with interest under section 353.32,
25.11 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and
25.12 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity
25.13 which the member could have qualified for on the date of death, computed as provided in
25.14 sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3.

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

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

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

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

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

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

25.34 Subdivision 1. **Eligibility.** Any person who has been a member of a defined benefit
25.35 retirement plan administered by the Public Employees Retirement Association, or a

26.1 retirement plan administered by the Minnesota State Retirement System, or the Teachers
 26.2 Retirement Association, or any other public retirement system in the state of Minnesota
 26.3 having a like provision, except a ~~fund~~ retirement plan providing benefits for police officers
 26.4 or firefighters governed by sections 69.77 or 69.771 to 69.776, ~~shall be~~ is entitled, when
 26.5 qualified, to an annuity from each ~~fund~~ retirement plan if the total allowable service in all
 26.6 ~~funds~~ retirement plans or in any two of these ~~funds~~ retirement plans totals ~~three or more~~
 26.7 ~~years~~ the number of years of allowable service required to receive a normal retirement
 26.8 annuity for that retirement plan, provided that no portion of the allowable service upon
 26.9 which the retirement annuity from one ~~fund~~ retirement plan is based is again used in the
 26.10 computation for benefits from another ~~fund~~ retirement plan and provided further that the
 26.11 person has not taken a refund from any one of these ~~funds~~ retirement plans since the
 26.12 person's membership in that association or system last terminated. The annuity from
 26.13 each fund ~~shall~~ must be determined by the appropriate provisions of the law except that
 26.14 the requirement that a person must have at least ~~three years~~ a specific minimum period
 26.15 of allowable service in the respective association or system ~~shall~~ does not apply for the
 26.16 purposes of this section ~~provided~~ if the combined service in two or more of these ~~funds~~
 26.17 retirement plans equals ~~three or more~~ the number of years of allowable service required to
 26.18 receive a normal retirement annuity for that retirement plan.

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

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

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

26.28 (b) For a person who became a public employee before July 1, 2006, whose period
 26.29 of deferral began after June 30, 1971, and who terminated public employment before
 26.30 January 1, 2011, the required reserves of the deferred annuity must be augmented at
 26.31 the following applicable rate ~~of~~ or rates:

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

26.34 (2) three percent ~~thereafter~~ annual compound interest after January 1, 1981, or until
 26.35 the earlier of December 31, 2010, or after the date of the termination of public service or

27.1 the termination of membership, whichever is later, until January 1 of the year following
27.2 the year in which the former member attains age 55 and;

27.3 (3) five percent annual compound interest from that date to the effective date of
27.4 retirement, the rate is five percent compounded annually if the employee became an
27.5 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
27.6 becomes an January 1 of the year following the year in which the former member attains
27.7 age 55, or until December 31, 2010, whichever is earlier; and

27.8 (4) one percent annual compound interest from January 1, 2011.

27.9 (c) For a person who became a public employee after June 30, 2006, and who
27.10 terminated public employment before January 1, 2011, the required reserves of the
27.11 deferred annuity must be augmented at 2.5 percent annual compound interest from the date
27.12 of termination of public service or termination of membership, whichever is earlier, until
27.13 December 31, 2010, and one percent annual compound interest after December 31, 2010.

27.14 (d) For a person who terminates public employment after December 31, 2010, the
27.15 required reserves of the deferred annuity must not be augmented.

27.16 (e) If a person has more than one period of uninterrupted service, the required
27.17 reserves related to each period must be augmented as specified in this paragraph. The sum
27.18 of the augmented required reserves is the present value of the annuity. Uninterrupted
27.19 service for the purpose of this subdivision means periods of covered employment during
27.20 which the employee has not been separated from public service for more than two years.
27.21 If a person repays a refund, the restored service must be considered as continuous with the
27.22 next period of service for which the employee has credit with this association. This section
27.23 must not reduce the annuity otherwise payable under this chapter. This paragraph applies
27.24 to individuals who become deferred annuitants on or after July 1, 1971. For a member
27.25 who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1,
27.26 1971, if the former active member applies for an annuity after July 1, 1973.

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

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

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

28.2 Subdivision 1. **Eligibility requirements.** After termination of public employment,
28.3 an employee covered under section 353E.02 who has attained the age of at least 55 years
28.4 and ~~has credit for not less than three years of coverage~~ who is vested under section
28.5 353.01, subdivision 47, in the local government correctional service plan is entitled, upon
28.6 application, to a normal retirement annuity. Instead of a normal retirement annuity, a
28.7 retiring employee may elect to receive the optional annuity provided in section 353.30,
28.8 subdivision 3.

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

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

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

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

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

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

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

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

28.31 Subd. 2. **Member not yet age 50.** If the member was under age 50, dies, and ~~had~~
28.32 ~~credit for not less than three years of allowable service~~ was vested under section 353.01,

29.1 subdivision 47, on the date of death but did not yet qualify for retirement, the surviving
 29.2 spouse may elect to receive a 100 percent joint and survivor annuity based on the age
 29.3 of the employee and the surviving spouse at the time of death. The annuity is payable
 29.4 using the early retirement reduction under section 353E.04, subdivision 4, to age 50 and
 29.5 one-half the early retirement reduction from age 50 to the age payment begins. Sections
 29.6 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity or surviving
 29.7 spouse benefit payable under this subdivision.

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

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

29.10 **353F.03 VESTING RULE FOR CERTAIN EMPLOYEES.**

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

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

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

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

29.21 <u>before July 1, 2011</u>	<u>9.0 percent</u>
29.22 <u>from July 1, 2011, until June 30, 2012</u>	<u>9.5 percent</u>
29.23 <u>from July 1, 2012, until June 30, 2013</u>	<u>10.0 percent</u>
29.24 <u>from July 1, 2013, until June 30, 2014</u>	<u>10.5 percent</u>
29.25 <u>after June 30, 2014</u>	<u>11.0 percent</u>

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

29.28 <u>before July 1, 2011</u>	<u>5.5 percent</u>
29.29 <u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>
29.30 <u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>
29.31 <u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>
29.32 <u>after June 30, 2014</u>	<u>7.5 percent</u>

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

30.4 (d) After June 30, 2015, if a contribution rate revision is required under subdivisions
 30.5 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted
 30.6 accordingly.

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

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

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

30.12 Subd. 3. **Employer.** (a) ~~The regular employer contribution to the fund by Special~~
 30.13 ~~School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an~~
 30.14 ~~amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated~~
 30.15 ~~member and 9.0 percent of the salary of each of its teachers who is a basic member. After~~
 30.16 ~~July 1, 2007, the regular employer contribution to the fund by Special School District No.~~
 30.17 ~~1, Minneapolis, is an amount equal to 5.5 percent~~ the applicable following percentage of
 30.18 salary of each coordinated member and 9.5 percent the applicable following percentage
 30.19 of salary of each basic member.:

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

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

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

<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
<u>before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>

31.1	<u>from July 1, 2011, until June 30, 2012</u>	<u>6.0 percent</u>	<u>10.0 percent</u>
31.2	<u>from July 1, 2012, until June 30, 2013</u>	<u>6.5 percent</u>	<u>10.5 percent</u>
31.3	<u>from July 1, 2013, until June 30, 2014</u>	<u>7.0 percent</u>	<u>11.0 percent</u>
31.4	<u>after June 30, 2014</u>	<u>7.5 percent</u>	<u>11.5 percent</u>

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

31.8 (d) After June 30, 2015, if a contribution rate revision is made under subdivisions
 31.9 4a, 4b, and 4c, the employer contributions under paragraphs (a) and (b) must be adjusted
 31.10 accordingly.

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

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

31.14 Subd. 4a. **Determination.** (a) For purposes of this section, a contribution
 31.15 sufficiency exists if the total of the employee contributions, the employer contributions,
 31.16 and any additional employer contributions, if applicable, exceeds the total of the normal
 31.17 cost, the administrative expenses, and the amortization contribution of the retirement plan
 31.18 as reported in the most recent actuarial valuation of the retirement plan prepared by the
 31.19 approved actuary retained under section 356.214 and prepared under section 356.215
 31.20 and the standards for actuarial work of the Legislative Commission on Pensions and
 31.21 Retirement.

31.22 (b) For purposes of this section, a contribution deficiency exists if the total of
 31.23 the employee contributions, the employer contributions, and any additional employer
 31.24 contributions are less than the total of the normal cost, the administrative expenses, and
 31.25 the amortization contribution of the retirement plan as reported in the most recent actuarial
 31.26 valuation of the retirement plan prepared by the approved actuary retained under section
 31.27 356.214 and prepared under section 356.215 and the standards for actuarial work of the
 31.28 Legislative Commission on Pensions and Retirement.

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

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

32.1 Subd. 4b. Contribution rate revision. Notwithstanding the contribution rate
32.2 provisions under subdivisions 2 and 3, the employee and employer contribution rates
32.3 may be adjusted as follows:

32.4 (1) if, after June 30, 2015, the regular actuarial valuation of the plan under section
32.5 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to
32.6 or greater than one percent of covered payroll and the sufficiency has existed for at least
32.7 two consecutive years, the employee and employer contribution rates for the plan may
32.8 each be decreased to a level such that the sufficiency equals no more than one percent of
32.9 covered payroll based on the most recent actuarial valuation; or

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

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

32.15 (ii) 0.5 percent if the deficiency is equal to or greater than 2.00 percent of covered
32.16 payroll and less than or equal to four percent; and

32.17 (iii) 0.75 percent if the deficiency is greater than four percent.

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

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

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

32.25 (b) Before any reduction in contributions to eliminate a sufficiency in excess of one
32.26 percent of covered pay may be recommended, the executive director must review any
32.27 need for a change in actuarial assumptions, as recommended by the actuary retained
32.28 under section 356.214 in the most recent experience study of the retirement plan, that
32.29 may result in an increase in the actuarially required contribution and must report to the
32.30 Legislative Commission on Pensions and Retirement any recommendation by the board
32.31 to use the sufficiency exceeding one percent of covered payroll to offset the impact of
32.32 an actuarial assumption change recommended by the actuary retained under section
32.33 356.214, subdivision 1, and reviewed by the actuary retained by the commission under
32.34 section 356.214, subdivision 4.

33.1 (c) A contribution sufficiency in excess of one percent of covered pay must not be
33.2 used to increase benefits, and a benefit increase must not be proposed that would initiate
33.3 an automatic adjustment under this section to increase contributions. A proposed benefit
33.4 improvement must include a recommendation, prepared by the actuary retained under
33.5 section 356.214, subdivision 1, and reviewed by the actuary retained by the Legislative
33.6 Commission on Pensions and Retirement, as provided under section 356.214, subdivision
33.7 4, on the manner in which the benefit modification is to be funded.

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

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

33.11 Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease
33.12 under subdivision 4b, as determined by the executive director of the Teachers Retirement
33.13 Association, must be reported to the chair and the executive director of the Legislative
33.14 Commission on Pensions and Retirement on or before the next February 1 and, if the
33.15 Legislative Commission on Pensions and Retirement does not recommend against the rate
33.16 change or does not recommend a modification in the rate change, is effective on the next
33.17 July 1 following the determination by the executive director that a contribution deficiency
33.18 or sufficiency exists based on the most recent actuarial valuation under section 356.215.

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

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

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

33.30 (b) If a member dies before retirement and is covered under section 354.44,
33.31 subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit
33.32 described in section 354.46, subdivision 1, is payable to the survivors if the member
33.33 was a basic member, then the surviving spouse, or if there is no surviving spouse, then

34.1 the designated beneficiary is entitled to ~~an amount equal to the member's accumulated~~
 34.2 ~~deductions credited to the account of the member as of June 30, 1957, and from July 1,~~
 34.3 ~~1957, to the date of death of the member, the member's accumulated deductions plus six~~
 34.4 ~~percent interest compounded annually.~~ a refund equal to the accumulated deductions
 34.5 credited to the member's account plus interest compounded annually until the member's
 34.6 date of death using the following interest rates:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35.1 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
35.2 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
35.3 accumulated deductions in the fund for the purpose of receiving a deferred annuity
35.4 at retirement.

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

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

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

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

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

35.18 From that date (3) five percent interest compounded annually from the date
35.19 established in clause (2) to the effective date of retirement, the rate is five percent
35.20 compounded annually, or until June 30, 2011, whichever is earlier; and

35.21 (4) two percent interest compounded annually after June 30, 2011.

35.22 (e) For persons who become covered employees after June 30, 2006, the interest
35.23 rate used to augment the deferred annuity is 2.5 percent interest compounded annually
35.24 until June 30, 2011, or until the effective date of retirement, whichever is earlier, and two
35.25 percent interest compounded annually after June 30, 2011.

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

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

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

36.5 (i) The mortality table and interest rate actuarial assumption used to compute the
 36.6 annuity must be the applicable mortality table established by the board under section
 36.7 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in
 36.8 effect when the member retires.

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

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

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

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

36.19 (n) The retirement annuity or disability benefit of, or the survivor benefit payable on
 36.20 behalf of, a former teacher who terminated service before July 1, 1997, which is not first
 36.21 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to
 36.22 reflect the change in the postretirement interest rate actuarial assumption under section
 36.23 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
 36.24 tables adopted by the board as recommended by an approved actuary and approved by the
 36.25 actuary retained under section 356.214.

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

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

36.28 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid
 36.29 by each member of a teachers retirement fund association ~~shall not be less than~~ is the
 36.30 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>

37.1	<u>effective July 1, 2011</u>	<u>6.0 percent</u>
37.2	<u>effective July 1, 2012</u>	<u>6.5 percent</u>
37.3	St. Paul Teachers Retirement Fund Association	
37.4	basic program <u>before July 1, 2010</u>	8 percent
37.5	<u>basic program after June 30, 2010</u>	<u>8.5 percent</u>
37.6	<u>basic program after June 30, 2011</u>	<u>9.0 percent</u>
37.7	coordinated program <u>before July 1, 2010</u>	5.5 percent
37.8	<u>coordinated program after June 30, 2010</u>	<u>6.0 percent</u>
37.9	<u>coordinated program after June 30, 2011</u>	<u>6.5 percent</u>

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

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

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

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

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

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

37.25	Duluth Teachers Retirement Fund Association	4.50 percent
37.26	<u>before July 1, 2011</u>	<u>5.79 percent</u>
37.27	<u>effective July 1, 2011</u>	<u>6.29 percent</u>
37.28	<u>effective July 1, 2012</u>	<u>6.79 percent</u>
37.29	St. Paul Teachers Retirement Fund Association	
37.30	<u>before July 1, 2010</u>	4.50 percent
37.31	<u>St. Paul Teachers Retirement Fund Association</u>	
37.32	<u>after June 30, 2010</u>	<u>5.0 percent</u>
37.33	<u>St. Paul Teachers Retirement Fund Association</u>	
37.34	<u>after June 30, 2011</u>	<u>5.5 percent</u>
37.35	<u>St. Paul Teachers Retirement Fund Association</u>	
37.36	<u>after June 30, 2013</u>	<u>6.5 percent</u>

37.37 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the
 37.38 employing unit shall make a regular employer contribution to the respective retirement

38.1 fund in an amount equal to ~~8.00~~ percent of the salary of the basic member, according to
38.2 the schedule below:

38.3	<u>before July 1, 2010</u>	<u>8.0 percent of the salary of the basic member</u>
38.4	<u>before July 1, 2011</u>	<u>8.5 percent of the salary of the basic member</u>
38.5	<u>before July 1, 2012</u>	<u>9.0 percent of the salary of the basic member</u>
38.6	<u>before July 1, 2013</u>	<u>9.5 percent of the salary of the basic member</u>
38.7	<u>before July 1, 2014</u>	<u>10.0 percent of the salary of the basic member</u>

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

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

38.15	Duluth Teachers Retirement	
38.16	Fund Association	1.29 percent
38.17	St. Paul Teachers Retirement	
38.18	Fund Association	3.84 percent

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

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

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

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

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

38.30 Subd. 3c. **Termination of supplemental contributions and direct matching**
38.31 **and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers
38.32 Retirement Fund Association by Special School District No. 1 and the city of Minneapolis
38.33 under section 423A.02, subdivision 3, must be paid to the Teachers Retirement
38.34 Association and must continue until the current assets of the fund equal or exceed the
38.35 actuarial accrued liability of the fund as determined in the most recent actuarial report
38.36 for the fund by the actuary retained under section 356.214, or 2037, whichever occurs

39.1 earlier. The supplemental contributions payable to the St. Paul Teachers Retirement Fund
 39.2 Association by Independent School District No. 625 under section 423A.02, subdivision
 39.3 3, or the direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund
 39.4 Association ~~terminate at the end of the fiscal year in which the accrued liability funding~~
 39.5 ~~ratio for that fund, as determined in the most recent actuarial report for that fund by the~~
 39.6 ~~actuary retained under section 356.214, equals or exceeds the accrued liability funding~~
 39.7 ~~ratio for the Teachers Retirement Association, as determined in the most recent actuarial~~
 39.8 ~~report for the Teachers Retirement Association by the actuary retained under section~~
 39.9 ~~356.214. must continue until the current assets of the fund equal or exceed the actuarial~~
 39.10 ~~accrued liability of the fund as determined in the most recent actuarial report for the fund~~
 39.11 ~~by the actuary retained under section 356.214 or until 2037, whichever occurs earlier.~~

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

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

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

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

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

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

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

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

39.31 Subd. 6. **Additional increase Calculation of postretirement adjustments;**
 39.32 **transitional provision.** (a) ~~In addition to the postretirement increases granted under~~

40.1 ~~subdivision 5, an additional percentage increase must be computed and paid under this~~
40.2 ~~subdivision.~~

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

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

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

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

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

40.18 (a) For purposes of computing postretirement adjustments after the effective date
40.19 of this section for eligible benefit recipients of the Duluth Teachers Retirement Fund
40.20 Association, the funding ratio of the plan, as determined by dividing the market value of
40.21 assets by the actuarial accrued liability as reported in the most recent actuarial valuation
40.22 prepared under sections 356.214 and 356.215, determines the postretirement increase
40.23 as follows:

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

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

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

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

41.1 Subd. 7. Calculation of postretirement adjustments. (a) This subdivision applies
41.2 if subdivision 6 has expired.

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

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

41.17 (d) The amount calculated under paragraph (c) is the full cost-of-living adjustment
41.18 to be applied as a permanent increase to the regular payment of each eligible member
41.19 on January 1 of the next calendar year. For any eligible member whose effective date
41.20 of benefit commencement occurred during the calendar year before the cost-of-living
41.21 adjustment is applied, the full increase amount must be prorated on the basis of whole
41.22 calendar quarters in benefit payment status in the calendar year prior to the January 1 on
41.23 which the cost-of-living adjustment is applied, calculated to the third decimal place.

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

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

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

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

41.30 Subdivision 1. **Age and service requirements.** Any coordinated member or former
41.31 coordinated member of the St. Paul Teachers Retirement Fund Association who has
41.32 ceased to render teaching service for the school district in which the teachers retirement
41.33 fund association exists and who has either attained the age of at least 55 years with not
41.34 less than three years of allowable service credit or received credit for not less than 30
41.35 years of allowable service regardless of age, shall be entitled upon written application to a

42.1 retirement annuity. Any coordinated member or former coordinated member of the Duluth
42.2 Teachers Retirement Fund Association who has ceased to render teaching service for the
42.3 school district in which the teacher retirement fund association exists and who has either
42.4 attained the age of at least 55 years with not less than three years of allowable service
42.5 credit if the member became an employee before July 1, 2010, or not less than five years
42.6 of allowable service credit if the member became an employee after June 30, 2010, or
42.7 received service credit for not less than 30 years of allowable service regardless of age,
42.8 shall be entitled upon written application to a retirement annuity.

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

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

42.11 Subdivision 1. **Death before retirement; refund.** If a coordinated member
42.12 or former coordinated member dies prior to retirement or prior to the receipt of any
42.13 retirement annuity or other benefit payment which is or may be payable and a surviving
42.14 spouse optional annuity is not payable pursuant to subdivision 2, a refund shall be paid to
42.15 the person's surviving spouse, or if there is none, to the person's designated beneficiary,
42.16 or if there is none, to the legal representative of the person's estate. For a coordinated
42.17 member or former coordinated member of the St. Paul Teachers Retirement Fund
42.18 Association, the refund shall be in an amount equal to the person's accumulated employee
42.19 contributions plus interest at the rate of six percent per annum compounded annually. For
42.20 a coordinated member or former coordinated member of the Duluth Teachers Retirement
42.21 Fund Association, the refund shall be in an amount equal to the person's accumulated
42.22 employee contributions plus interest at the rate of six percent per annum compounded
42.23 annually to July 1, 2010, and four percent per annum compounded annually thereafter.

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

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

42.26 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member
42.27 who ceases to render teaching services for the school district in which the teachers
42.28 retirement fund association is located, with sufficient allowable service credit to meet
42.29 the minimum service requirements specified in section 354A.31, subdivision 1, shall be
42.30 entitled to a deferred retirement annuity in lieu of a refund pursuant to subdivision 1. The
42.31 deferred retirement annuity shall be computed pursuant to section 354A.31 and shall be
42.32 augmented as provided in this subdivision. The deferred annuity shall commence upon

43.1 application after the person on deferred status attains at least the minimum age specified in
43.2 section 354A.31, subdivision 1.

43.3 (b) The monthly annuity amount that had accrued when the member ceased to
43.4 render teaching service must be augmented from the first day of the month following the
43.5 month during which the member ceased to render teaching service to the effective date
43.6 of retirement. There is no augmentation if this period is less than three months. For a
43.7 member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation
43.8 is three percent compounded annually until January 1 of the year following the year in
43.9 which the former member attains age 55, and five percent compounded annually after that
43.10 date to the effective date of retirement if the employee became an employee before July
43.11 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee
43.12 after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association,
43.13 the rate of augmentation is three percent compounded annually until January 1 of the year
43.14 following the year in which the former member attains age 55, five percent compounded
43.15 annually after that date to July 1, 2010, and two percent compounded annually after that
43.16 date to the effective date of retirement if the employee became an employee before
43.17 July 1, 2006, and at 2.5 percent compounded annually to July 1, 2010, and two percent
43.18 compounded annually after that date to the effective date of retirement if the employee
43.19 becomes an employee after June 30, 2006. If a person has more than one period of
43.20 uninterrupted service, a separate average salary determined under section 354A.31 must
43.21 be used for each period, and the monthly annuity amount related to each period must be
43.22 augmented as provided in this subdivision. The sum of the augmented monthly annuity
43.23 amounts determines the total deferred annuity payable. If a person repays a refund, the
43.24 service restored by the repayment must be considered as continuous with the next period
43.25 of service for which the person has credit with the fund. If a person does not render
43.26 teaching services in any one fiscal year or more consecutive fiscal years and then resumes
43.27 teaching service, the formula percentages used from the date of resumption of teaching
43.28 service are those applicable to new members. The mortality table and interest assumption
43.29 used to compute the annuity are the table established by the fund to compute other
43.30 annuities, and the interest assumption under section 356.215 in effect when the member
43.31 retires. A period of uninterrupted service for the purpose of this subdivision means a
43.32 period of covered teaching service during which the member has not been separated from
43.33 active service for more than one fiscal year.

43.34 (c) The augmentation provided by this subdivision applies to the benefit provided
43.35 in section 354A.35, subdivision 2. The augmentation provided by this subdivision does

44.1 not apply to any period in which a person is on an approved leave of absence from an
44.2 employer unit.

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

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

44.5 Subd. 3. **Computation of refund amount.** A former coordinated member of the
44.6 St. Paul Teachers Retirement Fund Association who qualifies for a refund ~~pursuant to~~
44.7 under subdivision 1 shall receive a refund equal to the amount of the former coordinated
44.8 member's accumulated employee contributions with interest at the rate of six percent per
44.9 annum compounded annually. A former coordinated member of the Duluth Teachers
44.10 Retirement Fund Association who qualifies for a refund under subdivision 1 shall receive
44.11 a refund equal to the amount of the former coordinated member's accumulated employee
44.12 contributions with interest at the rate of six percent per annum compounded annually to
44.13 July 1, 2010, and four percent per annum compounded annually thereafter.

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

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

44.16 Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member
44.17 who has attained the normal retirement age with less than ten years of allowable service
44.18 credit and has terminated active teaching service shall be entitled to a refund in lieu of
44.19 a proportionate annuity pursuant to section 356.32. The refund for a member of the St.
44.20 Paul Teachers Retirement Fund Association shall be equal to the coordinated member's
44.21 accumulated employee contributions plus interest at the rate of six percent compounded
44.22 annually. The refund for a member of the Duluth Teachers Retirement Fund Association
44.23 shall be equal to the coordinated member's accumulated employee contributions plus
44.24 interest at the rate of six percent compounded annually to July 1, 2010, and four percent
44.25 per annum compounded annually thereafter.

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

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

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

	preretirement	postretirement
	interest rate	interest rate
	assumption	assumption
45.1		
45.2		
45.3	plan	
45.4	general state employees retirement plan	8.5% 6.0%
45.5	correctional state employees retirement plan	8.5 6.0
45.6	State Patrol retirement plan	8.5 6.0
45.7	legislators retirement plan	8.5 6.0
45.8	elective state officers retirement plan	8.5 6.0
45.9	judges retirement plan	8.5 6.0
45.10	general public employees retirement plan	8.5 6.0
45.11	public employees police and fire retirement plan	8.5 6.0
45.12	local government correctional service retirement	
45.13	plan	8.5 6.0
45.14	teachers retirement plan	8.5 6.0
45.15	Minneapolis employees retirement plan	6.0 5.0
45.16	Duluth teachers retirement plan	8.5 8.5
45.17	St. Paul teachers retirement plan	8.5 8.5
45.18	Minneapolis Police Relief Association	6.0 6.0
45.19	Fairmont Police Relief Association	5.0 5.0
45.20	Minneapolis Fire Department Relief Association	6.0 6.0
45.21	Virginia Fire Department Relief Association	5.0 5.0
45.22	Bloomington Fire Department Relief Association	6.0 6.0
45.23	local monthly benefit volunteer firefighters relief	
45.24	associations	5.0 5.0

45.25 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 45.26 single rate future salary increase assumption, the applicable following modified single
 45.27 rate future salary increase assumption, or the applicable following graded rate future
 45.28 salary increase assumption:

45.29 (1) single rate future salary increase assumption

	future salary
	increase assumption
45.30	
45.31	plan
45.32	legislators retirement plan 5.0%
45.33	judges retirement plan 4.0
45.34	Minneapolis Police Relief Association 4.0
45.35	Fairmont Police Relief Association 3.5
45.36	Minneapolis Fire Department Relief
45.37	Association 4.0
45.38	Virginia Fire Department Relief Association 3.5
45.39	Bloomington Fire Department Relief
45.40	Association 4.0

45.41 (2) modified single rate future salary increase assumption

46.1 future salary
 46.2 plan increase assumption
 46.3 Minneapolis employees the prior calendar year amount increased
 46.4 retirement plan first by 1.0198 percent to prior fiscal year
 46.5 date and then increased by 4.0 percent
 46.6 annually for each future year

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

46.9 future salary
 46.10 plan increase assumption
 46.11 general state employees retirement plan select calculation and
 46.12 assumption A
 46.13 correctional state employees retirement plan assumption ~~H~~ G
 46.14 State Patrol retirement plan assumption ~~G~~ F
 46.15 ~~general public employees retirement plan~~ ~~select calculation and~~
 46.16 ~~assumption B~~
 46.17 public employees police and fire fund retirement plan assumption ~~E~~ B
 46.18 local government correctional service retirement plan assumption ~~G~~ F
 46.19 teachers retirement plan assumption ~~D~~ C
 46.20 Duluth teachers retirement plan assumption ~~E~~ D
 46.21 St. Paul teachers retirement plan assumption ~~F~~ E

46.22 The select calculation is: during the
 46.23 designated select period, a designated
 46.24 percentage rate is multiplied by the result of
 46.25 the designated integer minus T, where T is the
 46.26 number of completed years of service, and is
 46.27 added to the applicable future salary increase
 46.28 assumption. The designated select period is
 46.29 five years and the designated integer is five
 46.30 for the general state employees retirement
 46.31 plan ~~and the general public employees~~
 46.32 ~~retirement plan~~. The designated select period
 46.33 is ten years and the designated integer is ten
 46.34 for all other retirement plans covered by
 46.35 this clause. The designated percentage rate
 46.36 is: (1) 0.2 percent for the correctional state
 46.37 employees retirement plan, the State Patrol
 46.38 retirement plan, the public employees police
 46.39 and fire plan, and the local government
 46.40 correctional service plan; (2) 0.6 percent

47.1 for the general state employees retirement
 47.2 plan ~~and the general public employees~~
 47.3 ~~retirement plan~~; and (3) 0.3 percent for the
 47.4 teachers retirement plan, the Duluth Teachers
 47.5 Retirement Fund Association, and the St.
 47.6 Paul Teachers Retirement Fund Association.
 47.7 The select calculation for the Duluth Teachers
 47.8 Retirement Fund Association is 8.00 percent
 47.9 per year for service years one through seven,
 47.10 7.25 percent per year for service years seven
 47.11 and eight, and 6.50 percent per year for
 47.12 service years eight and nine.

47.13 The ultimate future salary increase assumption is:

47.14	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>
47.15	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
47.16	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
47.17	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
47.18	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
47.19	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
47.20	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
47.21	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
47.22	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
47.23	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
47.24	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
47.25	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
47.26	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
47.27	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
47.28	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
47.29	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
47.30	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
47.31	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
47.32	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
47.33	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
47.34	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
47.35	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
47.36	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
47.37	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
47.38	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
47.39	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
47.40	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
47.41	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087

48.1	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
48.2	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
48.3	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
48.4	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
48.5	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
48.6	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
48.7	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
48.8	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
48.9	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
48.10	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
48.11	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
48.12	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
48.13	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
48.14	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
48.15	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
48.16	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
48.17	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
48.18	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
48.19	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
48.20	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
48.21	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
48.22	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
48.23	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
48.24	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
48.25	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
48.26	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
48.27	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
48.28	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
48.29	71	4.25	4.00		5.20				

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

48.31									
48.32									
48.33									
48.34									
48.35									
48.36									
48.37									
48.38									
48.39									
48.40									
48.41									
48.42									
48.43									

general employees retirement plan of the Public
Employees Retirement Association

	<u>1</u>	<u>12.03%</u>
	<u>2</u>	<u>8.90</u>
	<u>3</u>	<u>7.46</u>
	<u>4</u>	<u>6.58</u>
	<u>5</u>	<u>5.97</u>
	<u>6</u>	<u>5.52</u>
	<u>7</u>	<u>5.16</u>
	<u>8</u>	<u>4.87</u>
	<u>9</u>	<u>4.63</u>
	<u>10</u>	<u>4.42</u>
	<u>11</u>	<u>4.24</u>

49.1	<u>12</u>	<u>4.08</u>
49.2	<u>13</u>	<u>3.94</u>
49.3	<u>14</u>	<u>3.82</u>
49.4	<u>15</u>	<u>3.70</u>
49.5	<u>16</u>	<u>3.60</u>
49.6	<u>17</u>	<u>3.51</u>
49.7	<u>18</u>	<u>3.50</u>
49.8	<u>19</u>	<u>3.50</u>
49.9	<u>20</u>	<u>3.50</u>
49.10	<u>21</u>	<u>3.50</u>
49.11	<u>22</u>	<u>3.50</u>
49.12	<u>23</u>	<u>3.50</u>
49.13	<u>24</u>	<u>3.50</u>
49.14	<u>25</u>	<u>3.50</u>
49.15	<u>26</u>	<u>3.50</u>
49.16	<u>27</u>	<u>3.50</u>
49.17	<u>28</u>	<u>3.50</u>
49.18	<u>29</u>	<u>3.50</u>
49.19	<u>30 or more</u>	<u>3.50</u>

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

49.24	plan	payroll growth assumption
49.25	general state employees retirement plan	4.50%
49.26	correctional state employees retirement plan	4.50
49.27	State Patrol retirement plan	4.50
49.28	legislators retirement plan	4.50
49.29	judges retirement plan	4.00
49.30	general public employees retirement plan <u>of the</u>	
49.31	<u>Public Employees Retirement Association</u>	4.50 <u>4.00</u>
49.32	public employees police and fire retirement plan	4.50
49.33	local government correctional service retirement plan	4.50
49.34	teachers retirement plan	4.50
49.35	Duluth teachers retirement plan	4.50
49.36	St. Paul teachers retirement plan	5.00

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

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

50.1 (2) is accompanied by the concurring recommendation of the actuary retained under
50.2 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
50.3 most recent actuarial valuation report if section 356.214 does not apply; and
50.4 (3) has been approved or deemed approved under subdivision 18.

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

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

50.8 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
50.9 the level normal cost, the actuarial valuation of the retirement plan must contain an
50.10 exhibit for financial reporting purposes indicating the additional annual contribution
50.11 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
50.12 for contribution determination purposes indicating the additional contribution sufficient
50.13 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
50.14 subdivision 8, paragraph (c), the additional contribution must be calculated on a level
50.15 percentage of covered payroll basis by the established date for full funding in effect when
50.16 the valuation is prepared, assuming annual payroll growth at the applicable percentage
50.17 rate set forth in subdivision 8, paragraph (c). For all other retirement plans, the additional
50.18 annual contribution must be calculated on a level annual dollar amount basis.

50.19 (b) For any retirement plan other than the Minneapolis Employees Retirement Fund,
50.20 the general employees retirement plan of the Public Employees Retirement Association,
50.21 the general state employees retirement plan of the Minnesota State Retirement System,
50.22 and the St. Paul Teachers Retirement Fund Association, if there has not been a change in
50.23 the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
50.24 change in the benefit plan governing annuities and benefits payable from the fund, a
50.25 change in the actuarial cost method used in calculating the actuarial accrued liability of all
50.26 or a portion of the fund, or a combination of the three, which change or changes by itself
50.27 or by themselves without inclusion of any other items of increase or decrease produce a
50.28 net increase in the unfunded actuarial accrued liability of the fund, the established date for
50.29 full funding is the first actuarial valuation date occurring after June 1, 2020.

50.30 (c) For any retirement plan other than the Minneapolis Employees Retirement
50.31 Fund and the general employees retirement plan of the Public Employees Retirement
50.32 Association, if there has been a change in any or all of the actuarial assumptions used
50.33 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
50.34 governing annuities and benefits payable from the fund, a change in the actuarial cost
50.35 method used in calculating the actuarial accrued liability of all or a portion of the fund,

51.1 or a combination of the three, and the change or changes, by itself or by themselves and
51.2 without inclusion of any other items of increase or decrease, produce a net increase in the
51.3 unfunded actuarial accrued liability in the fund, the established date for full funding must
51.4 be determined using the following procedure:

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

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

51.12 (iii) the unfunded actuarial accrued liability of the fund must be determined in
51.13 accordance with any new plan provisions governing annuities and benefits payable from
51.14 the fund and any new actuarial assumptions and the remaining plan provisions governing
51.15 annuities and benefits payable from the fund and actuarial assumptions in effect before
51.16 the change;

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

51.23 (v) the level annual dollar or level percentage amortization contribution under item
51.24 (iv) must be added to the level annual dollar amortization contribution or level percentage
51.25 calculated under item (ii);

51.26 (vi) the period in which the unfunded actuarial accrued liability amount determined
51.27 in item (iii) is amortized by the total level annual dollar or level percentage amortization
51.28 contribution computed under item (v) must be calculated using the interest assumption
51.29 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
51.30 integral number of years, but not to exceed 30 years from the end of the plan year in
51.31 which the determination of the established date for full funding using the procedure set
51.32 forth in this clause is made and not to be less than the period of years beginning in the
51.33 plan year in which the determination of the established date for full funding using the
51.34 procedure set forth in this clause is made and ending by the date for full funding in effect
51.35 before the change; and

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

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

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

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

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

52.12 (h) For the judges retirement plan, the established date for full funding is June
52.13 30, 2038.

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

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

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

52.24 (l) For the retirement plans for which the annual actuarial valuation indicates an
52.25 excess of valuation assets over the actuarial accrued liability, the valuation assets in
52.26 excess of the actuarial accrued liability must be recognized as a reduction in the current
52.27 contribution requirements by an amount equal to the amortization of the excess expressed
52.28 as a level percentage of pay over a 30-year period beginning anew with each annual
52.29 actuarial valuation of the plan.

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

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

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

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

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

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

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

53.14 ~~(2)~~ (3) the person has not begun to receive an annuity from any enumerated plan or
53.15 the person has made application for benefits from each applicable plan and the effective
53.16 dates of the retirement annuity with each plan under which the person chooses to receive
53.17 an annuity are within a one-year period.

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

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

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

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

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

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

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

54.3 (e) For the purpose of computing annuities under this section, the accrual rates
54.4 used by any covered plan, except the public employees police and fire plan, the judges
54.5 retirement fund, and the State Patrol retirement plan, must not exceed the percent specified
54.6 in section 356.315, subdivision 4, per year of service for any year of service or fraction
54.7 thereof. The formula percentage used by the judges retirement fund must not exceed the
54.8 percentage rate specified in section 356.315, subdivision 8, per year of service for any
54.9 year of service or fraction thereof. The accrual rate used by the public employees police
54.10 and fire plan and the State Patrol retirement plan must not exceed the percentage rate
54.11 specified in section 356.315, subdivision 6, per year of service for any year of service or
54.12 fraction thereof. The accrual rate or rates used by the legislators retirement plan must not
54.13 exceed 2.5 percent, but this limit does not apply to the adjustment provided under section
54.14 3A.02, subdivision 1, paragraph (c).

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

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

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

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

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

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

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

54.34 (2) has become totally and permanently disabled;

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

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

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

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

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

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

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

55.19 (1) has become occupationally disabled;

55.20 (2) has credit for allowable service in any combination of public safety employee
55.21 retirement plans totaling at least ~~one year~~ the minimum period of service credit required by
55.22 the applicable retirement plan with the longest service credit eligibility requirement for the
55.23 receipt of a duty-related disability benefit if the disability is duty-related or totaling at least
55.24 ~~three years~~ the minimum period of service credit required by the applicable retirement
55.25 plan with the longest service credit eligibility requirement for a disability benefit that is
55.26 not duty-related if the disability is not duty-related;

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

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

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

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

56.1 Subd. 5. **General and public safety plan eligibility requirements.** A disabled
 56.2 member of a covered retirement plan who has credit for allowable service in a combination
 56.3 of both a public safety employee retirement plan and general employee retirement plan
 56.4 must meet the qualifying requirements in subdivisions 3 and 4 to receive a combined
 56.5 service disability benefit from the applicable general employee and public safety
 56.6 employee retirement plans, except that the person need only be a member of a covered
 56.7 retirement plan at the time of the commencement of the disability, that the person must
 56.8 have allowable service credit for the applicable retirement plan with the longest service
 56.9 credit eligibility requirement for the receipt of a disability benefit, and that the minimum
 56.10 allowable service requirements of subdivisions 3, clauses (3) and (5), and 4, clauses (3)
 56.11 and (4), may be met in any combination of covered retirement plans.

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

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

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

56.19 (1) had credit for sufficient allowable service in any combination of covered
 56.20 retirement plans to meet ~~any~~ the minimum allowable service credit requirement of the
 56.21 applicable covered retirement fund with the longest allowable service credit requirement
 56.22 for qualification for a survivor benefit or annuity;

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

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

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

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

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

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

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

57.3 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
57.4 otherwise provided in subdivisions 1a, 1b, 1c, or 1d, retirement annuity, disability benefit,
57.5 or survivor benefit recipients of a covered retirement plan are entitled to a postretirement
57.6 adjustment annually on January 1, as follows:

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

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

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

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

57.20 (d) The retirement annuity payable to a person who retires before becoming eligible
57.21 for Social Security benefits and who has elected the optional payment as provided in
57.22 section 353.29, subdivision 6, ~~or 354.35~~ must be treated as the sum of a period certain
57.23 retirement annuity and a life retirement annuity for the purposes of any postretirement
57.24 adjustment. The period certain retirement annuity plus the life retirement annuity must be
57.25 the annuity amount payable until age 62 for section 353.29, subdivision 6, ~~or age 62, 65,~~
57.26 ~~or normal retirement age, as selected by the member at retirement, for an annuity amount~~
57.27 ~~payable under section 354.35.~~ A postretirement adjustment granted on the period certain
57.28 retirement annuity must terminate when the period certain retirement annuity terminates.

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

57.30 Sec. 76. Minnesota Statutes 2009 Supplement, section 356.415, is amended by adding
57.31 subdivisions to read:

57.32 **Subd. 1a. Annual postretirement adjustments; Minnesota State Retirement**
57.33 **System-administered plans.** (a) Retirement annuity, disability benefit, or survivor benefit
57.34 recipients of the legislators retirement plan, the general state employees retirement plan,
57.35 the correctional state employees retirement plan, the State Patrol retirement plan, the

58.1 elected state officers retirement plan, the unclassified state employees retirement program,
58.2 and the judges retirement plan are entitled to a postretirement adjustment annually on
58.3 January 1, as follows:

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

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

58.13 (b) The increases provided by this subdivision commence on January 1, 2011.
58.14 Increases under this subdivision for the general state employees retirement plan, the
58.15 correctional state employees retirement plan, the State Patrol retirement plan, or the judges
58.16 retirement plan terminate on December 31 of the calendar year in which the actuarial
58.17 valuation prepared by the approved actuary under sections 356.214 and 356.215 and the
58.18 standards for actuarial work promulgated by the Legislative Commission on Pensions
58.19 and Retirement indicates that the market value of assets of the retirement plan equals or
58.20 exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases
58.21 under subdivision 1 recommence after that date. Increases under this subdivision for
58.22 the legislators retirement plan or the elected state officers retirement plan terminate
58.23 on December 31 of the calendar year in which the actuarial valuation prepared by the
58.24 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
58.25 promulgated by the Legislative Commission on Pensions and Retirement indicates that the
58.26 market value of assets of the general state employees retirement plan equals or exceeds
58.27 90 percent of the actuarial accrued liability of the retirement plan and increases under
58.28 subdivision 1 recommence after that date.

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

58.33 Subd. 1b. **Annual postretirement adjustments; general employees retirement**
58.34 **plan and local government correctional retirement plan of the Public Employees**
58.35 **Retirement Association.** (a) Retirement annuity, disability benefit or survivor benefit
58.36 recipients of the general employees retirement plan of the Public Employees Retirement

59.1 Association and the local government correctional service retirement plan are entitled to a
59.2 postretirement adjustment annually on January 1, as follows:

59.3 (1) for January 1, 2011, and each successive January 1 until funding stability is
59.4 restored for the applicable retirement plan, a postretirement increase of one percent must
59.5 be applied each year, effective on January 1, to the monthly annuity or benefit amount of
59.6 each annuitant or benefit recipient who has been receiving an annuity or benefit for at least
59.7 12 full months as of the current June 30;

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

59.13 (3) for each January 1 following the restoration of funding stability for the applicable
59.14 retirement plan, a postretirement increase of 2.5 percent must be applied each year,
59.15 effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit
59.16 recipient who has been receiving an annuity or benefit for at least 12 full months as of
59.17 the current June 30; and

59.18 (4) for each January 1 following restoration of funding stability for the applicable
59.19 retirement plan, for each annuity or benefit recipient who has been receiving an annuity or
59.20 a benefit for at least one full month, but less than 12 full months as of the current June
59.21 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person
59.22 has been receiving an annuity or benefit must be applied.

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

59.28 (c) If, after applying the increase as provided for in clauses (3) and (4) of this
59.29 subdivision, the market value of the applicable retirement plan is determined in the next
59.30 subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent
59.31 of the actuarial accrued liability of any of the applicable Public Employees Retirement
59.32 Association plans, the increase provided in clauses (1) and (2) are to be applied as of the
59.33 next successive January until funding stability is again restored.

59.34 (d) An increase in annuity or benefit payments under this section must be made
59.35 automatically unless written notice is filed by the annuitant or benefit recipient with the

60.1 executive director of the Public Employees Retirement Association requesting that the
60.2 increase not be made.

60.3 (e) The retirement annuity payable to a person who retires before becoming eligible
60.4 for Social Security benefits and who has elected the optional payment, as provided in
60.5 section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement
60.6 annuity and a life retirement annuity for the purposes of any postretirement adjustment.
60.7 The period-certain retirement annuity plus the life retirement annuity must be the
60.8 annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement
60.9 adjustment granted on the period-certain retirement annuity must terminate when the
60.10 period-certain retirement annuity terminates.

60.11 Subd. 1c. **Annual postretirement adjustments; PERA-P&F.** (a) Retirement
60.12 annuity, disability benefit, or survivor benefit recipients of the public employees police
60.13 and fire retirement plan are entitled to a postretirement adjustment annually on January
60.14 1, as follows:

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

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

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

60.29 (4) for January 1, 2013, and each successive January 1 that follows the loss of
60.30 funding stability as defined under paragraph (b) until funding stability as defined under
60.31 paragraph (b) is again restored, for each annuitant or benefit recipient who has been
60.32 receiving the annuity or benefit for at least one full month as of the immediate preceding
60.33 June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index
60.34 for urban wage earners and clerical workers-all items published by the Bureau of Labor
60.35 Statistics of the United States Department of Labor between the immediate preceding
60.36 June 30 and the June 30 occurring 12 months previous for each full month of annuity

61.1 or benefit receipt, but not to exceed 1/12 of 1.5 percent for each full month of annuity
61.2 or benefit receipt;

61.3 (5) for each January 1 following the restoration of funding stability as defined
61.4 under paragraph (b) and during the continuation of funding stability as defined under
61.5 paragraph (b), for each annuitant or benefit recipient who has been receiving the annuity
61.6 or benefit for at least 12 full months as of the immediate preceding June 30, an amount
61.7 equal to the percentage increase in the Consumer Price Index for urban wage earners and
61.8 clerical workers-all items published by the Bureau of Labor Statistics of the United States
61.9 Department of Labor between the immediate preceding June 30 and the June 30 occurring
61.10 12 months previous, but not to exceed 2.5 percent; and

61.11 (6) for each January 1 following the restoration of funding stability as defined under
61.12 paragraph (b) and during the continuation of funding stability as defined under paragraph
61.13 (b), for each annuitant or benefit recipient who has been receiving the annuity or benefit
61.14 for at least one full month as of the immediate preceding June 30, an amount equal to
61.15 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and
61.16 clerical workers-all items published by the Bureau of Labor Statistics of the United States
61.17 Department of Labor between the immediate preceding June 30 and the June 30 occurring
61.18 12 months previous for each full month of annuity or benefit receipt, but not to exceed
61.19 1/12 of 2.5 percent for each full month of annuity or benefit receipt.

61.20 (b) Funding stability is restored when the market value of assets of the public
61.21 employees police and fire retirement plan equal or exceed 90 percent of the actuarial
61.22 accrued liabilities of the applicable plan in the most recent prior actuarial valuation
61.23 prepared under section 356.215 and under the standards for actuarial work of the
61.24 Legislative Commission and Pensions and Retirement by the approved actuary retained by
61.25 the Public Employees Retirement Association under section 356.214.

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

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

61.31 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
61.32 Retirement Association are entitled to a postretirement adjustment annually on January
61.33 1, as follows:

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

61.35 (2) for January 1, 2013, and each successive January 1 until funding stability is
61.36 restored, a postretirement increase of two percent must be applied each year, effective on

62.1 January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient
62.2 who has been receiving an annuity or a benefit for at least 18 full months prior to the
62.3 January 1 increase;

62.4 (3) for January 1, 2013, and each successive January 1 until funding stability is
62.5 restored, for each annuitant or benefit recipient who has been receiving an annuity or
62.6 a benefit for at least six full months, an annual postretirement increase of 1/12 of two
62.7 percent for each month the person has been receiving an annuity or benefit must be
62.8 applied, effective January 1, following the year in which the person has been retired
62.9 for less than 12 months;

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

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

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

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

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

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

63.2 Sec. 77. Minnesota Statutes 2008, section 356.47, subdivision 3, is amended to read:

63.3 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
 63.4 period ends relating to the reemployment that gave rise to the limitation, and the filing of a
 63.5 written application, the retired member is entitled to the payment, in a lump sum, of the
 63.6 value of the person's amount under subdivision 2, plus annual compound interest at. For
 63.7 the general state employees retirement plan, for the correctional state employees retirement
 63.8 plan, the general employees retirement plan of the Public Employees Retirement
 63.9 Association, the public employees police and fire retirement plan, the local government
 63.10 correctional employees retirement plan, and the teachers retirement plan, the annual
 63.11 interest rate is six percent from the date on which the amount was deducted from the
 63.12 retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and
 63.13 no interest after January 1, 2011. For the Duluth Teachers Retirement Fund Association,
 63.14 the annual interest is six percent from the date on which the amount was deducted from the
 63.15 retirement annuity to the date of payment or until June 30, 2010, whichever is earlier, and
 63.16 no interest after June 30, 2010. For the St. Paul Teachers Retirement Fund Association,
 63.17 the annual interest is the ~~compound annual~~ rate of six percent from the date that the
 63.18 amount was deducted from the retirement annuity to the date of payment.

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

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

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

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

64.1 Sec. 78. Minnesota Statutes 2009 Supplement, section 423A.02, subdivision 3, is
 64.2 amended to read:

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

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

64.20	Fiscal Year	Amount
64.21	1996	\$ 0
64.22	1997	\$ 0
64.23	1998	\$ 200,000
64.24	1999	\$ 400,000
64.25	2000	\$ 600,000
64.26	2001 and thereafter	\$ 800,000

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

64.30	Fiscal Year	City amount	School district amount
64.31			
64.32	1996	\$ 0	\$ 0
64.33	1997	\$ 0	\$ 0
64.34	1998	\$ 250,000	\$ 250,000
64.35	1999	\$ 400,000	\$ 400,000
64.36	2000	\$ 550,000	\$ 550,000
64.37	2001	\$ 700,000	\$ 700,000

65.1	2002	\$ 850,000	\$ 850,000
65.2	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

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

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

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

65.14 Sec. 79. **LOCAL RETIREMENT FUND INVESTMENT AUTHORITIES**
 65.15 **STUDY.**

65.16 A study group consisting of representatives from pension plans subject to Minnesota
 65.17 Statutes, section 356A.06, subdivision 6 or 7, shall be convened by the State Auditor to
 65.18 study investment-related provisions, authorities, and limitations under Minnesota Statutes,
 65.19 chapter 356A, and related sections of other chapters. Administrative support for the study
 65.20 group shall be provided by the State Auditor. The study group shall prepare a report to
 65.21 include an assessment of the effectiveness of current statutory prescriptions, options for
 65.22 change, and recommendations for consideration by the governor and the legislature during
 65.23 the 2011 legislative session. The report will be provided no later than January 15, 2011, to
 65.24 the executive director of the Legislative Commission on Pensions and Retirement, the
 65.25 chair and ranking minority caucus member of the Senate State and Local Government
 65.26 Operations and Oversight Committee, and the chair and ranking minority caucus member
 65.27 of the House State and Local Government Operations Reform, Technology and Elections
 65.28 Committee.

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

65.30 Sec. 80. **BYLAW AUTHORIZATION.**

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

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

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

66.4 Sec. 81. **REPEALER.**

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

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

66.7 **ARTICLE 2**

66.8 **MSRS ADMINISTRATIVE PROVISIONS**

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

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

66.11 (1) employees of the Minnesota Historical Society;

66.12 (2) employees of the State Horticultural Society;

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

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

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

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

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

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

66.28 (9) employees of the Minnesota Safety Council;

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

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

67.5 (12) judges of the Tax Court;

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

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

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

67.16 (16) employees of the University of Minnesota unless excluded under subdivision
 67.17 2b, clause (3);

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

67.20 (18) employees of the Minnesota Government Engineers Council to whom section
 67.21 352.029 does not apply.

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

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

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

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

67.31 (1) elect a chair;

67.32 (2) appoint an executive director;

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

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

68.5 (5) oversee the administration of the ~~state~~-deferred compensation plan established
 68.6 in section 352.965; and

68.7 (6) oversee the administration of the health care savings plan established in section
 68.8 352.98.

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

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

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

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

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

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

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

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

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

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

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

69.5 Subd. 10. **Reemployment of annuitant.** (a) Except for salary or wages received
69.6 as a temporary employee of the legislature during a legislative session, if any retired
69.7 employee again becomes entitled to receive salary or wages from ~~the state, or any~~
69.8 employer who employs state employees as that term is defined in section 352.01,
69.9 subdivision 2, ~~other than salary or wages received as a temporary employee of the~~
69.10 ~~legislature during a legislative session~~ in a position covered by this chapter, the annuity or
69.11 retirement allowance ~~shall~~ must cease when the retired employee has earned an amount
69.12 equal to the annual maximum earnings allowable for that age for the continued receipt of
69.13 full benefit amounts monthly under the federal old age, survivors, and disability insurance
69.14 program as set by the secretary of health and human services under United States Code,
69.15 title 42, section 403, in any calendar year. If the retired employee has not yet reached the
69.16 minimum age for the receipt of Social Security benefits, the maximum earnings for the
69.17 retired employee ~~shall be~~ are equal to the annual maximum earnings allowable for the
69.18 minimum age for the receipt of Social Security benefits.

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

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

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

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

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

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

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

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

70.6 **Subd. 6. Correction of plan coverage errors.** If erroneous employee deductions
70.7 and employer contributions are caused by an error in plan coverage involving the
70.8 correctional state employees retirement plan and any other plan specified in section
70.9 356.99, that section applies.

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

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

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

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

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

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

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

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

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

71.7 (g) All amounts contributed to the deferred compensation plan and all earnings
 71.8 on those amounts must be held in trust, in custodial accounts, or in qualifying annuity
 71.9 contracts for the exclusive benefit of the plan participants and beneficiaries, as required by
 71.10 section 457(g) of the Internal Revenue Code and in accordance with sections 356.001 and
 71.11 356A.06, subdivision 1.

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

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

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

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

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

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

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

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

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

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

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

72.5 (3) for members defined in subdivision 10, clauses (2) and (3), service for which
72.6 payments have been made to the State Patrol retirement fund under law, service for which
72.7 payments were made to the State Police officers retirement fund under law after June
72.8 30, 1961, and all prior service which was credited to a member for service on or before
72.9 June 30, 1961;

72.10 (4) any period of authorized leave of absence without pay that does not exceed one
72.11 year and for which the employee obtains credit by payment to the fund under section
72.12 352B.013; and

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

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

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

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

72.23 Subdivision 1. **Application.** This section specifies the procedure for purchasing
72.24 service credit in the state patrol retirement plan for authorized leaves of absence under
72.25 section 352B.011, subdivision 3, unless an alternative payment procedure is specified in
72.26 law for a particular form of leave or break in service.

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

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

73.1 return from the leave of absence and by the days and months of the leave of absence for
 73.2 which the employee is eligible for allowable service credit. The payment must include
 73.3 compound interest at a monthly rate of 0.71 percent from the last day of the leave period
 73.4 until the last day of the month in which payment is received. If payment is received by the
 73.5 executive director after one year from the date the employee returned to work following
 73.6 the authorized leave, the payment amount is the amount determined under section
 73.7 356.551. Payment under this paragraph must be made before the date of termination from
 73.8 public employment covered under this chapter.

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

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

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

73.19 **Subd. 3. Correction of plan coverage errors.** If erroneous employee deductions
 73.20 and employer contributions are caused by an error in plan coverage involving the state
 73.21 patrol retirement plan and any other plan specified in section 356.99, that section applies.

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

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

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

74.1 have commenced in the defined contribution plan until the end of the month in which
 74.2 the transfer occurs.

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

74.6 ~~(e)~~ (b) A potential transfer under paragraph (a) that is reasonably determined to
 74.7 cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal
 74.8 Revenue Code, as amended, must not be made by the executive director of the association.
 74.9 Within 30 days after being notified by the Public Employees Retirement Association of
 74.10 an unmade potential transfer under this paragraph, the employer of the affected person
 74.11 must transmit an amount representing the applicable salary deductions and employer
 74.12 contributions, without interest, to the retirement fund of the appropriate Minnesota public
 74.13 pension plan, or to the applicable individual account if the proper coverage is by a defined
 74.14 contribution plan. The association must provide the employing unit a credit for the amount
 74.15 of the erroneous salary deductions and employer contributions against future contributions
 74.16 from the employer. If the employing unit receives a credit under this paragraph, the
 74.17 employing unit is responsible for refunding to the applicable employee any amount that
 74.18 had been erroneously deducted from the person's salary.

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

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

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

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

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

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

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

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

75.7 (b) If salary deductions and employer contributions were erroneously transmitted
75.8 to the retirement fund and should have been transmitted to ~~another Minnesota public~~
75.9 ~~pension~~ the plan covered by chapter 352D, 353D, 354B, or 354D, the executive director
75.10 must transfer these salary deductions and employer contributions to the account of the
75.11 appropriate public pension fund without interest. ~~For purposes of this paragraph, a~~
75.12 ~~Minnesota public pension plan means a plan specified in section 356.30, subdivision 3,~~
75.13 ~~or the plan governed by chapter 354B.~~ person under the applicable plan. The transfer to
75.14 the applicable defined contribution plan account must include interest at the rate of 0.71
75.15 percent per month, compounded annually, from the first day of the month following the
75.16 month in which coverage should have commenced in the defined contribution plan until
75.17 the end of the month in which the transfer occurs.

75.18 (c) A potential transfer under paragraph (b) that would cause the plan to fail to
75.19 be a qualified plan under section 401(a) of the Internal Revenue Code, as amended,
75.20 must not be made by the executive director. Within 30 days after being notified by the
75.21 Teachers Retirement Association of an unmade potential transfer under this paragraph,
75.22 the employer of the affected person must transmit an amount representing the applicable
75.23 salary deductions and employer contributions, without interest, to the ~~retirement fund of~~
75.24 ~~the appropriate Minnesota public pension plan fund~~ account of the applicable person under
75.25 the appropriate plan. The retirement association must provide a credit for the amount of
75.26 the erroneous salary deductions and employer contributions against future contributions
75.27 from the employer.

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

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

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

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

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

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

76.13 Subd. 6a. **Erroneous salary deductions or direct payments.** If erroneous
 76.14 employee deductions and employer contributions reflect a plan coverage error involving
 76.15 any plan covered by the this chapter and any plan specified in section 356.99, that section
 76.16 applies.

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

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

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

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

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

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

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

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

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

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

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

77.18 (iii) any other deferred compensation plan offered by the employer under section
77.19 457 of the Internal Revenue Code;

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

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

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

78.1 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
78.2 pipefitters local pension fund for the employees of a governmental subdivision who are
78.3 covered by a collective bargaining agreement that provides for coverage by that fund and
78.4 that sets forth a fund contribution rate, but not to exceed an employer contribution of
78.5 \$5,000 per year per employee;

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

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

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

78.17 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
78.18 deferred compensation program, if the employee makes a contribution, in an amount that
78.19 does not exceed the total percentage of covered salary under section 353.27, subdivisions
78.20 3 and 3a.

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

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

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

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

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

79.2 **CORRECTION OF PLAN COVERAGE ERRORS**

79.3 Sec. 17. **[356.99] CORRECTION OF ERRONEOUS DEFINED BENEFIT PLAN**
79.4 **COVERAGE.**

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

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

79.10 (c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision
79.11 3, except clauses (3), (5), (6), and (11).

79.12 (d) "Governing board" means the governing board of the Minnesota State Retirement
79.13 System, the Public Employees Retirement Association, the Teachers Retirement
79.14 Association, the Duluth Teachers Retirement Fund Association, or the St. Paul Teachers
79.15 Retirement Fund Association.

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

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

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

79.26 Subd. 4. **Active employee treatment of past service.** Any plan member, with past
79.27 service credited in an erroneous plan, retains the coverage for that past service with the
79.28 plan that originally credited that service if the reporting error began earlier than two
79.29 fiscal years prior to the current fiscal year in which the error was determined by the chief
79.30 administrative officer. If the reporting error began within two fiscal years prior to the
79.31 current fiscal year, the pension plan coverage for that past service must be corrected as
79.32 provided in subdivision 5.

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

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

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

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

80.20 (d) A potential transfer under this section that would cause a plan to fail to be a
80.21 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be
80.22 made. Within 30 days after being notified by a chief administrative officer of an unmade
80.23 potential transfer under this section, the employer of the member must transmit an amount
80.24 representing the applicable salary deductions and employer contributions, without interest,
80.25 to the fund of the appropriate covered pension plan. The chief administrative officer of the
80.26 covered pension plan which erroneously provided coverage must provide to the employer
80.27 a credit for the amount of the erroneous salary deductions and employer contributions
80.28 against future contributions from that employer.

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

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

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

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

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

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

81.10 Sec. 19. **REPEALER.**

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

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

81.13 **ARTICLE 3**

81.14 **MINNESOTA STATE DEFERRED COMPENSATION PLAN AMENDMENTS**

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

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

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

81.27 (c) The executive director may contract with a third party to perform administrative
81.28 and record keeping functions. The executive director may solicit bids and negotiate such
81.29 contracts. Participating employers must provide the necessary data to the third-party
81.30 administrator as determined by the executive director. The third-party record keeper and
81.31 the Minnesota State Retirement System shall follow the data privacy provisions under
81.32 chapter 13. The third-party record keeper may not solicit participants for any product or
81.33 services not related to the deferred compensation plan.

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

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

82.7 **ARTICLE 4**

82.8 **MSRS UNCLASSIFIED STATE EMPLOYEES RETIREMENT**
 82.9 **PROGRAM AMENDMENTS**

82.10 Section 1. Minnesota Statutes 2008, section 3A.07, is amended to read:

82.11 **3A.07 APPLICATION.**

82.12 (a) Except as provided in paragraph (b) or (d), this chapter applies to members
 82.13 of the legislature in service after July 1, 1965, who otherwise meet the requirements
 82.14 of this chapter.

82.15 (b) Members of the legislature who were elected for the first time after June 30,
 82.16 1997, or members of the legislature who were elected before July 1, 1997, and who, after
 82.17 July 1, 1998, elect not to be members of the plan established by this chapter are covered
 82.18 by the unclassified employees retirement program governed by chapter 352D.

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

82.22 (d) Members of the legislature who are covered by the retirement plan governed by
 82.23 this chapter on July 1, 2010, may, on or before the end of the member's seventh year of
 82.24 legislative service or January 1, 2011, whichever is later, elect to have future retirement
 82.25 coverage by either the general state employees retirement plan governed by chapter 352
 82.26 or the unclassified state employees retirement program governed by chapter 352D. The
 82.27 election must be made on a form prescribed by the director and is irrevocable.

82.28 Sec. 2. Minnesota Statutes 2008, section 352.01, subdivision 2a, is amended to read:

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

82.30 (1) employees of the Minnesota Historical Society;

82.31 (2) employees of the State Horticultural Society;

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

82.33 (4) employees of the adjutant general who are paid from federal funds and who are
 82.34 not covered by any federal civilian employees retirement system;

83.1 (5) employees of the Minnesota State Colleges and Universities employed under the
83.2 university or college activities program;

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

83.6 (7) employees of the legislature appointed without a limit on the duration of their
83.7 employment and persons employed or designated by the legislature or by a legislative
83.8 committee or commission or other competent authority to conduct a special inquiry,
83.9 investigation, examination, or installation;

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

83.13 (9) employees of the Minnesota Safety Council;

83.14 (10) any employees on authorized leave of absence from the Transit Operating
83.15 Division of the former Metropolitan Transit Commission who are employed by the
83.16 labor organization which is the exclusive bargaining agent representing employees of
83.17 the Transit Operating Division;

83.18 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
83.19 Commission, Metropolitan Sports Facilities Commission, Metropolitan Mosquito Control
83.20 Commission, or Metropolitan Radio Board unless excluded or covered by another public
83.21 pension fund or plan under section 473.415, subdivision 3;

83.22 (12) judges of the Tax Court;

83.23 (13) personnel employed on June 30, 1992, by the University of Minnesota in the
83.24 management, operation, or maintenance of its heating plant facilities, whose employment
83.25 transfers to an employer assuming operation of the heating plant facilities, so long as the
83.26 person is employed at the University of Minnesota heating plant by that employer or by its
83.27 successor organization;

83.28 (14) seasonal help in the classified service employed by the Department of Revenue;

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

83.32 (16) employees of the University of Minnesota unless excluded under subdivision
83.33 2b, clause (3);

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

84.1 (18) employees of the Minnesota Government Engineers Council to whom section
84.2 352.029 does not apply; and

84.3 (19) employees who have elected to transfer past service to the general employees
84.4 retirement plan under section 352D.02, subdivision 1d, paragraph (a), or who have not
84.5 elected to transfer to the unclassified program under section 352D.02, subdivision 1d,
84.6 paragraph (b).

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

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

84.14 Sec. 3. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is
84.15 amended to read:

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

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

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

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

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

84.30 (5) election officers;

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

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

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

85.4 (9) patient and inmate help who perform services in state charitable, penal, and
85.5 correctional institutions including the Minnesota Veterans Home;

85.6 (10) persons who are employed for professional services where the service is
85.7 incidental to their regular professional duties and whose compensation is paid on a per
85.8 diem basis;

85.9 (11) employees of the Sibley House Association;

85.10 (12) the members of any state board or commission who serve the state intermittently
85.11 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
85.12 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
85.13 from serving more than three years; and the board of managers of the State Agricultural
85.14 Society and its treasurer unless the treasurer is also its full-time secretary;

85.15 (13) state troopers and persons who are described in section 352B.011, subdivision
85.16 10, clauses (2) to (8);

85.17 (14) temporary employees of the Minnesota State Fair who are employed on or
85.18 after July 1 for a period not to extend beyond October 15 of that year; and persons who
85.19 are employed at any time by the state fair administration for special events held on the
85.20 fairgrounds;

85.21 (15) emergency employees who are in the classified service; except that if an
85.22 emergency employee, within the same pay period, becomes a provisional or probationary
85.23 employee on other than a temporary basis, the employee must be considered a "state
85.24 employee" retroactively to the beginning of the pay period;

85.25 (16) temporary employees in the classified service, and temporary employees in the
85.26 unclassified service who are appointed for a definite period of not more than six months
85.27 and who are employed less than six months in any one-year period;

85.28 (17) interns who are hired for six months or less and trainee employees, except
85.29 those listed in subdivision 2a, clause (8);

85.30 (18) persons whose compensation is paid on a fee basis or as an independent
85.31 contractor;

85.32 (19) state employees who are employed by the Board of Trustees of the Minnesota
85.33 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
85.34 subdivision 1, clause (9);

85.35 (20) state employees who in any year have credit for 12 months service as teachers
85.36 in the public schools of the state and as teachers are members of the Teachers Retirement

86.1 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
86.2 incidental employment as a state employee that is not covered by one of the teacher
86.3 retirement associations or systems;

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

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

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

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

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

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

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

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

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

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

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

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

86.35 (33) foreign citizens ~~with~~ who are employed under a work permit of less than three
86.36 years, or an H-1b/JV visa valid for less than three years of employment, unless notice of

87.1 extension is supplied which allows them to work for three or more years as of the date
 87.2 ~~that~~the extension is granted, in which case they are eligible for coverage from the date
 87.3 extended; ~~and~~

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

87.8 (35) employees who have elected to transfer service to the unclassified program
 87.9 under section 352D.02, subdivision 1d, paragraph (b).

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

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

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

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

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

87.17 Sec. 5. Minnesota Statutes 2008, section 352D.015, subdivision 9, is amended to read:

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

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

87.23 Sec. 6. Minnesota Statutes 2008, section 352D.02, subdivision 1, is amended to read:

87.24 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (b), clause
 87.25 (1), are participants in the unclassified program under this chapter. Persons referenced
 87.26 in paragraph (b), clause (15) are participants in the unclassified program under this
 87.27 chapter for judicial employment in excess of the service credit limit in section 490.121,
 87.28 subdivision 22. Employees enumerated in paragraph (c) (b), clauses (2), (3), (4), (6) to
 87.29 (14), and (16) to (18), clauses (2) to (14) and (16) to (18), if they are in the unclassified
 87.30 service of the state or Metropolitan Council and are eligible for coverage under the general
 87.31 state employees retirement plan under chapter 352, are participants in the unclassified
 87.32 program under this chapter unless the employee gives notice to the executive director of

88.1 the Minnesota State Retirement System within one year following the commencement
88.2 of employment in the unclassified service that the employee desires coverage under the
88.3 general state employees retirement plan. For the purposes of this chapter, an employee
88.4 who does not file notice with the executive director is deemed to have exercised the option
88.5 to participate in the unclassified program.

88.6 ~~(b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified~~
88.7 ~~program under this chapter unless the person was eligible to elect different coverage under~~
88.8 ~~section 3A.07 and elected retirement coverage by the applicable alternative retirement~~
88.9 ~~plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified~~
88.10 ~~program under this chapter for judicial employment in excess of the service credit limit in~~
88.11 ~~section 490.121, subdivision 22.~~

88.12 ~~(c)~~ (b) Enumerated employees and referenced persons are:

88.13 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
88.14 and the attorney general;

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

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

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

88.21 (5) a member of the legislature;

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

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

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

88.34 (9) the executive director, associate executive director, and not to exceed nine
88.35 positions of the Minnesota Office of Higher Education in the unclassified service, as
88.36 designated by the Minnesota Office of Higher Education before January 1, 1992, or

89.1 subsequently redesignated with the approval of the board of directors of the Minnesota
89.2 State Retirement System, unless the person has elected coverage by the individual
89.3 retirement account plan under chapter 354B;

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

89.7 (11) the chief executive officers of correctional facilities operated by the Department
89.8 of Corrections and of hospitals and nursing homes operated by the Department of Human
89.9 Services;

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

89.11 (13) an employee of the Agricultural Utilization Research Institute;

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

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

89.16 (16) an employee of Enterprise Minnesota, Inc.;

89.17 (17) a person employed by the Minnesota State Colleges and Universities as faculty
89.18 or in an eligible unclassified administrative position as defined in section 354B.20,
89.19 subdivision 6, who was employed by the former state university or the former community
89.20 college system before May 1, 1995, and elected unclassified program coverage prior to
89.21 May 1, 1995; and

89.22 (18) a person employed by the Minnesota State Colleges and Universities who
89.23 was employed in state service before July 1, 1995, who subsequently is employed in an
89.24 eligible unclassified administrative position as defined in section 354B.20, subdivision
89.25 6, and who elects coverage by the unclassified program.

89.26 Sec. 7. Minnesota Statutes 2008, section 352D.02, subdivision 1c, is amended to read:

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

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

89.33 Sec. 8. Minnesota Statutes 2008, section 352D.02, subdivision 2, is amended to read:

90.1 Subd. 2. **Coverage upon employment change.** A person becoming a participant
90.2 in the unclassified program prior to July 1, 2010, by virtue of employment in a position
90.3 specified in subdivision 1, clause (4), and remaining in the unclassified service shall
90.4 remain a participant in the program even though the position the person occupies is
90.5 deleted from any of the sections referenced in subdivision 1, clause (4), by subsequent
90.6 amendment, except that a person ~~shall~~ is not be eligible to elect the unclassified program
90.7 after separation from unclassified service if on the return of the person to service, that
90.8 position is not specified in subdivision 1, clause (4). Any person employed in a position
90.9 specified in subdivision 1 shall cease to participate in the unclassified program in the event
90.10 that the position is placed in the classified service.

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

90.12 Sec. 9. Minnesota Statutes 2008, section 352D.02, subdivision 3, is amended to read:

90.13 Subd. 3. **Transfer to general employees retirement plan.** (a) An employee
90.14 referred to in subdivision 1, paragraph (b), clauses (2) to (4), (6) to (14), and (16) to
90.15 (18), who is credited with employee shares in the unclassified program, ~~after acquiring~~
90.16 and who has credit for ~~ten years of~~ allowable service ~~and~~, not later than one month
90.17 following the termination of covered employment, may elect to terminate participation
90.18 in the unclassified program and be covered by the general employees retirement plan by
90.19 filing a written election with the executive director: if the employee was employed before
90.20 July 1, 2010, and has at least ten years of allowable service as of the date of the election or
90.21 if the employee was employed after June 30, 2010, and has no more than seven years of
90.22 allowable service as of the date of the election.

90.23 (b) A person referred to in subdivision 1, paragraph (b), clause (5), who is credited
90.24 with employee shares in the unclassified program, and who has credit for allowable
90.25 service, prior to the termination of service, may elect to terminate participation in the
90.26 unclassified program and be covered by the general employees retirement plan by filing
90.27 a written election with the executive director if the person first became covered by the
90.28 unclassified program after June 30, 2010, and has no more than seven years of allowable
90.29 service or if the person first became covered by the unclassified program before July 1,
90.30 2010, and makes the election to transfer on or before January 1, 2011.

90.31 (c) If the transfer election is made, the executive director shall then redeem the
90.32 employee's total shares and shall credit to the employee's account in the general employees
90.33 retirement plan the amount of contributions that would have been so credited had the
90.34 employee been covered by the general employees retirement plan during the employee's
90.35 entire covered employment or elective state service. The balance of money so redeemed

91.1 and not credited to the employee's account ~~shall~~ must be transferred to the general
 91.2 employees retirement plan retirement fund, except that (1) the employee contribution paid
 91.3 to the unclassified program must be compared to (2) the employee contributions that
 91.4 would have been paid to the general employees retirement plan for the comparable period,
 91.5 if the individual had been covered by that plan. If clause (1) is greater than clause (2),
 91.6 the difference must be refunded to the employee as provided in section 352.22. If clause
 91.7 (2) is greater than clause (1), the difference must be paid by the employee within six
 91.8 months of electing general employees retirement plan coverage or before the effective
 91.9 date of the annuity, whichever is sooner.

91.10 ~~(b)~~ (d) An election under paragraph (a) or (b) to transfer coverage to the general
 91.11 employees retirement plan is irrevocable during any period of covered employment.

91.12 (e) A person referenced to in subdivision 1, paragraph (b), clause (1) or (15), who is
 91.13 credited with employee shares in the unclassified program is not permitted to terminate
 91.14 participation in the unclassified program and be covered by the general employees
 91.15 retirement plan.

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

91.17 Sec. 10. Minnesota Statutes 2008, section 352D.03, is amended to read:

91.18 **352D.03 TRANSFER OF ASSETS.**

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

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

91.29 Sec. 11. Minnesota Statutes 2008, section 352D.04, subdivision 1, is amended to read:

91.30 Subdivision 1. **Investment options.** (a) A person exercising an option to participate
 91.31 in the retirement program provided by this chapter may elect to purchase shares in one or
 91.32 a combination of the income share account, the growth share account, the international
 91.33 share account, the money market account, the bond market account, the fixed interest

92.1 account, or the common stock index account established in section 11A.17. The person
 92.2 may elect to participate in one or more of the investment accounts in the fund by
 92.3 specifying, ~~on a form provided~~ in a manner prescribed by the executive director, the
 92.4 percentage of the person's contributions provided in subdivision 2 to be used to purchase
 92.5 shares in each of the accounts.

92.6 (b) A participant may ~~indicate in writing on forms provided~~, in a manner prescribed
 92.7 by the ~~Minnesota State Retirement System a choice of options~~ executive director, choose
 92.8 their investment allocation for subsequent purchases of shares. Until a different written
 92.9 indication is made by the participant, the executive director shall purchase shares in the
 92.10 supplemental fund as selected by the participant. If no initial option is chosen, 100 percent
 92.11 income shares must be purchased for a participant. A change in choice of investment
 92.12 option is effective ~~no later than the first pay date first occurring after 30 days following the~~
 92.13 ~~receipt of the request for a change~~ at the end of the most recent United States investment
 92.14 market day.

92.15 (c) ~~Shares in the fixed interest account attributable to any guaranteed investment~~
 92.16 ~~contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another~~
 92.17 ~~account until the guaranteed investment contract has expired, unless the participant~~
 92.18 ~~qualifies for withdrawal under section 352D.05 or for benefit payments under sections~~
 92.19 ~~352D.06 to 352D.075.~~

92.20 (d) (c) A participant or former participant may also change the investment options
 92.21 selected for all or a portion of the participant's shares previously purchased in accounts,
 92.22 subject to the ~~provisions of paragraph (c) concerning the fixed interest account. Changes~~
 92.23 ~~in investment options for the participant's shares must be effected as soon as cash flow to~~
 92.24 ~~an account practically permits, but not later than six months after the requested change~~
 92.25 trading restrictions imposed on the investment option.

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

92.27 Sec. 12. Minnesota Statutes 2008, section 352D.04, subdivision 2, is amended to read:

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

92.30 (b) The employee contribution is an amount equal to ~~four~~ the percent of salary
 92.31 specified in section 352.04, subdivision 2, or 352.045, subdivision 3.

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

92.33 (d) For members of the legislature, the contributions under this subdivision also must
 92.34 be made on per diem payments received during a regular or special legislative session, but
 92.35 may not be made on per diem payments received outside of a regular or special legislative

93.1 session, on the additional compensation attributable to a leadership position under section
93.2 3.099, subdivision 3, living expense payments under section 3.101, or special session
93.3 living expense payments under section 3.103.

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

93.7 (f) These contributions must be made in the manner provided in section 352.04,
93.8 subdivisions 4, 5, and 6.

93.9 **EFFECTIVE DATE.** This section is effective the first day of the first full pay
93.10 period beginning after July 1, 2010.

93.11 Sec. 13. Minnesota Statutes 2008, section 352D.05, subdivision 3, is amended to read:

93.12 Subd. 3. **Full or partial withdrawal.** After termination of covered employment
93.13 or at any time thereafter, a participant is entitled, upon application, to withdraw the cash
93.14 value of the participant's total shares or leave such shares on deposit with the supplemental
93.15 retirement fund. The account is valued at the end of the ~~month in which~~ most recent
93.16 United States investment market day following receipt of the application for withdrawal is
93.17 made. Shares not withdrawn remain on deposit with the supplemental retirement fund
93.18 until the former participant becomes at least 55 years old, and applies for an annuity under
93.19 section 352D.06, subdivision 1.

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

93.21 Sec. 14. Minnesota Statutes 2008, section 352D.05, subdivision 4, is amended to read:

93.22 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may
93.23 repay regular refunds taken under section 352.22, as provided in section 352.23.

93.24 (b) A participant in the unclassified program or an employee covered by the general
93.25 employees retirement plan who has withdrawn the value of the total shares may repay
93.26 the refund taken and thereupon restore the service credit, rights and benefits forfeited by
93.27 paying into the fund the amount refunded plus interest at an annual rate of 8.5 percent
93.28 compounded annually from the date that the refund was taken until the date that the refund
93.29 is repaid. If the participant had withdrawn only the employee shares as permitted under
93.30 prior laws, repayment must be pro rata.

93.31 (c) Except as provided in section 356.441, the repayment of a refund under this
93.32 section must be made in a lump sum.

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

94.1 Sec. 15. Minnesota Statutes 2008, section 352D.06, subdivision 3, is amended to read:

94.2 Subd. 3. **Accrual date.** An annuity under this section accrues the ~~first day of the~~
94.3 ~~first full month after an application is received or the day following termination of state~~
94.4 ~~service, whichever is later. The account must be valued and redeemed on the later of the~~
94.5 ~~end of the month of termination of covered employment, or the end of the month of receipt~~
94.6 ~~of the annuity application for the purpose of computing the annuity~~ day following receipt
94.7 of the application or the day following termination, whichever is later. The benefit must be
94.8 based on the value of the account the day following receipt of the application or the date of
94.9 termination, whichever is later, plus any contributions and interest received after that date.

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

94.11 Sec. 16. Minnesota Statutes 2008, section 352D.065, subdivision 3, is amended to read:

94.12 Subd. 3. **Annuity payment.** The annuity payable under this section ~~shall begin~~
94.13 begins to accrue the ~~first day of the month following the date of disability~~ receipt of the
94.14 application or the day after termination, whichever is later, plus any contributions and
94.15 interest received after that date, and shall must be based on the participant's age when the
94.16 annuity begins to accrue. The shares ~~shall must~~ be valued as of the end of the ~~month~~
94.17 following authorization of payments day on which the benefit accrues.

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

94.19 Sec. 17. Minnesota Statutes 2008, section 352D.09, subdivision 3, is amended to read:

94.20 Subd. 3. **Prospectus.** (a) The executive director shall annually ~~distribute~~ make
94.21 available by electronic means to each participant the prospectus prepared by the
94.22 supplemental fund, by July 1 or when received from such fund, whichever is later, ~~to~~
94.23 ~~each participant in covered employment.~~

94.24 (b) Any participant may contact the Minnesota State Retirement System and request
94.25 a copy of the prospectus.

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

94.27 Sec. 18. Minnesota Statutes 2008, section 352D.09, subdivision 7, is amended to read:

94.28 Subd. 7. **Administrative fees.** The board of directors shall establish a budget and
94.29 charge participants a reasonable fee to pay the administrative expenses of the unclassified
94.30 program. Fees ~~cannot~~ may not be charged on contributions and investment returns
94.31 attributable to contributions made before July 1, 1992. ~~Annual total fees charged for plan~~

95.1 ~~administration cannot exceed 10/100 of one percent of the contributions and investment~~
 95.2 ~~returns attributable to contributions made on or after July 1, 1992.~~

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

95.4 **ARTICLE 5**

95.5 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION** 95.6 **ADMINISTRATIVE PROVISIONS**

95.7 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2, is
 95.8 amended to read:

95.9 Subd. 2. **Public employee.** "Public employee" means a governmental employee
 95.10 or a public officer performing personal services for a governmental subdivision defined
 95.11 in subdivision 6, whose salary is paid, in whole or in part, from revenue derived from
 95.12 taxation, fees, assessments, or from other sources. For purposes of membership in the
 95.13 association, the term includes the classes of persons described or listed in subdivision
 95.14 2a and excludes the classes of persons listed in subdivision 2b. The term also includes
 95.15 persons who elect association membership under subdivision 2d, paragraph (a), and
 95.16 persons for whom the applicable governmental subdivision had elected association
 95.17 membership under subdivision 2d, paragraph (b). ~~The term excludes the classes of persons~~
 95.18 ~~listed in subdivision 2b for purposes of membership in the association.~~

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

95.20 Sec. 2. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a, is
 95.21 amended to read:

95.22 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
 95.23 ~~whose salary from employment in one or more positions within one governmental~~
 95.24 ~~subdivision exceeds \$425 in any month shall participate as members of the association.~~
 95.25 ~~If the salary is less than \$425 in a subsequent month, the employee retains membership~~
 95.26 ~~eligibility. Eligible Public employees shall~~ whose salary exceeds \$425 in any month and
 95.27 who are not specifically excluded under subdivision 2b or who have not been provided
 95.28 an option to participate under subdivision 2d, whether individually or by action of the
 95.29 governmental subdivision, must participate as members of the association with retirement
 95.30 coverage by the public employees retirement plan or the public employees police and
 95.31 fire retirement plan under this chapter, or the local government correctional employees
 95.32 retirement plan under chapter 353E, whichever applies. Membership commences as a
 95.33 condition of their employment on the first day of their employment unless they or on the

96.1 first day that the eligibility criteria are met, whichever is later. Public employees include
 96.2 but are not limited to:

96.3 ~~(1) are specifically excluded under subdivision 2b;~~

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

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

96.9 (1) persons whose salary meets the threshold in paragraph (a) from employment in
 96.10 one or more positions within one governmental subdivision;

96.11 (2) elected county sheriffs;

96.12 (3) persons who are appointed, employed, or contracted to perform governmental
 96.13 functions that by law or local ordinance are required of a public officer, including, but
 96.14 not limited to:

96.15 (i) town and city clerk or treasurer;

96.16 (ii) county auditor, treasurer, or recorder;

96.17 (iii) city manager as defined in section 353.028 who does not exercise the option
 96.18 provided under subdivision 2d; or

96.19 (iv) emergency management director, as provided under section 12.25;

96.20 (4) physicians under section 353D.01, subdivision 2, who do not elect public
 96.21 employees defined contribution plan coverage under section 353D.02, subdivision 2;

96.22 (5) full-time employees of the Dakota County Agricultural Society; and

96.23 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
 96.24 Police Relief Association who are not excluded employees under subdivision 2b due
 96.25 to coverage by the relief association pension plan and who elected general employee
 96.26 retirement plan coverage before August 20, 2009.

96.27 (b) A public employee or elected official who was a member of the association on
 96.28 June 30, 2002, based on employment that qualified for membership coverage by the public
 96.29 employees retirement plan or the public employees police and fire plan under this chapter,
 96.30 or the local government correctional employees retirement plan under chapter 353E as of
 96.31 June 30, 2002, retains that membership for the duration of the person's employment in that
 96.32 position or incumbency in elected office. Except as provided in subdivision 28, the person
 96.33 shall participate as a member until the employee or elected official terminates public
 96.34 employment under subdivision 11a or terminates membership under subdivision 11b.

96.35 ~~(c) Public employees under paragraph (a) include:~~

97.1 ~~(1) physicians under section 353D.01, subdivision 2, who do not elect public~~
 97.2 ~~employees defined contribution plan coverage under section 353D.02, subdivision 2;~~
 97.3 ~~(2) full-time employees of the Dakota County Agricultural Society; and~~
 97.4 ~~(3) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~
 97.5 ~~Police Relief Association who are not excluded employees under subdivision 2b due to~~
 97.6 ~~coverage by the relief association pension plan and who elect Public Employee Retirement~~
 97.7 ~~Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.~~
 97.8 (c) If the salary of an included public employee is less than \$425 in any subsequent
 97.9 month, the member retains membership eligibility.

97.10 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that the
 97.11 amendment to paragraph (a), clause (3) applies to any person first appointed, elected or
 97.12 contracted after June 30, 2010.

97.13 Sec. 3. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

97.14 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
 97.15 to participate as members of the association with retirement coverage by the public general
 97.16 employees retirement plan, the local government correctional employees retirement plan
 97.17 under chapter 353E, or the public employees police and fire retirement plan:

97.18 (1) persons whose salary from one governmental subdivision never exceeds \$425 in
 97.19 a month;

97.20 (2) public officers, other than county sheriffs, who are elected to a governing body,
 97.21 city mayors, or persons who are appointed to fill a vacancy in an elective office of a
 97.22 governing body, whose term of office commences on or after July 1, 2002, for the service
 97.23 to be rendered in that elective position;

97.24 ~~(2)~~ (3) election officers or election judges;

97.25 ~~(3)~~ (4) patient and inmate personnel who perform services for a governmental
 97.26 subdivision;

97.27 ~~(4)~~ (5) except as otherwise specified in subdivision 12a, employees who are hired
 97.28 for a temporary position as defined under subdivision 12a, and employees who resign
 97.29 from a nontemporary position and accept a temporary position within 30 days in the
 97.30 same governmental subdivision;

97.31 ~~(5)~~ (6) employees who are employed by reason of work emergency caused by fire,
 97.32 flood, storm, or similar disaster;

97.33 ~~(6)~~ (7) employees who by virtue of their employment in one governmental
 97.34 subdivision are required by law to be a member of and to contribute to any of the plans or
 97.35 funds administered by the Minnesota State Retirement System, the Teachers Retirement

98.1 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
 98.2 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police
 98.3 or firefighters relief association governed by section 69.77 that has not consolidated
 98.4 with the Public Employees Retirement Association, or any local police or firefighters
 98.5 consolidation account who have not elected the type of benefit coverage provided by the
 98.6 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
 98.7 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
 98.8 police and fire plan benefit coverage. This clause must not be construed to prevent a person
 98.9 from being a member of and contributing to the Public Employees Retirement Association
 98.10 and also belonging to and contributing to another public pension plan or fund for other
 98.11 service occurring during the same period of time. A person who meets the definition of
 98.12 "public employee" in subdivision 2 by virtue of other service occurring during the same
 98.13 period of time becomes a member of the association unless contributions are made to
 98.14 another public retirement fund on the salary based on the other service or to the Teachers
 98.15 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

98.16 ~~(7)~~ (8) persons who are members of a religious order and are excluded from coverage
 98.17 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
 98.18 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
 98.19 as amended through January 1, 1987, if no irrevocable election of coverage has been made
 98.20 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

98.21 ~~(8)~~ (9) employees of a governmental subdivision who have not reached the age of
 98.22 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
 98.23 basis at an accredited school, college, or university in an undergraduate, graduate, or
 98.24 professional-technical program, or a public or charter high school;

98.25 ~~(9)~~ (10) resident physicians, medical interns, and pharmacist residents and
 98.26 pharmacist interns who are serving in a degree or residency program in public hospitals
 98.27 or clinics;

98.28 ~~(10)~~ (11) students who are serving in an internship or residency program sponsored
 98.29 by an accredited educational institution;

98.30 ~~(11)~~ (12) persons who hold a part-time adult supplementary technical college license
 98.31 who render part-time teaching service in a technical college;

98.32 ~~(12)~~ (13) except for employees of Hennepin County or Hennepin Healthcare System,
 98.33 Inc., foreign citizens ~~working for~~ who are employed by a governmental subdivision ~~with~~
 98.34 under a work permit of less than three years, or an H-1b visa valid initially issued or
 98.35 extended for a combined period less than three years of employment. Upon notice to the
 98.36 ~~association that the work permit or visa extends~~ extension of the employment beyond the

99.1 three-year period, the foreign citizens must be reported for membership ~~from the date of~~
 99.2 ~~the extension~~ beginning the first of the month thereafter provided the monthly earnings
 99.3 threshold as provided under subdivision 2a is met;

99.4 ~~(13)~~ (14) public hospital employees who elected not to participate as members
 99.5 of the association before 1972 and who did not elect to participate from July 1, 1988,
 99.6 to October 1, 1988;

99.7 ~~(14)~~ (15) except as provided in section 353.86, volunteer ambulance service
 99.8 personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance
 99.9 service personnel may still qualify as public employees under subdivision 2 and may be
 99.10 members of the Public Employees Retirement Association and participants in the ~~public~~
 99.11 general employees retirement ~~fund~~ plan or the public employees police and fire ~~fund~~ plan,
 99.12 whichever applies, on the basis of compensation received from public employment service
 99.13 other than service as volunteer ambulance service personnel;

99.14 ~~(15)~~ (16) except as provided in section 353.87, volunteer firefighters, as defined
 99.15 in subdivision 36, engaging in activities undertaken as part of volunteer firefighter
 99.16 duties; ~~provided that, but~~ a person who is a volunteer firefighter may still qualify as a
 99.17 public employee under subdivision 2 and may be a member of the Public Employees
 99.18 Retirement Association and a participant in the ~~public~~ general employees retirement
 99.19 ~~fund~~ plan or the public employees police and fire ~~fund~~ plan, whichever applies, on the
 99.20 basis of compensation received from public employment activities other than those as a
 99.21 volunteer firefighter;

99.22 ~~(16)~~ (17) pipefitters and associated trades personnel employed by Independent
 99.23 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
 99.24 by the pipefitters local 455 pension plan who were either first employed after May 1,
 99.25 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997,
 99.26 chapter 241, article 2, section 12;

99.27 ~~(17)~~ (18) electrical workers, plumbers, carpenters, and associated trades personnel
 99.28 who are employed by Independent School District No. 625, St. Paul, or the city of St.
 99.29 Paul, who have retirement coverage under a collective bargaining agreement by the
 99.30 Electrical Workers Local 110 pension plan, the United Association Plumbers Local 34
 99.31 pension plan, or the pension plan applicable to Carpenters Local 87 ~~pension plan~~ who
 99.32 were either first employed after May 1, 2000, or, if first employed before May 2, 2000,
 99.33 elected to be excluded under Laws 2000, chapter 461, article 7, section 5;

99.34 ~~(18)~~ (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
 99.35 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
 99.36 or Independent School District No. 625, St. Paul, with coverage under a collective

100.1 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
 100.2 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
 100.3 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
 100.4 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
 100.5 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
 100.6 Session chapter 10, article 10, section 6;

100.7 ~~(19)~~ (20) plumbers who are employed by the Metropolitan Airports Commission,
 100.8 with coverage under a collective bargaining agreement by the Plumbers Local 34 pension
 100.9 plan, who either were first employed after May 1, 2001, or if first employed before May 2,
 100.10 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
 100.11 10, section 6;

100.12 ~~(20)~~ (21) employees who are hired after June 30, 2002, to fill seasonal positions
 100.13 under subdivision 12b which are limited in duration by the employer to 185 consecutive
 100.14 calendar days or less in each year of employment with the governmental subdivision;

100.15 ~~(21)~~ (22) persons who are provided supported employment or work-study positions
 100.16 by a governmental subdivision and who participate in an employment or industries
 100.17 program maintained for the benefit of these persons where the governmental subdivision
 100.18 limits the position's duration to three years or less, including persons participating in a
 100.19 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
 100.20 unemployment relief program where the training or work experience is not provided as a
 100.21 part of, or for, future permanent public employment;

100.22 ~~(22)~~ (23) independent contractors and the employees of independent contractors; ~~and~~

100.23 ~~(23)~~ (24) reemployed annuitants of the association during the course of that
 100.24 reemployment; and

100.25 (25) persons appointed to serve on a board or commission of a governmental
 100.26 subdivision or an instrumentality thereof.

100.27 (b) Any person performing the duties of a public officer in a position defined in
 100.28 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
 100.29 employee of an independent contractor.

100.30 **EFFECTIVE DATE.** This section is effective July 1, 2010, except that clause (25)
 100.31 is effective for persons first appointed after June 30, 2010.

100.32 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2d, is amended to read:

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

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

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

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

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

101.12 (5) employees of the Port Authority of the city of St. Paul on January 1, 2003,
101.13 who were at least age 45 on that date, and who elected to participate by filing a written
101.14 election for membership.

101.15 (b) Membership in the association is optional by action of the governmental
101.16 subdivision for the employees of the following governmental subdivisions under the
101.17 conditions specified:

101.18 (1) the Minnesota Association of Townships if the board of that association, at its
101.19 option, certifies to the executive director that its employees who meet the conditions set
101.20 forth in subdivision 2a are to be included for purposes of retirement coverage, in which
101.21 case the status of the association as a participating employer is permanent;

101.22 (2) a county historical society if the county in which the historical society is located,
101.23 at its option, certifies to the executive director that the employees of the historical society
101.24 who meet the conditions set forth in subdivision 2a are to be considered county employees
101.25 for purposes of retirement coverage under this chapter. The status as a county employee
101.26 must be accorded to all similarly situated county historical society employees and, once
101.27 established, must continue as long as a person is an employee of the county historical
101.28 society; and

101.29 (3) Hennepin Healthcare System, Inc., a public corporation, with respect to
101.30 employees other than paramedics, emergency medical technicians, and protection officers,
101.31 if the corporate board establishes alternative retirement plans for certain classes of
101.32 employees of the corporation and certifies to the association the applicable employees to
101.33 be excluded from future retirement coverage.

101.34 (c) For employees who are covered by paragraph (a), clause (1), (2), or (3), or
101.35 covered by paragraph (b), clause (1) or (2), if the necessary membership election is
101.36 not made, the employee is excluded from retirement coverage under this chapter. For

102.1 employees who are covered by paragraph (a), clause (4), if the necessary election is not
102.2 made, the employee must become a member and have retirement coverage under the
102.3 applicable provisions of this chapter. For employees specified in paragraph (b), clause
102.4 (3), membership continues until the exclusion option is exercised for the designated class
102.5 of employee.

102.6 (d) The option to become a member, once exercised under this subdivision, may not
102.7 be withdrawn until the termination of public service as defined under subdivision 11a.

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

102.9 Sec. 5. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 16, is
102.10 amended to read:

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

102.13 (1) service during years of actual membership in the course of which employee
102.14 deductions were withheld from salary and contributions were made at the applicable rates
102.15 under section 353.27, 353.65, or 353E.03;

102.16 (2) periods of service covered by payments in lieu of salary deductions under
102.17 sections 353.27, subdivision 12, and 353.35;

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

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

102.23 (5) a period of authorized personal, parental, or medical leave of absence without
102.24 pay, including a leave of absence covered under the federal Family Medical Leave Act,
102.25 that does not exceed one year, and for which a member obtained service credit for each
102.26 month in the leave period by payment under section 353.0161 to the fund made in place of
102.27 salary deductions. An employee must return to public service and render a minimum of
102.28 three months of allowable service in order to be eligible to make payment under section
102.29 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
102.30 employee must be granted allowable service credit for the purchased period;

102.31 (6) a periodic, repetitive leave that is offered to all employees of a governmental
102.32 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
102.33 as certified to the association by the employer. A participating member obtains service
102.34 credit by making employee contributions in an amount or amounts based on the member's
102.35 average salary, excluding overtime pay, that would have been paid if the leave had not

103.1 been taken. The employer shall pay the employer and additional employer contributions
103.2 on behalf of the participating member. The employee and the employer are responsible
103.3 to pay interest on their respective shares at the rate of 8.5 percent a year, compounded
103.4 annually, from the end of the normal cycle until full payment is made. An employer shall
103.5 also make the employer and additional employer contributions, plus 8.5 percent interest,
103.6 compounded annually, on behalf of an employee who makes employee contributions but
103.7 terminates public service. The employee contributions must be made within one year
103.8 after the end of the annual normal working cycle or within 30 days after termination of
103.9 public service, whichever is sooner. The executive director shall prescribe the manner and
103.10 forms to be used by a governmental subdivision in administering a periodic, repetitive
103.11 leave. Upon payment, the member must be granted allowable service credit for the
103.12 purchased period;

103.13 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
103.14 months allowable service per authorized temporary or seasonal layoff in one calendar year.
103.15 An employee who has received the maximum service credit allowed for an authorized
103.16 temporary or seasonal layoff must return to public service and must obtain a minimum of
103.17 three months of allowable service subsequent to the layoff in order to receive allowable
103.18 service for a subsequent authorized temporary or seasonal layoff;

103.19 (8) a period during which a member is absent from employment by a governmental
103.20 subdivision by reason of service in the uniformed services, as defined in United States
103.21 Code, title 38, section 4303(13), if the member returns to public service with the same
103.22 governmental subdivision upon discharge from service in the uniformed service within the
103.23 time frames required under United States Code, title 38, section 4312(e), provided that
103.24 the member did not separate from uniformed service with a dishonorable or bad conduct
103.25 discharge or under other than honorable conditions. The service ~~is~~ must be credited if the
103.26 member pays into the fund equivalent employee contributions based upon the contribution
103.27 rate or rates in effect at the time that the uniformed service was performed multiplied
103.28 by the full and fractional years being purchased and applied to the annual salary rate.
103.29 The annual salary rate is the average annual salary, excluding overtime pay, during the
103.30 purchase period that the member would have received if the member had continued to
103.31 be employed in covered employment rather than to provide uniformed service, or, if
103.32 the determination of that rate is not reasonably certain, the annual salary rate is the
103.33 member's average salary rate, excluding overtime pay, during the 12-month period of
103.34 covered employment rendered immediately preceding the period of the uniformed service.
103.35 Payment of the member equivalent contributions must be made during a period that begins
103.36 with the date on which the individual returns to public employment and that is three times

104.1 the length of the military leave period, or within five years of the date of discharge from
104.2 the military service, whichever is less. If the determined payment period is less than
104.3 one year, the contributions required under this clause to receive service credit may be
104.4 made within one year of the discharge date. Payment may not be accepted following 30
104.5 days after termination of public service under subdivision 11a. If the member equivalent
104.6 contributions provided for in this clause are not paid in full, the member's allowable
104.7 service credit must be prorated by multiplying the full and fractional number of years of
104.8 uniformed service eligible for purchase by the ratio obtained by dividing the total member
104.9 contributions received by the total member contributions otherwise required under this
104.10 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
104.11 employer contribution must be paid by the governmental subdivision employing the
104.12 member if the member makes the equivalent employee contributions. The employer
104.13 payments must be made from funds available to the employing unit, using the employer
104.14 and additional employer contribution rate or rates in effect at the time that the uniformed
104.15 service was performed, applied to the same annual salary rate or rates used to compute the
104.16 equivalent member contribution. The governmental subdivision involved may appropriate
104.17 money for those payments. The amount of service credit obtainable under this section may
104.18 not exceed five years unless a longer purchase period is required under United States Code,
104.19 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
104.20 employer contribution amounts payable under this clause. Interest must be computed at a
104.21 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
104.22 break in service to the end of the month in which the payment is received. Upon payment,
104.23 the employee must be granted allowable service credit for the purchased period; or

104.24 (9) a period specified under subdivision 40.

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

104.30 (c) For a public employee who has prior service covered by a local police or
104.31 firefighters relief association that has consolidated with the Public Employees Retirement
104.32 Association or to which section 353.665 applies, and who has elected the type of benefit
104.33 coverage provided by the public employees police and fire fund either under section
104.34 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
104.35 service" is a period of service credited by the local police or firefighters relief association

105.1 as of the effective date of the consolidation based on law and on bylaw provisions
105.2 governing the relief association on the date of the initiation of the consolidation procedure.

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

105.5 (e) MS 2002 [Expired]

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

105.7 Sec. 6. Minnesota Statutes 2008, section 353.0161, subdivision 2, is amended to read:

105.8 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
105.9 subdivision 1 may purchase credit for allowable service in that plan for a period specified
105.10 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
105.11 whichever applies. The employing unit, at its option, may pay the employer portion of the
105.12 amount specified in paragraph (b) on behalf of its employees.

105.13 (b) If payment is received by the executive director within one year from the date the
105.14 member returned to work following the authorized leave, or within 30 days after the date
105.15 of termination of public service if the member did not return to work, the payment amount
105.16 is equal to the employee and employer contribution rates specified in law for the applicable
105.17 plan at the end of the leave period, or at termination of public service, whichever is earlier,
105.18 multiplied by the employee's average monthly salary, excluding overtime, upon which
105.19 deductions were paid during the six months, or portion thereof, before the commencement
105.20 of the leave of absence and by the number of months of the leave of absence for which
105.21 the employee wants allowable service credit. Payments made under this paragraph must
105.22 include compound interest at a monthly rate of 0.71 percent from the last day of the leave
105.23 period until the last day of the month in which payment is received.

105.24 (c) If payment is received by the executive director after one year, the payment
105.25 amount is the amount determined under section 356.551. Payment under this paragraph
105.26 must be made before the date the person terminates public service under section 353.01,
105.27 subdivision 11a.

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

105.29 Sec. 7. **[353.0162] REDUCED SALARY PERIODS SALARY CREDIT**
105.30 **PURCHASE.**

105.31 (a) A member may purchase additional salary credit for a period specified in this
105.32 section.

106.1 (b) The applicable period is a period during which the member is receiving a reduced
106.2 salary from the employer while the member is:

106.3 (1) receiving temporary workers' compensation payments related to the member's
106.4 service to the public employer;

106.5 (2) on an authorized medical leave of absence; or

106.6 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
106.7 savings program offered or mandated by a governmental subdivision.

106.8 (c) The differential salary amount is the difference between the average monthly
106.9 salary received by the member during the period of reduced salary under this section and
106.10 the average monthly salary of the member, excluding overtime, on which contributions
106.11 to the applicable plan were made during the period of the last six months of covered
106.12 employment occurring immediately before the period of reduced salary, applied to the
106.13 member's normal employment period, measured in hours or otherwise, as applicable.

106.14 (d) To receive eligible salary credit, the member shall pay an amount equal to:

106.15 (1) the applicable employee contribution rate under section 353.27, subdivision
106.16 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
106.17 differential salary amount;

106.18 (2) plus an employer equivalent payment equal to the applicable employer
106.19 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,
106.20 subdivision 2, as applicable, multiplied by the differential salary amount;

106.21 (3) plus, if applicable, an equivalent employer additional amount equal to the
106.22 additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the
106.23 differential salary amount.

106.24 (e) The employer, by appropriate action of its governing body and documented in its
106.25 official records, may pay the employer equivalent contributions and, as applicable, the
106.26 equivalent employer additional contributions on behalf of the member.

106.27 (f) Payment under this section must include interest on the contribution amount
106.28 or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable
106.29 months from the date on which the period of reduced salary specified under this section
106.30 terminates to the date on which the payment or payments are received by the executive
106.31 director. Payment under this section must be completed within the earlier of 30 days from
106.32 termination of public service by the employee under section 353.01, subdivision 11a, or
106.33 one year after the termination of the period specified in paragraph (b), as further restricted
106.34 under this section.

106.35 (g) The period for which additional allowable salary credit may be purchased is
106.36 limited to the period during which the person receives temporary workers' compensation

107.1 payments or for those business years in which the governmental subdivision offers or
107.2 mandates a budget or salary savings program, as certified to the executive director by a
107.3 resolution of the governing body of the governmental subdivision. For an authorized
107.4 medical leave of absence, the period for which allowable salary credit may be purchased
107.5 may not exceed 12 consecutive months of authorized medical leave.

107.6 (h) To purchase salary credit for a subsequent period of temporary workers'
107.7 compensation benefits or subsequent authorized medical leave of absence, the member
107.8 must return to public service and render a minimum of three months of allowable service.

107.9 **EFFECTIVE DATE.** This section is effective July 1, 2010. Purchase of reduced
107.10 salary credit may be made for a period mandated or offered by a governmental subdivision
107.11 for purposes of budget or salary savings on or after July 1, 2009.

107.12 Sec. 8. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

107.13 Subdivision 1. **Management; composition; election.** (a) The management of the
107.14 public employees retirement fund is vested in an 11-member board of trustees consisting
107.15 of ten members and the state auditor. The state auditor may designate a deputy auditor
107.16 with expertise in pension matters as the auditor's representative on the board. The
107.17 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
107.18 represent school boards, one to represent cities, one to represent counties, one who is a
107.19 retired annuitant, and one who is a public member knowledgeable in pension matters. The
107.20 membership of the association, including recipients of retirement annuities and disability
107.21 and survivor benefits, shall elect five trustees for terms of four years, one of whom must
107.22 be a member of the police and fire fund and one of whom must be a former member who
107.23 met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at
107.24 least five years prior to terminating membership and who is receiving a retirement annuity
107.25 or a member who receives a disability benefit. Terms expire on January 31 of the fourth
107.26 year, and positions are vacant until newly elected members are seated. Except as provided
107.27 in this subdivision, trustees elected by the membership of the association must be public
107.28 employees and members of the association.

107.29 (b) For seven days beginning October 1 of each year preceding a year in which
107.30 an election is held, the association shall accept ~~at its office filings in person or by mail~~
107.31 of candidates for the board of trustees. A candidate shall submit at the time of filing a
107.32 nominating petition signed by 25 or more members of the association. No name may
107.33 be withdrawn from nomination by the nominee after October 15. At the request of a
107.34 candidate for an elected position on the board of trustees, the board shall ~~mail~~ provide
107.35 a statement of up to 300 words prepared by the candidate to all persons eligible to vote

108.1 in the election of the candidate. The board may adopt policies, ~~subject to review and~~
108.2 ~~approval by the secretary of state under paragraph (c), and procedures to govern the form~~
108.3 and length of these statements, ~~and the timing of mailings,~~ and deadlines for submitting
108.4 materials to be mailed. ~~The secretary of state shall resolve disputes between the board and~~
108.5 ~~a candidate concerning application of these policies to a particular statement distributed to~~
108.6 the eligible voters.

108.7 (c) By January 10 of each year in which elections are to be held, the board shall
108.8 distribute ~~by mail to the members ballots listing~~ eligible voters the instructions and
108.9 materials necessary to vote for the candidates seeking terms on the board of trustees.
108.10 Eligible voters are the members, retirees, and other benefit recipients. No ~~member voter~~
108.11 may vote for more than one candidate for each board position to be filled. A ~~ballot~~
108.12 ~~indicating a vote for more than one person for any position is void.~~ No special marking
108.13 may be used ~~on the ballot~~ to indicate incumbents. ~~Ballots~~ Votes cast by using paper ballots
108.14 mailed to the association must be postmarked no later than January 31. Votes cast by using
108.15 phone or other electronic means authorized under the board's procedures must be entered
108.16 by the end of the day on January 31. ~~The ballot envelopes must be so designated and the~~
108.17 ~~ballots must be counted in a manner that ensures~~ design of the voting response media
108.18 must ensure that each voter's vote is secret.

108.19 (d) A candidate who receives contributions ~~or, who~~ makes expenditures in excess
108.20 of \$100, or who has given implicit or explicit consent for any other person to receive
108.21 contributions or make expenditures in excess of \$100 for the purpose of bringing about the
108.22 candidate's election; shall file a report with the campaign finance and public disclosure
108.23 board disclosing the source and amount of all contributions to the candidate's campaign.
108.24 The campaign finance and public disclosure board shall prescribe forms governing these
108.25 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
108.26 These terms do not include ~~the mailing~~ any distribution made by the association board on
108.27 behalf of the candidate. A candidate shall file a report within 30 days from the day that the
108.28 results of the election are announced. The Campaign Finance and Public Disclosure Board
108.29 shall maintain these reports and make them available for public inspection in the same
108.30 manner as the board maintains and makes available other reports filed with it.

108.31 (e) The secretary of state shall review and ~~approve~~ comment on the procedures
108.32 defined by the board of trustees for conducting the elections specified in this subdivision,
108.33 including board policies adopted under paragraph (b).

108.34 (f) The board of trustees and the executive director shall undertake their activities
108.35 consistent with chapter 356A.

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

109.1 Sec. 9. Minnesota Statutes 2008, section 353.27, subdivision 4, is amended to read:

109.2 Subd. 4. **Employer reporting requirements; contributions; member status.**

109.3 (a) A representative authorized by the head of each department shall deduct employee
109.4 contributions from the salary of each public employee who qualifies for membership
109.5 under this chapter ~~and~~ or chapter 353D or 353E at the rate under section 353.27, 353.65,
109.6 353D.03, or 353E.03, whichever is applicable, that is in effect on the date the salary is
109.7 paid. The employer representative must also remit payment in a manner prescribed by
109.8 the executive director for the aggregate amount of the employee contributions; and the
109.9 required employer contributions and the additional employer contributions to be received
109.10 by the association within 14 calendar days after each pay date. If the payment is less than
109.11 the amount required, the employer must pay the shortage amount to the association and
109.12 collect reimbursement of any employee contribution shortage paid on behalf of a member
109.13 through subsequent payroll withholdings from the wages of the employee. Payment of
109.14 shortages in employee contributions and associated employer contributions, if applicable,
109.15 must include interest at the rate specified in section 353.28, subdivision 5, if not received
109.16 within 30 days following the date the amount was initially due under this section.

109.17 (b) The head of each department or the person's designee shall submit for each pay
109.18 period ~~submit~~ to the association a salary deduction report in the format prescribed by the
109.19 executive director. The report must be received by the association within 14 calendar days
109.20 after each pay date or the employer may be assessed a fine of \$5 per calendar day until
109.21 the association receives the required data. Data required to be submitted as part of salary
109.22 deduction reporting must include, but are not limited to:

109.23 (1) the legal names and Social Security numbers of employees who are members;

109.24 (2) the amount of each employee's salary deduction;

109.25 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the
109.26 pay period from which each deduction was made and the salary amount earned by a
109.27 reemployed annuitant under section 353.37, subdivision 1, or 353.371, subdivision 1, or
109.28 by a disabled member under section 353.33, subdivision 7 or 7a;

109.29 (4) the beginning and ending dates of the payroll period covered and the date of
109.30 actual payment; and

109.31 (5) adjustments or corrections covering past pay periods as authorized by the
109.32 executive director.

109.33 ~~(b)~~ (c) Employers must furnish the data required for enrollment for each new
109.34 or reinstated employee who qualifies for membership in the format prescribed by the
109.35 executive director. The required enrollment data on new ~~employees~~ members must be
109.36 submitted to the association prior to or concurrent with the submission of the initial

110.1 employee salary deduction. Also, the employer shall ~~also~~ report to the association all
110.2 member employment status changes, such as leaves of absence, terminations, and death,
110.3 and shall report the effective dates of those changes, on an ongoing basis for the payroll
110.4 cycle in which they occur. If an employer fails to comply with the reporting requirements
110.5 under this paragraph, the executive director may assess a fine of \$25 for each failure if the
110.6 association staff has notified the employer of the noncompliance and attempted to obtain
110.7 the missing data or form from the employer for a period of more than three months.

110.8 (d) The employer shall furnish data, forms, and reports as may be required by
110.9 the executive director for proper administration of the retirement system. Before
110.10 implementing new or different computerized reporting requirements, the executive
110.11 director shall give appropriate advance notice to governmental subdivisions to allow time
110.12 for system modifications.

110.13 ~~(e)~~ (e) Notwithstanding paragraph (a), the association may provide for less frequent
110.14 reporting and payments for small employers.

110.15 (f) The executive director may establish reporting procedures and methods as
110.16 required to review compliance by employers with the salary and contribution reporting
110.17 requirements in this chapter. A review of the payroll records of a participating employer
110.18 may be conducted by the association on a periodic basis or as a result of concerns known
110.19 to exist within a governmental subdivision. An employer under review must extract
110.20 requested data and provide records to the association after receiving reasonable advanced
110.21 notice. Failure to provide requested information or materials will result in the employer
110.22 being liable to the association for any expenses associated with a field audit, which may
110.23 include staff salaries, administrative expenses, and travel expenses.

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

110.25 Sec. 10. Minnesota Statutes 2009 Supplement, section 353.27, subdivision 7, is
110.26 amended to read:

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

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

111.1 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
111.2 1990. Upon determination of the error, the association shall refund all erroneous employee
111.3 deductions and all erroneous employer contributions as specified in paragraph (e). No
111.4 person may claim a right to continued or past membership in the association based on
111.5 erroneous deductions which began on or after January 1, 1990.

111.6 (b) Erroneous deductions taken from the salary of a person who did not qualify for
111.7 membership in the association by virtue of concurrent employment before July 1, 1978,
111.8 which required contributions to another retirement fund or relief association established
111.9 for the benefit of officers and employees of a governmental subdivision, are invalid. Upon
111.10 discovery of the error, ~~the association shall remove~~ allowable service credit for all invalid
111.11 service if forfeited and, upon termination of public service, the association shall refund all
111.12 erroneous employee deductions to the person, with interest as determined under section
111.13 353.34, subdivision 2, and all erroneous employer contributions without interest to the
111.14 employer. This paragraph has both retroactive and prospective application.

111.15 (c) Adjustments to correct employer contributions and employee deductions taken
111.16 in error from amounts which are not salary under section 353.01, subdivision 10, must
111.17 be made as specified in paragraph (e). The period of adjustment must be limited to the
111.18 fiscal year in which the error is discovered by the association and the immediate two
111.19 preceding fiscal years.

111.20 (d) If there is evidence of fraud or other misconduct on the part of the employee or
111.21 the employer, the board of trustees may authorize adjustments to the account of a member
111.22 or former member to correct erroneous employee deductions and employer contributions
111.23 on invalid salary and the recovery of any overpayments for a period longer than provided
111.24 for under paragraph (c).

111.25 (e) Upon discovery of the receipt of erroneous employee deductions and employer
111.26 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
111.27 the employer to discontinue the erroneous employee deductions and erroneous employer
111.28 contributions reported on behalf of a member. Upon discontinuation, the association must:

111.29 (1) for a member, provide a refund ~~or credit to the employer~~ in the amount of the
111.30 invalid employee deductions with interest on the invalid employee deductions at the rate
111.31 specified under section 353.34, subdivision 2, from the received date of each invalid salary
111.32 transaction through the date the credit or refund is made; ~~and the employer must pay the~~
111.33 ~~refunded employee deductions plus interest to the member;~~

111.34 (2) for a former member who:

111.35 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
111.36 deductions to the former member through a refund with interest at the rate specified under

112.1 section 353.34, subdivision 2, from the received date of each invalid salary transaction
112.2 through the date the credit or refund is made; or

112.3 (ii) is receiving a retirement annuity or disability benefit, or a person who is
112.4 receiving an optional annuity or survivor benefit, for whom it has been determined an
112.5 overpayment must be recovered, adjust the payment amount and recover the overpayments
112.6 as provided under this section; and

112.7 (3) return the invalid employer contributions reported on behalf of a member or
112.8 former member to the employer by providing a credit against future contributions payable
112.9 by the employer.

112.10 (f) In the event that a salary warrant or check from which a deduction for the
112.11 retirement fund was taken has been canceled or the amount of the warrant or check
112.12 returned to the funds of the department making the payment, a refund of the sum
112.13 deducted, or any portion of it that is required to adjust the deductions, must be made
112.14 to the department or institution.

112.15 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
112.16 is within the limitation period specified in paragraph (c), and an overpayment has resulted
112.17 by using invalid service or salary, or due to any erroneous calculation procedure, the
112.18 association must recalculate the annuity or benefit payable and recover any overpayment
112.19 as provided under subdivision 7b.

112.20 (h) Notwithstanding the provisions of this subdivision, the association may apply
112.21 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
112.22 Compliance Resolution System and not issue a refund of erroneous employee deductions
112.23 and employer contributions or not recover a small overpayment of benefits if the cost to
112.24 correct the error would exceed the amount of the member refund or overpayment.

112.25 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
112.26 failure by an employer to follow the statutory requirements for reporting eligible members
112.27 and salary must be paid by the employer.

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

112.29 Sec. 11. Minnesota Statutes 2008, section 353.27, subdivision 10, is amended to read:

112.30 Subd. 10. **Employer exclusion reports.** (a) The head of a department shall annually
112.31 furnish the executive director with an exclusion report listing only those employees in
112.32 potentially PERA-eligible positions who were not reported as members of the association
112.33 and who worked during the school year for school employees and calendar year for
112.34 nonschool employees. The department head must certify the accuracy and completeness
112.35 of the exclusion report to the association. The executive director shall prescribe the

113.1 manner and forms, including standardized exclusion codes, to be used by a governmental
 113.2 subdivision in preparing and filing exclusion reports. Also, the executive director shall
 113.3 ~~also~~ check the exclusion report to ascertain whether any omissions have been made by a
 113.4 department head in the reporting of new public employees for membership. The executive
 113.5 director may delegate an association employee under section 353.03, subdivision 3a,
 113.6 paragraph (b), clause (5), to conduct a field audit to review the payroll records of a
 113.7 governmental subdivision.

113.8 (b) If an employer fails to comply with the reporting requirements under this
 113.9 subdivision, the executive director may assess a fine of \$25 for each failure if the
 113.10 association staff has notified the employer of the noncompliance and attempted to obtain
 113.11 the missing data or form from the employer for a period of more than three months.

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

113.13 Sec. 12. Minnesota Statutes 2009 Supplement, section 353.371, subdivision 4, is
 113.14 amended to read:

113.15 Subd. 4. **Duration.** Postretirement option employment ~~shall~~ may be for an initial
 113.16 period not to exceed one year. At the end of the initial period, the governing body has sole
 113.17 discretion to determine if the offer of a postretirement option position will be renewed,
 113.18 renewed with modifications, or terminated. Postretirement option employment may be
 113.19 renewed annually, but ~~may not be renewed after the individual attains retirement age as~~
 113.20 ~~defined in United States Code, title 42, section 416(f)~~ no more than four renewals may
 113.21 occur.

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

113.23 Sec. 13. Minnesota Statutes 2008, section 353D.01, subdivision 2, is amended to read:

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

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

113.30 (2) physicians who, if they did not elect to participate in the plan under section
 113.31 353D.02, subdivision 2, would meet the definition of member under section 353.01,
 113.32 subdivision 7;

114.1 (3) basic and advanced life-support emergency medical service personnel who
114.2 are employed by any public ambulance service that elects to participate under section
114.3 353D.02, subdivision 3;

114.4 (4) members of a municipal rescue squad associated with the city of Litchfield
114.5 in Meeker County, or of a county rescue squad associated with Kandiyohi County, if
114.6 an independent nonprofit rescue squad corporation, incorporated under chapter 317A,
114.7 performing emergency management services, and if not affiliated with a fire department
114.8 or ambulance service and if its members are not eligible for membership in that fire
114.9 department's or ambulance service's relief association or comparable pension plan;

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

114.13 (6) city managers who elected to be excluded from the general employees retirement
114.14 plan of the Public Employees Retirement Association under section 353.028 and who
114.15 elected to participate in the public employees defined contribution plan under section
114.16 353.028, subdivision 3, paragraph (b); ~~and~~

114.17 (7) volunteer or emergency on-call firefighters serving in a municipal fire department
114.18 or an independent nonprofit firefighting corporation who are not covered by the public
114.19 employees police and fire retirement plan and who are not covered by a volunteer
114.20 firefighters relief association and who elect to participate in the public employees defined
114.21 contribution plan;

114.22 (8) elected county sheriffs who are former members of the police and fire plan and
114.23 who are receiving a retirement annuity as provided under section 353.651; and

114.24 (9) persons who are excluded from membership under section 353.01, subdivision
114.25 2b, paragraph (a), clause (25).

114.26 (b) For purposes of this chapter, an elected local government official includes
114.27 a person appointed to fill a vacancy in an elective office. Service as an elected local
114.28 government official only includes service for the governmental subdivision for which the
114.29 official was elected by the public at large. Service as an elected local government official
114.30 ceases and eligibility to participate terminates when the person ceases to be an elected
114.31 official. An elected local government official does not include an elected county sheriff
114.32 who must be a member of the police and fire plan as provided under chapter 353.

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

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

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

115.4 Sec. 14. Minnesota Statutes 2008, section 353D.03, subdivision 1, is amended to read:

115.5 Subdivision 1. ~~Local government official contribution~~ **Contributions for eligible**
115.6 **participants.** ~~An~~ (a) The following classes of eligible elected local government official
115.7 participants who elects elect to participate in the public employees defined contribution
115.8 plan under section 353D.02 shall contribute an amount equal to five percent of salary as
115.9 defined in section 353.01, subdivision 10:

115.10 (1) ~~A participating~~ elected local government official's officials;

115.11 (2) physicians; and

115.12 (3) persons who are excluded from membership under section 353.01, subdivision
115.13 2b, clause (25).

115.14 (b) A participant's governmental subdivision shall contribute a matching amount.

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

115.16 Sec. 15. Minnesota Statutes 2008, section 353D.04, subdivision 1, is amended to read:

115.17 Subdivision 1. **Crediting of account contributions to participant accounts.** (a)
115.18 Contributions made by or on behalf of a ~~participating elected local government official or~~
115.19 ~~physician~~ participant under section 353D.03, subdivisions 1, 5, and 6, paragraph (a), must
115.20 be remitted to the Public Employees Retirement Association and credited to the individual
115.21 account established for the participant

115.22 (b). ~~Ambulance service~~ Contributions as provided under section 353D.03,
115.23 subdivision 3, and subdivision 6, paragraph (b), must be remitted on a regular basis to the
115.24 association together with any member contributions paid or withheld. Those contributions
115.25 must be credited to the individual account of each participating member.

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

115.27 Sec. 16. Minnesota Statutes 2008, section 353D.04, subdivision 2, is amended to read:

115.28 Subd. 2. **Authority to adopt policies correcting erroneous contributions.** The
115.29 executive director may adopt policies and procedures regarding deductions taken totally
115.30 or partially in error by the employer from the salary of an elected official.

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

116.1 Sec. 17. Minnesota Statutes 2009 Supplement, section 353F.02, subdivision 4, is
 116.2 amended to read:

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

116.4 (1) Bridges Medical Services;

116.5 (2) the City of Cannon Falls Hospital;

116.6 (3) the Chris Jenson Health and Rehabilitation Center in St. Louis County;

116.7 (4) Clearwater County Memorial Hospital doing business as Clearwater Health
 116.8 Services in Bagley;

116.9 ~~(4)~~ (5) the Dassel Lakeside Community Home;

116.10 (6) the Douglas County Hospital, with respect to the Mental Health Unit;

116.11 ~~(5)~~ (7) the Fair Oaks Lodge, Wadena;

116.12 ~~(6)~~ (8) the Glencoe Area Health Center;

116.13 ~~(7)~~ (9) Hutchinson Area Health Care;

116.14 ~~(8)~~ (10) the Lakefield Nursing Home;

116.15 ~~(9)~~ (11) the Lakeview Nursing Home in Gaylord;

116.16 ~~(10)~~ (12) the Luverne Public Hospital;

116.17 ~~(11)~~ (13) the Oakland Park Nursing Home;

116.18 ~~(12)~~ (14) the RenVilla Nursing Home;

116.19 ~~(13)~~ (15) the Rice Memorial Hospital in Willmar, with respect to the Department
 116.20 of Radiology and the Department of Radiation/Oncology;

116.21 ~~(14)~~ (16) the St. Peter Community Health Care Center;

116.22 ~~(15)~~ (17) the Waconia-Ridgeview Medical Center;

116.23 ~~(16)~~ (18) the Weiner Memorial Medical Center, Inc.; and

116.24 (19) the Wheaton Community Hospital; and

116.25 ~~(17)~~ (20) the Worthington Regional Hospital.

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

116.27 Sec. 18. Minnesota Statutes 2008, section 353F.025, subdivision 1, is amended to read:

116.28 Subdivision 1. **Eligibility determination.** (a) The chief clerical officer of a
 116.29 governmental subdivision may submit a resolution from the governing body to the
 116.30 executive director of the Public Employees Retirement Association which supports
 116.31 providing coverage under this chapter for employees of that governmental subdivision
 116.32 who are privatized, and which states that the governing body will pay for actuarial
 116.33 calculations, as further specified in paragraph (c).

116.34 (b) The governing body must also provide a copy of any applicable purchase or
 116.35 lease agreement and any other information requested by the executive director to allow the

117.1 executive director to verify that under the proposed employer change, the new employer
117.2 does not qualify as a governmental subdivision under section 353.01, subdivision 6,
117.3 making the employees ineligible for continued coverage as active members of the general
117.4 employees retirement plan of the Public Employees Retirement Association.

117.5 (c) Following receipt of a resolution and a determination by the executive director
117.6 that the new employer is not a governmental subdivision, the executive director shall
117.7 direct the consulting actuary retained under section 356.214 to determine whether the
117.8 general employees retirement plan of the Public Employees Retirement Association, if
117.9 coverage under this chapter is provided, is expected to receive a net gain or a net loss if
117.10 privatization occurs, ~~by determining whether~~. A net gain is expected if the actuarial
117.11 liability of the special benefit coverage provided under this chapter, if extended to the
117.12 applicable employees under the privatization, is less than the actuarial gain otherwise to
117.13 accrue to the plan. A net loss is expected if the actuarial accrued liability of the special
117.14 benefit coverage provided under this chapter, if extended to the applicable employees
117.15 under the privatization, is more than the actuarial gain otherwise to accrue to the plan. The
117.16 date of the actuarial calculations used to make this determination must be within one year
117.17 of the effective date, as defined in section 353F.02, subdivision 3.

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

117.19 Sec. 19. Minnesota Statutes 2008, section 353F.025, subdivision 2, is amended to read:

117.20 Subd. 2. **Recommendation to legislature.** (a) If the actuarial calculations under
117.21 subdivision 1, paragraph (c), indicate that a net gain to the general employees retirement
117.22 plan of the Public Employees Retirement Association is expected due to the privatization,
117.23 or if paragraph (c) applies, the executive director shall forward a recommendation and
117.24 supporting documentation to the chair of the Legislative Commission on Pensions and
117.25 Retirement, the chair of the Governmental Operations, Reform, Technology and Elections
117.26 Committee of the house of representatives, the chair of the State and Local Government
117.27 Operations and Oversight Committee of the senate, and the executive director of the
117.28 Legislative Commission on Pensions and Retirement. The recommendation must be in
117.29 the form of an addition to the definition of "medical facility" under section 353F.02,
117.30 subdivision 4, or to "other public employing unit" under section 353F.02, subdivision 5,
117.31 whichever is applicable. The recommendation must be forwarded to the legislature before
117.32 January 15 for the recommendation to be considered in that year's legislative session. The
117.33 recommendation may be included as part of public pension administrative legislation
117.34 under section 356B.05.

118.1 (b) If a medical facility or other public employing unit listed under section 353F.02,
118.2 subdivision 4 or 5, fails to privatize within one year of the final enactment date of the
118.3 legislation adding the entity to the applicable definition, its inclusion under this chapter is
118.4 voided, and the executive director shall include in the subsequent proposed legislation
118.5 under paragraph (a) a recommendation that the applicable entity be stricken from the
118.6 definition.

118.7 (c) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the
118.8 executive director shall forward a recommendation that the privatization be included as an
118.9 addition under paragraph (a) if the chief clerical officer of the applicable governmental
118.10 subdivision submits a resolution from the governing body specifying that a lump sum
118.11 payment will be made to the executive director equal to the net loss, plus interest. The
118.12 interest must be computed using the applicable preretirement interest rate assumption
118.13 under section 356.215, subdivision 8, expressed as a monthly rate, from the date of the
118.14 actuarial valuation from which the actuarial accrued liability data was used to determine
118.15 the net loss in the actuarial study under subdivision 1, to the date of payment, with annual
118.16 compounding. Payment must be made on or after the effective date under section 353F.02.

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

118.18 Sec. 20. Minnesota Statutes 2008, section 356.96, subdivision 2, is amended to read:

118.19 Subd. 2. **Right to review.** A determination made by the ~~administration~~ chief
118.20 administrative officer of a covered pension plan regarding a person's eligibility, benefits,
118.21 or other rights under the plan with which the person does not agree is subject to review
118.22 under this section.

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

118.24 Sec. 21. Minnesota Statutes 2008, section 356.96, subdivision 3, is amended to read:

118.25 Subd. 3. **Notice of determination.** If the applicable chief administrative officer
118.26 denies an application or a written request, modifies a benefit, or terminates a benefit
118.27 of a person claiming a right or potential rights under a covered pension plan, the chief
118.28 administrative officer shall notify that person through a written notice containing:

118.29 (1) a statement of the reasons for the determination;

118.30 (2) a notice that the person may petition the governing board of the covered pension
118.31 plan for a review of the determination and that a person's petition for review must be filed
118.32 in the administrative office of the covered pension plan within 60 days of the receipt
118.33 of the written notice of the determination;

119.1 (3) a statement indicating that a failure to petition for review within 60 days
119.2 precludes the person from contesting in any other administrative review or court procedure
119.3 the issues determined by the chief administrative officer;

119.4 (4) a statement indicating that all relevant materials, documents, affidavits, and other
119.5 records that the person wishes to be reviewed in support of the petition must be filed with
119.6 and received in the administrative office of the covered pension plan at least ~~30~~ 15 days
119.7 before the date of the hearing under subdivision 10; and

119.8 (5) a ~~copy~~ summary of this section, including all filing requirements and deadlines.

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

119.10 Sec. 22. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 5, is
119.11 amended to read:

119.12 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2
119.13 may petition for a review of that decision by the governing board of the covered pension
119.14 plan.

119.15 (b) A petition under this section must be sent to the chief administrative officer by
119.16 mail and must be postmarked no later than 60 days after the person received the notice
119.17 required by subdivision 3. The petition must include the person's statement of the reason
119.18 or reasons that the person believes the decision of the chief administrative officer should
119.19 be reversed or modified. The petition may include all documentation and written materials
119.20 that the petitioner deems to be relevant. In developing a record for review by the board
119.21 when a decision is appealed, the ~~executive director~~ chief administrative officer may direct
119.22 that the applicant participate in a fact-finding session conducted by an administrative law
119.23 judge assigned by the Office of Administrative Hearings and, as applicable, participate in
119.24 a vocational assessment conducted by a qualified rehabilitation counselor on contract with
119.25 the applicable retirement system.

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

119.27 Sec. 23. Minnesota Statutes 2008, section 356.96, subdivision 7, is amended to read:

119.28 Subd. 7. **Notice of hearing.** (a) After receiving a petition, ~~and not less than 30~~
119.29 ~~calendar days from the date of the next regular board meeting,~~ the chief administrative
119.30 officer must schedule a timely review of the petition before the governing board of the
119.31 covered pension plan. The review must be scheduled to take into consideration any
119.32 necessary accommodations to allow the petitioner to participate in the governing board's
119.33 review.

120.1 (b) Not less than ~~15~~ 30 calendar days before the scheduled hearing date, the chief
 120.2 administrative officer must provide by mail to the petitioner an acknowledgment of the
 120.3 receipt of the person's petition and a follow-up notice of the time and place of the meeting
 120.4 at which the governing board is scheduled to consider the petition and must provide a copy
 120.5 of all relevant documents, evidence, summaries, and recommendations assembled by or
 120.6 on behalf of the plan administration to be considered by the governing board.

120.7 (c) ~~Except as provided in subdivision 8, paragraph (c),~~ All documents and materials
 120.8 that the petitioner wishes to be part of the record for review must be filed with the chief
 120.9 administrative officer and must be received in the offices of the covered pension plan
 120.10 at least ~~30~~ 15 days before the date of the meeting at which the petition is scheduled to
 120.11 be heard.

120.12 (d) A petitioner; may request a continuance of a scheduled hearing if the request
 120.13 is received by the chief administrative officer within ten calendar days of the scheduled
 120.14 date of the applicable board meeting; ~~may request a continuance on a scheduled petition.~~
 120.15 The chief administrative officer must reschedule the review within ~~60 days of the date~~
 120.16 ~~of the continuance request~~ a reasonable time. Only one continuance may be granted to
 120.17 any petitioner.

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

120.19 Sec. 24. Minnesota Statutes 2008, section 356.96, subdivision 8, is amended to read:

120.20 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and
 120.21 affidavits in the possession of the covered pension plan of which the covered pension plan
 120.22 desires to avail itself and be considered by the governing board, and all evidence which the
 120.23 petitioner wishes to present to the governing board, including any evidence which would
 120.24 otherwise be classified by law as "private," must be made part of the hearing record.

120.25 (b) ~~Not later than~~ The chief administrative officer must provide a copy of the record
 120.26 to each member of the governing board at least seven days before the scheduled hearing
 120.27 date; ~~the chief administrative officer must provide a copy of the record to each member~~
 120.28 ~~of the governing board.~~

120.29 (c) ~~At least five days before the hearing, the petitioner may submit to the chief~~
 120.30 ~~administrative officer, for submission to the governing board,~~ Any additional document,
 120.31 affidavit, or other relevant information that ~~was not initially submitted with the petition~~
 120.32 the petitioner requests be part of the record may be admitted with the consent of the
 120.33 governing board.

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

121.1 Sec. 25. Laws 2009, chapter 169, article 4, section 49, is amended to read:

121.2 Sec. 49. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY AND**
 121.3 **CITY OF VIRGINIA; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS,**
 121.4 **EMPLOYER CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.**

121.5 Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes,
 121.6 section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2008, chapters 353 and
 121.7 356, to the contrary, this section establishes the procedures by which the executive
 121.8 director of the Public Employees Retirement Association shall adjust erroneous employee
 121.9 deductions and employer contributions paid on behalf of active employees and former
 121.10 members by the city of Duluth~~and~~, by the Duluth Airport Authority, and by the city
 121.11 of Virginia on amounts determined by the executive director to be invalid salary under
 121.12 Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997,
 121.13 and October 23, 2008, and for adjusting benefits that were paid to former members and
 121.14 their beneficiaries based upon invalid salary amounts.

121.15 Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund
 121.16 to active employees or former members who are not receiving retirement annuities or
 121.17 benefits all erroneous employee deductions identified by the city of Duluth~~or~~, by the
 121.18 Duluth Airport Authority, or by the city of Virginia as deductions taken from amounts
 121.19 determined to be invalid salary. The refunds must include interest at the rate specified in
 121.20 Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee
 121.21 deduction was received through the date each refund is paid.

121.22 (b) The refund payment for active employees must be sent to the ~~applicable~~
 121.23 ~~governmental subdivision which must pay the refunded employee deductions plus interest~~
 121.24 ~~to the active~~ home addresses of the members who are employees of the city of Duluth
 121.25 ~~or~~, who are employees of the Duluth Airport Authority, or who are employees of the city
 121.26 of Virginia, as applicable.

121.27 (c) Refunds to former members must be mailed by the executive director of the
 121.28 Public Employees Retirement Association to the former member's last known address.

121.29 Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a
 121.30 retirement annuity or disability benefit, or for a person receiving an optional annuity or
 121.31 survivor benefit, the executive director must:

121.32 (1) adjust the annuity or benefit payment to the correct monthly benefit amount
 121.33 payable by reducing the average salary under Minnesota Statutes, section 353.01,
 121.34 subdivision 17a, by the invalid salary amounts;

122.1 (2) determine the amount of the overpaid benefits paid from the effective date of
122.2 the annuity or benefit payment to the first of the month in which the monthly benefit
122.3 amount is corrected;

122.4 (3) calculate the amount of employee deductions taken in error on invalid salary,
122.5 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,
122.6 from the date each invalid employee deduction was received through the date the annuity
122.7 or benefit is adjusted as provided under clause (1); and

122.8 (4) determine the net amount of overpaid benefits by reducing the amount of the
122.9 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous
122.10 employee deductions with interest as determined in clause (3).

122.11 (b) If a former member's erroneous employee deductions plus interest determined
122.12 under this section exceeds the amount of the person's overpaid benefits, the balance must
122.13 be refunded to the person to whom the annuity or benefit is being paid.

122.14 (c) The executive director shall recover the net amount of all overpaid annuities or
122.15 benefits as provided under subdivision 4.

122.16 Subd. 4. **Employer credits and obligations.** (a) The executive director shall
122.17 provide a credit without interest to the city of Duluth~~and~~₂ to the Duluth Airport Authority₂
122.18 and to the city of Virginia, as applicable, for the amount of that governmental subdivision's
122.19 erroneous employer contributions. The credit must first be used to offset the net amount of
122.20 the overpaid retirement annuities and the disability and survivor benefits that remains after
122.21 applying the amount of erroneous employee deductions with interest as provided under
122.22 subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions,
122.23 if any, must be credited against future employer contributions required to be paid by
122.24 the applicable governmental subdivision. If the overpaid benefits exceed the employer
122.25 contribution credit, the balance of the overpaid benefits is the obligation of the city of
122.26 Duluth~~or~~₂ the Duluth Airport Authority, or the city of Virginia, whichever is applicable.

122.27 (b) The Public Employees Retirement Association board of trustees shall determine
122.28 the period of time and manner for the collection of overpaid retirement annuities and
122.29 benefits, if any, from the city of Duluth~~and~~₂ the Duluth Airport Authority, and the city of
122.30 Virginia.

122.31 **EFFECTIVE DATE.** (a) This section is effective for the city of Duluth the day after
122.32 the Duluth city council and the chief clerical officer of the city of Duluth timely complete
122.33 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for
122.34 members who are, and former members who were, employees of the city of Duluth.

122.35 (b) This section is effective for the Duluth Airport Authority the day after the Duluth
122.36 Airport Authority and the chief clerical officer of the Duluth Airport Authority timely

123.1 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2
 123.2 and 3, for members who are, and former members who were, employees of the Duluth
 123.3 Airport Authority.

123.4 (c) This section is effective for the city of Virginia the day after the Virginia
 123.5 city council and the chief clerical officer of the city of Virginia timely complete their
 123.6 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members
 123.7 who are, and former members who were, employees of the city of Virginia. If this section
 123.8 becomes effective for the city of Virginia, it applies retroactively from June 23, 2009.

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

123.10 Sec. 26. Laws 2009, chapter 169, article 5, section 2, the effective date, is amended to
 123.11 read:

123.12 **EFFECTIVE DATE.** This section is effective the day following final enactment
 123.13 and expires on June 30, ~~2011~~ 2014. Individuals must not be appointed to a postretirement
 123.14 option position after that date.

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

123.16 Sec. 27. **REPEALER.**

123.17 (a) Minnesota Statutes 2008, section 353.01, subdivision 40, is repealed effective
 123.18 July 1, 2010.

123.19 (b) Minnesota Statutes 2008, sections 353.46, subdivision 1a; and 353D.03,
 123.20 subdivision 2, are repealed the day following final enactment.

123.21 (c) Minnesota Statutes 2008, section 353D.12, is repealed effective July 1, 2011.

123.22 **ARTICLE 6**

123.23 **VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER FIREFIGHTER** 123.24 **RETIREMENT PLAN**

123.25 Section 1. Minnesota Statutes 2008, section 69.051, subdivision 3, is amended to read:

123.26 Subd. 3. **Report by certain municipalities.** (a) Each municipality which has
 123.27 an organized fire department but which does not have a firefighters' relief association
 123.28 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted
 123.29 under paragraph (b) shall annually prepare a detailed financial report of the receipts and
 123.30 disbursements by the municipality for fire protection service during the preceding calendar
 123.31 year, on a form prescribed by the state auditor. The financial report shall ~~shall~~ must contain any
 123.32 information which the state auditor deems necessary to disclose the sources of receipts

124.1 and the purpose of disbursements for fire protection service. The financial report ~~shall~~
124.2 must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial
124.3 report ~~shall~~ must be filed by the municipal clerk or clerk-treasurer with the state auditor on
124.4 or before July 1 annually. The state auditor shall forward one copy to the county auditor of
124.5 the county wherein the municipality is located. The municipality shall not qualify initially
124.6 to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under this chapter if
124.7 the financial reporting requirement or the applicable requirements of this chapter or any
124.8 other statute or special law have not been complied with or are not fulfilled.

124.9 (b) Each municipality which has an organized fire department and which provides
124.10 retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer
124.11 firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted
124.12 to and retained in the statewide lump-sum volunteer firefighter retirement fund without
124.13 filing a detailed financial report if the executive director of the Public Employees
124.14 Retirement Association certifies compliance by the municipality with the requirements of
124.15 sections 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the
124.16 requirements of section 353G.07.

124.17 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

124.18 Sec. 2. Minnesota Statutes 2009 Supplement, section 353G.05, subdivision 2, is
124.19 amended to read:

124.20 Subd. 2. **Election of coverage.** (a) The process for electing coverage of volunteer
124.21 firefighters by the retirement plan is initiated by a request to the executive director for a
124.22 cost analysis of the prospective retirement coverage.

124.23 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief
124.24 association governed by chapter 424A, the cost analysis of the prospective retirement
124.25 coverage must be requested jointly by the secretary of the volunteer firefighters' relief
124.26 association, following approval of the request by the board of the volunteer firefighters'
124.27 relief association, and the chief administrative officer of the entity associated with the
124.28 relief association, following approval of the request by the governing body of the entity
124.29 associated with the relief association. If the relief association is associated with more than
124.30 one entity, the chief administrative officer of each associated entity must execute the
124.31 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'
124.32 relief association, the cost analysis of the prospective retirement coverage must be
124.33 requested by the chief administrative officer of the entity operating the fire department.
124.34 The request must be made in writing and must be made on a form prescribed by the
124.35 executive director.

125.1 (c) The cost analysis of the prospective retirement coverage by the statewide
125.2 retirement plan must be based on the service pension amount under section 353G.11
125.3 closest to the service pension amount provided by the volunteer firefighters' relief
125.4 association; ~~if there is one~~ the relief association is a lump-sum defined benefit plan, or
125.5 the amount equal to 95 percent of the most current average account balance per relief
125.6 association member if the relief association is a defined contribution plan, or to the
125.7 lowest service pension amount under section 353G.11 if there is no volunteer firefighters'
125.8 relief association, rounded up, and any other service pension amount designated by
125.9 the requester or requesters. The cost analysis must be prepared using a mathematical
125.10 procedure certified as accurate by an approved actuary retained by the Public Employees
125.11 Retirement Association.

125.12 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
125.13 that has filed the information required under section 69.051 in a timely fashion, upon
125.14 request by the executive director, the state auditor shall provide the most recent data
125.15 available on the financial condition of the volunteer firefighters' relief association, the most
125.16 recent firefighter demographic data available, and a copy of the current relief association
125.17 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association
125.18 exists, the chief administrative officer of the entity operating the fire department shall
125.19 provide the demographic information on the volunteer firefighters serving as members
125.20 of the fire department requested by the executive director.

125.21 (e) If a cost analysis is requested, the executive director of the State Board of
125.22 Investment shall review the investment portfolio of the relief association, if applicable,
125.23 for compliance with the applicable provisions of chapter 11A and for appropriateness
125.24 for retention under the established investment objectives and investment policies of the
125.25 State Board of Investment. If the prospective retirement coverage change is approved
125.26 under paragraph (f), the State Board of Investment may require that the relief association
125.27 liquidate any investment security or other asset which the executive director of the State
125.28 Board of Investment has determined to be an ineligible or inappropriate investment for
125.29 retention by the State Board of Investment. The security or asset liquidation must occur
125.30 before the effective date of the transfer of retirement plan coverage. If requested to do
125.31 so by the chief administrative officer of the relief association, the executive director of
125.32 the State Board of Investment shall provide advice about the best means to conduct the
125.33 liquidation.

125.34 (f) Upon receipt of the cost analysis, the governing body of the municipality
125.35 or independent nonprofit firefighting corporation associated with the fire department
125.36 shall either approve or disapprove the retirement coverage change within 90 days. If

126.1 the retirement coverage change is not acted upon within 90 days, it is deemed to be
126.2 disapproved. If the retirement coverage change is approved by the applicable governing
126.3 body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan
126.4 is effective on the next following January 1.

126.5 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

126.6 Sec. 3. Minnesota Statutes 2009 Supplement, section 353G.06, subdivision 1, is
126.7 amended to read:

126.8 Subdivision 1. **Special fund disestablishment.** (a) On the date immediately prior
126.9 to the effective date of the coverage change, the special fund of the applicable volunteer
126.10 firefighters' relief association, if one exists, ceases to exist as a pension fund of the
126.11 association and legal title to the assets of the special fund transfers to the State Board of
126.12 Investment, with the beneficial title to the assets of the special fund remaining in the
126.13 applicable volunteer firefighters.

126.14 ~~(b) If the market value of the special fund of the volunteer firefighters' relief~~
126.15 ~~association for which retirement coverage changed under this chapter declines in the~~
126.16 ~~interval between the date of the most recent financial report or statement, and the special~~
126.17 ~~fund disestablishment date, the applicable municipality shall transfer an additional amount~~
126.18 ~~to the State Board of Investment equal to that decline. If more than one municipality is~~
126.19 ~~responsible for the direct management of the fire department, the municipalities shall~~
126.20 ~~allocate the additional transfer amount among the various applicable municipalities~~
126.21 ~~one-half in proportion to the population of each municipality and one-half in proportion~~
126.22 ~~to the market value of each municipality.~~

126.23 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

126.24 Sec. 4. Minnesota Statutes 2009 Supplement, section 353G.08, is amended to read:

126.25 **353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

126.26 Subdivision 1. **Annual funding requirements.** (a) Annually, the executive director
126.27 shall determine the funding requirements of each account in the voluntary statewide
126.28 lump-sum volunteer firefighter retirement plan on or before August 1. The funding
126.29 requirements as directed under this section, must be determined using a mathematical
126.30 procedure developed and certified as accurate by an approved actuary retained by the
126.31 Public Employees Retirement Association and based on present value factors using a six
126.32 percent interest rate, without any decrement assumptions. The funding requirements

127.1 must be certified to the entity or entities associated with the fire department whose active
127.2 firefighters are covered by the retirement plan.

127.3 (b) The overall funding balance of each account for the current calendar year must
127.4 be determined in the following manner:

127.5 (1) The total accrued liability for all active and deferred members of the account as
127.6 of December 31 of the current year must be calculated based on the good time service
127.7 credit of active and deferred members as of that date.

127.8 (2) The total present assets of the account projected to December 31 of the current
127.9 year, including receipts by and disbursements from the account anticipated to occur on or
127.10 before December 31, must be calculated. To the extent possible, the market value of assets
127.11 must be utilized in making this calculation.

127.12 (3) The amount of the total present assets calculated under clause (2) must be
127.13 subtracted from the amount of the total accrued liability calculated under clause (1). If the
127.14 amount of total present assets exceeds the amount of the total accrued liability, then the
127.15 account is considered to have a surplus over full funding. If the amount of the total present
127.16 assets is less than the amount of the total accrued liability, then the account is considered
127.17 to have a deficit from full funding. If the amount of total present assets is equal to the
127.18 amount of the total accrued liability, then the special fund is considered to be fully funded.

127.19 (c) The financial requirements of each account for the following calendar year must
127.20 be determined in the following manner:

127.21 (1) The total accrued liability for all active and deferred members of the account
127.22 as of December 31 of the calendar year next following the current calendar year must be
127.23 calculated based on the good time service used in the calculation under paragraph (b),
127.24 clause (1), increased by one year.

127.25 (2) The increase in the total accrued liability of the account for the following calendar
127.26 year over the total accrued liability of the account for the current year must be calculated.

127.27 (3) The amount of anticipated future administrative expenses of the account must be
127.28 calculated by multiplying the dollar amount of the administrative expenses for the most
127.29 recent prior calendar year by the factor of 1.035.

127.30 (4) If the account is fully funded, the financial requirement of the account for the
127.31 following calendar year is the total of the amounts calculated under clauses (2) and (3).

127.32 (5) If the account has a deficit from full funding, the financial requirement of the
127.33 account for the following calendar year is the total of the amounts calculated under clauses
127.34 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full
127.35 funding of the account.

128.1 (6) If the account has a surplus over full funding, the financial requirement of
128.2 the account for the following calendar year is the financial requirement of the account
128.3 calculated as though the account was fully funded under clause (4) and, if the account has
128.4 also had a surplus over full funding during the prior two years, additionally reduced by an
128.5 amount equal to one-tenth of the amount of the surplus over full funding of the account.

128.6 (d) The required contribution of the entity or entities associated with the fire
128.7 department whose active firefighters are covered by the retirement plan is the annual
128.8 financial requirements of the account of the retirement plan under paragraph (c) reduced
128.9 by the amount of any fire state aid payable under sections 69.011 to 69.051 reasonably
128.10 anticipated to be received by the retirement plan attributable to the entity or entities during
128.11 the following calendar year, and an amount of interest on the assets projected to be
128.12 received during the following calendar year calculated at the rate of six percent per annum.
128.13 The required contribution must be allocated between the entities if more than one entity
128.14 is involved. A reasonable amount of anticipated fire state aid is an amount that does not
128.15 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

128.16 (e) The required contribution calculated in paragraph (d) must be paid to the
128.17 retirement plan on or before December 31 of the year for which it was calculated. If
128.18 the contribution is not received by the retirement plan by December 31, it is payable
128.19 with interest at an annual compound rate of six percent from the date due until the date
128.20 payment is received by the retirement plan. If the entity does not pay the full amount of
128.21 the required contribution, the executive director shall collect the unpaid amount under
128.22 section 353.28, subdivision 6.

128.23 (f)

128.24 **Subd. 2. Cash flow funding requirement.** If the executive director determines that
128.25 an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has
128.26 insufficient assets to meet the service pensions determined payable from the account,
128.27 the executive director shall certify the amount of the potential service pension shortfall
128.28 to the municipality or municipalities and the municipality or municipalities shall make
128.29 an additional employer contribution to the account within ten days of the certification.
128.30 If more than one municipality is associated with the account, unless the municipalities
128.31 agree to a different allocation, the municipalities shall allocate the additional employer
128.32 contribution one-half in proportion to the population of each municipality and one-half in
128.33 proportion to the market value of the property of each municipality.

128.34 **Subd. 3. Authorized Account Disbursements.** The assets of the retirement fund
128.35 may only be disbursed for:

128.36 (1) the administrative expenses of the retirement plan;

- 129.1 (2) the investment expenses of the retirement fund;
- 129.2 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
- 129.3 353G.15; ~~and~~
- 129.4 (4) the survivor benefits payable under section 353G.12; and
- 129.5 (5) the disability benefit coverage insurance premiums under section 353G.115.

129.6 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

129.7 Sec. 5. Minnesota Statutes 2009 Supplement, section 353G.09, subdivision 3, as added

129.8 by Laws 2009, chapter 169, article 9, section 18, is amended to read:

129.9 Subd. 3. **Alternative pension eligibility and computation.** (a) An active member

129.10 of the retirement plan is entitled to an alternative lump-sum service pension from the

129.11 retirement plan if the person:

129.12 (1) has separated from active service with the fire department for at least 30 days;

129.13 (2) has attained the age of at least 50 years or the age for receipt of a service pension

129.14 under the benefit plan of the applicable former volunteer firefighters' relief association

129.15 as of the date immediately prior to the election of the retirement coverage change,

129.16 whichever is later;

129.17 (3) has completed at least five years of active service with the fire department and at

129.18 least five years in total as a member of the applicable former volunteer firefighters' relief

129.19 association or of the retirement plan, but has not rendered at least five years of good time

129.20 service credit as a member of the retirement plan; and

129.21 (4) applies in a manner prescribed by the executive director for the service pension.

129.22 (b) If retirement coverage prior to statewide retirement plan coverage was provided

129.23 by a defined benefit plan volunteer firefighters relief association, the alternative lump-sum

129.24 service pension is the service pension amount specified in the bylaws of the applicable

129.25 former volunteer firefighters' relief association either as of the date immediately prior to

129.26 the election of the retirement coverage change or as of the date immediately before the

129.27 termination of firefighting services, whichever is earlier, multiplied by the total number

129.28 of years of service as a member of that volunteer firefighters' relief association and as

129.29 a member of the retirement plan. If retirement coverage prior to statewide retirement

129.30 plan coverage was provided by a defined contribution plan volunteer firefighters relief

129.31 association, the alternative lump-sum service pension is an amount equal to the person's

129.32 account balance as of the date immediately prior to the date on which statewide retirement

129.33 plan coverage was first provided to the person plus six percent annual compound interest

129.34 from that date until the date immediately prior to the date of retirement.

130.1 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

130.2 Sec. 6. Minnesota Statutes 2009 Supplement, section 353G.11, subdivision 1, is
130.3 amended to read:

130.4 Subdivision 1. **Levels.** The retirement plan provides the following levels of service
130.5 pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

130.6	Level A	\$500 per year of good time service credit
130.7	Level B	\$750 \$600 per year of good time service credit
130.8	<u>Level C</u>	<u>\$700 per year of good time service credit</u>
130.9	<u>Level D</u>	<u>\$800 per year of good time service credit</u>
130.10	<u>Level E</u>	<u>\$900 per year of good time service credit</u>
130.11	Level E F	\$1,000 per year of good time service credit
130.12	<u>Level G</u>	<u>\$1,250 per year of good time service credit</u>
130.13	Level D H	\$1,500 per year of good time service credit
130.14	Level E I	\$2,000 per year of good time service credit
130.15	Level F J	\$2,500 per year of good time service credit
130.16	Level G K	\$3,000 per year of good time service credit
130.17	Level H L	\$3,500 per year of good time service credit
130.18	Level I M	\$4,000 per year of good time service credit
130.19	Level J N	\$4,500 per year of good time service credit
130.20	Level K O	\$5,000 per year of good time service credit
130.21	Level L P	\$5,500 per year of good time service credit
130.22	Level M Q	\$6,000 per year of good time service credit
130.23	Level N R	\$6,500 per year of good time service credit
130.24	Level O S	\$7,000 per year of good time service credit
130.25	Level P T	\$7,500 per year of good time service credit

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

130.27 Sec. 7. Minnesota Statutes 2009 Supplement, section 353G.11, is amended by adding a
130.28 subdivision to read:

130.29 Subd. 1a. Continuation of prior service pension levels. If a municipality or
130.30 independent nonprofit firefighting corporation elects to be covered by the retirement
130.31 plan prior to January 1, 2010, and selects the \$750 per year of good time service credit
130.32 service pension amount effective for January 1, 2010, that level continues for the volunteer
130.33 firefighters of that municipality or independent nonprofit firefighting corporation until a
130.34 different service pension amount is selected under subdivision 2 after January 1, 2010.

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

131.1 Sec. 8. **[353G.115] DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**
 131.2 **CASUALTY INSURANCE.**

131.3 (a) Except as provided in paragraph (b), no disability benefit is payable from the
 131.4 statewide retirement plan.

131.5 (b) If the board approves the arrangement, disability coverage for statewide
 131.6 retirement plan members may be provided through a group disability insurance policy
 131.7 obtained from an insurance company licensed to do business in this state. The voluntary
 131.8 statewide lump-sum volunteer retirement plan is authorized to pay the premium for the
 131.9 disability insurance authorized by this paragraph. The proportional amount of the total
 131.10 annual disability insurance premium must be added to the required contribution amount
 131.11 determined under section 353G.08.

131.12 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

131.13 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.08, is amended to read:

131.14 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**
 131.15 **AUTHORIZED DISBURSEMENTS.**

131.16 (a) Any qualified municipality which is entitled to receive fire state aid but which
 131.17 has no volunteer firefighters' relief association directly associated with its fire department
 131.18 and which has no full-time firefighters with retirement coverage by the public employees
 131.19 police and fire retirement plan shall deposit the fire state aid in a special account
 131.20 established for that purpose in the municipal treasury. Disbursement from the special
 131.21 account may not be made for any purpose except:

131.22 (1) payment of the fees, dues and assessments to the Minnesota State Fire
 131.23 Department Association and to the state Volunteer Firefighters' Benefit Association in
 131.24 order to entitle its firefighters to membership in and the benefits of these state associations;

131.25 (2) payment of the cost of purchasing and maintaining needed equipment for the
 131.26 fire department; and

131.27 (3) payment of the cost of construction, acquisition, repair, or maintenance of
 131.28 buildings or other premises to house the equipment of the fire department.

131.29 (b) A qualified municipality which is entitled to receive fire state aid, which has no
 131.30 volunteer firefighters' relief association directly associated with its fire department, which
 131.31 does not participate in the voluntary statewide lump-sum volunteer firefighter retirement
 131.32 plan under chapter 353G, and which has full-time firefighters with retirement coverage
 131.33 by the public employees police and fire retirement plan may disburse the fire state aid as
 131.34 provided in paragraph (a), for the payment of the employer contribution requirement with

132.1 respect to firefighters covered by the public employees police and fire retirement plan under
 132.2 section 353.65, subdivision 3, or for a combination of the two types of disbursements.

132.3 (c) A municipality which has no volunteer firefighters' relief association directly
 132.4 associated with it and which participates in the voluntary statewide lump-sum volunteer
 132.5 firefighter retirement plan under chapter 353G shall transmit any fire state aid that it
 132.6 receives to the voluntary statewide lump-sum volunteer firefighter retirement fund.

132.7 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2010.

132.8 **ARTICLE 7**

132.9 **TEACHERS RETIREMENT ASSOCIATION SERVICE CREDIT**
 132.10 **PROCEDURE REVISIONS**

132.11 Section 1. Minnesota Statutes 2008, section 354.05, is amended by adding a
 132.12 subdivision to read:

132.13 Subd. 41. **Annual base salary.** (a) "Annual base salary" means:

132.14 (1) for an independent school district or educational cooperative, the lowest full-time
 132.15 Bachelor of Arts (BA) base contract salary for the previous fiscal year for that employing
 132.16 unit;

132.17 (2) for a charter school, the lowest starting annual salary for a full-time licensed
 132.18 teacher employed during the previous fiscal year for that employing unit; and

132.19 (3) for a state agency or professional organization, the lowest starting annual salary
 132.20 for a full-time Teachers Retirement Association covered position for the previous fiscal
 132.21 year for that employing unit.

132.22 (b) If there is no previous fiscal year data because an employer unit is new and
 132.23 paragraph (c) does not apply, the annual base salary for the first year of operation will be
 132.24 as provided in paragraph (a), except that the base contract salary for the current fiscal year,
 132.25 rather than the previous fiscal year, must be used.

132.26 (c) For a new employer unit created as a result of a merger or consolidation, the
 132.27 annual base salary must be the lowest annual base salary as specified in paragraph (a) for
 132.28 any of the employer units involved in the merger or consolidation.

132.29 **EFFECTIVE DATE.** This section is effective July 1, 2012.

132.30 Sec. 2. Minnesota Statutes 2008, section 354.07, subdivision 5, is amended to read:

132.31 **Subd. 5. Records; accounts; interest.** The board shall keep a record of the
 132.32 receipts and disbursements of the fund and a separate account with each member of
 132.33 the association. The board shall also keep separate accounts for annuity payments, for
 132.34 employer contributions and all other necessary accounts and reserves. It shall determine

133.1 annually the annual interest earnings of the fund which shall include realized capital gains
133.2 and losses. Any amount in the capital reserve account on July 1, 1973 shall be transferred
133.3 to the employer contribution's account. The annual interest earnings shall be apportioned
133.4 and credited to the separate members' accounts except those covered under the provisions
133.5 of section 354.44, subdivision 6 or 7. The rate to be used in this distribution computed to
133.6 the last full quarter percent shall be determined by dividing the interest earnings by the
133.7 total invested assets of the fund. The excess of the annual interest earnings in the excess
133.8 earnings reserve which was not credited to the various accounts shall be credited to the
133.9 gross interest earnings for the next succeeding year.

133.10 Sec. 3. Minnesota Statutes 2008, section 354.091, is amended to read:

133.11 **354.091 SERVICE CREDIT.**

133.12 Subdivision 1. Definition; monthly base salary. For purposes of this section,
133.13 "monthly base salary" means the annual base salary, as defined in section 354.05,
133.14 subdivision 41, divided by 12.

133.15 Subd. 2. Service credit annual limit. ~~(a) In computing service credit,~~ No teacher
133.16 may receive credit for more than one year of teaching service for any fiscal year.
133.17 ~~Additionally, in crediting allowable service:~~

133.18 ~~(1) if a teacher teaches less than five hours in a day, service credit must be given for~~
133.19 ~~the fractional part of the day as the term of service performed bears to five hours;~~

133.20 ~~(2) if a teacher teaches five or more hours in a day, service credit must be given for~~
133.21 ~~only one day;~~

133.22 ~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be~~
133.23 ~~given for a full year of teaching service; and~~

133.24 ~~(4) if a teacher teaches for only a fractional part of the year, service credit must be~~
133.25 ~~given for such fractional part of the year in the same relationship as the period of service~~
133.26 ~~performed bears to 170 days.~~

133.27 ~~(b) A teacher must receive a full year of service credit based on the number of days~~
133.28 ~~in the employer's full school year if that school year is less than 170 days. Teaching~~
133.29 ~~service performed before July 1, 1961, must be computed under the law in effect at the~~
133.30 ~~time it was performed.~~

133.31 ~~(c) A teacher must not lose or gain retirement service credit as a result of the~~
133.32 ~~employer converting to a flexible or alternate work schedule. If the employer converts~~
133.33 ~~to a flexible or alternate work schedule, the forms for reporting teaching service and the~~
133.34 ~~procedures for determining service credit must be determined by the executive director~~
133.35 ~~with the approval of the board of trustees.~~

134.1 Subd. 3. Service credit calculation. (a) Except as specified in subdivisions 4 and
134.2 5, service credit must be calculated monthly by dividing the teacher's monthly salary by
134.3 the monthly base salary for the teacher's employing unit and multiplying the result by
134.4 11.1 percent.

134.5 (b) For purposes of computing service credit, salary must be allocated to each
134.6 calendar month based on the pay period begin and end dates. If the pay period covers
134.7 more than one calendar month, the salary must be allocated based on the number of days
134.8 in each calendar month.

134.9 (c) A teacher may not receive more than 11.1 percent of a year's service credit in
134.10 a calendar month.

134.11 (d) Annual service credit must be calculated by adding the allowable monthly
134.12 service credit for all 12 months of the fiscal year, with the result rounded to two decimal
134.13 places, subject to the annual limit specified in subdivision 2.

134.14 Subd. 4. Service credit determination for Minnesota State Colleges and
134.15 Universities system teachers. (d) For all services rendered on or after July 1, 2003,
134.16 service credit for all members employed by the Minnesota State Colleges and Universities
134.17 system must be determined:

134.18 (1) for full-time employees, by the definition of full-time employment contained in
134.19 the collective bargaining agreement for those units listed in section 179A.10, subdivision
134.20 2, or contained in the applicable personnel or salary plan for those positions designated in
134.21 section 179A.10, subdivision 1; and

134.22 (2) for part-time employees, by the appropriate proration of full-time equivalency
134.23 based on the provisions contained in the collective bargaining agreement for those units
134.24 listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary
134.25 plan for those positions designated in section 179A.10, subdivision 1, and the applicable
134.26 procedures of the Minnesota State Colleges and Universities system; and

134.27 ~~(3) in no case may a member receive more than one year of service credit for any~~
134.28 ~~fiscal year.~~

134.29 Subd. 5. Service credit procedure, nontraditional schedules. For employer units
134.30 that have nontraditional work schedules or pay schedules, the procedure for determining
134.31 service credit must be specified by the executive director with the approval of the board of
134.32 trustees.

134.33 EFFECTIVE DATE. This section is effective for teaching service performed after
134.34 June 30, 2012.

135.1 Sec. 4. Minnesota Statutes 2009 Supplement, section 354.52, subdivision 4b, is
135.2 amended to read:

135.3 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide
135.4 the following data to the association for payroll warrants on an ongoing basis within 14
135.5 calendar days after the date of the payroll warrant in a format prescribed by the executive
135.6 director:

135.7 (1) association member number;

135.8 (2) employer-assigned employee number;

135.9 (3) Social Security number;

135.10 (4) amount of each salary deduction;

135.11 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
135.12 deduction was made;

135.13 (6) reason for payment;

135.14 ~~(7) service credit;~~

135.15 ~~(8) (7)~~ (7) the beginning and ending dates of the payroll period covered and the date
135.16 of actual payment;

135.17 ~~(9) (8)~~ (8) fiscal year of salary earnings;

135.18 ~~(10) (9)~~ (9) total remittance amount including employee, employer, and additional
135.19 employer contributions;

135.20 ~~(11) (10)~~ (10) reemployed annuitant salary under section 354.44, subdivision 5; and

135.21 ~~(12) (11)~~ (11) other information as may be required by the executive director.

135.22 **EFFECTIVE DATE.** This section is effective July 1, 2012.

135.23 Sec. 5. Minnesota Statutes 2008, section 354.52, is amended by adding a subdivision
135.24 to read:

135.25 Subd. 4d. **Annual base salary reporting.** An employing unit must provide the
135.26 following data to the association on or before June 30 of each fiscal year:

135.27 (1) annual base salary, as defined in section 354.05, subdivision 41; and

135.28 (2) beginning and ending dates for the regular school work year.

135.29 **EFFECTIVE DATE.** This section is effective July 1, 2011.

135.30 Sec. 6. Minnesota Statutes 2008, section 354.52, subdivision 6, is amended to read:

135.31 Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not
135.32 comply with the reporting requirements under subdivision 2a, 4a, ~~or 4b,~~ or 4d, must pay a
135.33 fine of \$5 per calendar day until the association receives the required data.

136.1 (b) If the annual base salary required to be reported under subdivision 4d has not
 136.2 been settled or determined as of June 16, the fine commences if the annual base salary has
 136.3 not been reported to the association within 14 days following the settlement date.

136.4 **EFFECTIVE DATE.** This section is effective July 1, 2011.

136.5 Sec. 7. Minnesota Statutes 2008, section 354.66, subdivision 3, is amended to read:

136.6 Subd. 3. **Part-time teaching position, defined.** (a) For purposes of this section,
 136.7 the term "part-time teaching position" means a teaching position within the district in
 136.8 which the teacher is ~~employed for at least 50 full days or a fractional equivalent thereof as~~
 136.9 ~~prescribed in section 354.091, and for which the teacher is compensated in~~ for an amount
 136.10 of at least 30 percent, but not exceeding 80 percent of the compensation established by the
 136.11 board for a full-time teacher with identical education and experience with the employing
 136.12 unit.

136.13 (b) For a teacher to which subdivision 1c, paragraph (b), applies, the term "part-time
 136.14 teaching position" means a teaching position within the district in which the teacher is
 136.15 ~~employed for at least 25 full days or a fractional equivalent thereof as prescribed in section~~
 136.16 ~~354.091, and for which the teacher is compensated in~~ for an amount of at least 15 percent,
 136.17 but not exceeding 40 percent of the compensation established by the board for a full-time
 136.18 teacher, with identical education and experience with the employing unit.

136.19 **EFFECTIVE DATE.** This section is effective for service provided after June 30,
 136.20 2012.

136.21 **ARTICLE 8**

136.22 **MnSCU IRAP ADMINISTRATIVE PROVISIONS**

136.23 Section 1. Minnesota Statutes 2008, section 11A.04, is amended to read:

136.24 **11A.04 DUTIES AND POWERS.**

136.25 The state board shall:

136.26 (1) Act as trustees for each fund for which it invests or manages money in
 136.27 accordance with the standard of care set forth in section 11A.09 if state assets are involved
 136.28 and in accordance with chapter 356A if pension assets are involved.

136.29 (2) Formulate policies and procedures deemed necessary and appropriate to carry
 136.30 out its functions. Procedures adopted by the board must allow fund beneficiaries and
 136.31 members of the public to become informed of proposed board actions. Procedures and
 136.32 policies of the board are not subject to the Administrative Procedure Act.

136.33 (3) Employ an executive director as provided in section 11A.07.

- 137.1 (4) Employ investment advisors and consultants as it deems necessary.
- 137.2 (5) Prescribe policies concerning personal investments of all employees of the board
137.3 to prevent conflicts of interest.
- 137.4 (6) Maintain a record of its proceedings.
- 137.5 (7) As it deems necessary, establish advisory committees subject to section 15.059 to
137.6 assist the board in carrying out its duties.
- 137.7 (8) Not permit state funds to be used for the underwriting or direct purchase of
137.8 municipal securities from the issuer or the issuer's agent.
- 137.9 (9) Direct the commissioner of management and budget to sell property other than
137.10 money that has escheated to the state when the board determines that sale of the property
137.11 is in the best interest of the state. Escheated property must be sold to the highest bidder in
137.12 the manner and upon terms and conditions prescribed by the board.
- 137.13 (10) Undertake any other activities necessary to implement the duties and powers
137.14 set forth in this section.
- 137.15 (11) Establish a formula or formulas to measure management performance and
137.16 return on investment. Public pension funds in the state shall utilize the formula or
137.17 formulas developed by the state board.
- 137.18 (12) Except as otherwise provided in article XI, section 8, of the Constitution of the
137.19 state of Minnesota, employ, at its discretion, qualified private firms to invest and manage
137.20 the assets of funds over which the state board has investment management responsibility.
137.21 There is annually appropriated to the state board, from the assets of the funds for which
137.22 the state board utilizes a private investment manager, sums sufficient to pay the costs of
137.23 employing private firms. Each year, by January 15, the board shall report to the governor
137.24 and legislature on the cost and the investment performance of each investment manager
137.25 employed by the board.
- 137.26 (13) Adopt an investment policy statement that includes investment objectives, asset
137.27 allocation, and the investment management structure for the retirement fund assets under
137.28 its control. The statement may be revised at the discretion of the state board. The state
137.29 board shall seek the advice of the council regarding its investment policy statement.
137.30 Adoption of the statement is not subject to chapter 14.
- 137.31 (14) Adopt a compensation plan setting the terms and conditions of employment for
137.32 unclassified board employees who are not covered by a collective bargaining agreement.
- 137.33 (15) Contract, as necessary, with the board of trustees of the Minnesota State
137.34 Universities and Colleges System for the provision of investment review and selection
137.35 services under section 354B.25, subdivision 3, and arrange for the receipt of payment
137.36 for those services.

138.1 There is annually appropriated to the state board, from the assets of the funds for
138.2 which the state board provides investment services, sums sufficient to pay the costs of
138.3 all necessary expenses for the administration of the board. These sums will be deposited
138.4 in the State Board of Investment operating account, which must be established by the
138.5 commissioner of management and budget.

138.6 Sec. 2. Minnesota Statutes 2008, section 354B.25, subdivision 1, is amended to read:

138.7 Subdivision 1. **General governance.** The individual retirement account plan is the
138.8 administrative responsibility of the Board of Trustees of the Minnesota State Colleges
138.9 and Universities. The Board of Trustees of the Minnesota State Colleges and Universities
138.10 may administer the plan directly or may contract out for administrative services with a
138.11 qualified third-party plan administrative entity and may contract out for investment review
138.12 and selection service.

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

138.14 Sec. 3. Minnesota Statutes 2008, section 354B.25, subdivision 3, is amended to read:

138.15 Subd. 3. **Selection of financial institutions.** (a) The investment options provided
138.16 under subdivision 2 must be selected by the board. The board may contract with the State
138.17 Board of Investment or with a third party to provide the investment review and selection
138.18 services. The board must not contract with a third party to provide the investment option
138.19 review and selection services if the third party markets, offers, or has other material
138.20 interest in investment products. The board must require any third party contracted to
138.21 provide investment review and selection services to disclose to the board any contracts
138.22 for services and any financial relationships it has with vendors under consideration to
138.23 provide investment products under the plan.

138.24 In making its selection, at a minimum, the ~~State board of Investment~~ shall consider
138.25 the following:

138.26 (1) the experience and ability of the financial institution to provide benefits and
138.27 products that are suited to meet the needs of plan participants;

138.28 (2) the relationship of those benefits and products provided by the financial
138.29 institution to their cost;

138.30 (3) the financial strength and stability of the financial institution; and

138.31 (4) the fees and expenses associated with the investment products in comparison to
138.32 other products of similar risk and rates of return.

138.33 (b) After selecting a financial institution, the ~~State board of Investment~~ must
138.34 periodically review each financial institution and the offered products. The periodic

139.1 review must occur at least every three years. In making its review, the ~~State board of~~
 139.2 ~~Investment~~ may retain appropriate consulting services to assist it in its periodic review,
 139.3 establish a budget for the cost of the periodic review process, and charge a proportional
 139.4 share of these costs to the reviewed financial institution.

139.5 (c) Contracts with financial institutions under this section must be executed by the
 139.6 board ~~and must be approved by the State Board of Investment before execution.~~

139.7 (d) ~~The State Board of Investment shall also establish policies and procedures under~~
 139.8 ~~section 11A.04, clause (2), to carry out the provisions of this subdivision.~~

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

139.10 Sec. 4. Minnesota Statutes 2008, section 354C.14, is amended to read:

139.11 **354C.14 INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.**

139.12 (a) The Board of Trustees of the Minnesota State Colleges and Universities shall
 139.13 invest the deductions and contributions under section 354C.12, after deduction of
 139.14 administrative expenses under section 354C.12, subdivision 4, in annuity contracts or
 139.15 custodial accounts from financial institutions selected ~~by the State Board of Investment~~
 139.16 under section 354B.25, subdivision 3.

139.17 (b) The retirement contributions and death benefits provided by annuity contracts or
 139.18 custodial accounts purchased by the Board of Trustees of the Minnesota State Colleges
 139.19 and Universities are owned by the supplemental retirement plan and must be paid in
 139.20 accordance with those annuity contracts or custodial account agreements.

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

139.22 Sec. 5. **REPEALER.**

139.23 Minnesota Statutes 2008, section 354C.15, is repealed.

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

139.25 **ARTICLE 9**

139.26 **ACTUARIAL VALUATION REPORTING DEADLINE DATES**

139.27 Section 1. Minnesota Statutes 2008, section 356.215, subdivision 3, is amended to read:

139.28 Subd. 3. **Reports.** (a) The actuarial valuations required annually must be made as of
 139.29 the beginning of each fiscal year.

139.30 (b) Two copies of the completed valuation must be delivered to the executive
 139.31 director of the Legislative Commission on Pensions and Retirement, to the commissioner
 139.32 of management and budget, and to the Legislative Reference Library. The copies of the

140.1 actuarial valuation must be filed with the executive director of the Legislative Commission
 140.2 on Pensions and Retirement, the commissioner of management and budget, and the
 140.3 Legislative Reference Library no later than the last day of the sixth month occurring
 140.4 after the end of the previous fiscal year.

140.5 (c) Two copies of a quadrennial experience study must be filed with the
 140.6 executive director of the Legislative Commission on Pensions and Retirement, with the
 140.7 commissioner of management and budget, and with the Legislative Reference Library, not
 140.8 later than the ~~first~~ last day of the ~~11th~~ 12th month occurring after the end of the last fiscal
 140.9 year of the four-year period which the experience study covers.

140.10 (d) For actuarial valuations and experience studies prepared at the direction of
 140.11 the Legislative Commission on Pensions and Retirement, ~~two copies~~ one copy of the
 140.12 document must be delivered to the governing or managing board or administrative officials
 140.13 of the applicable public pension and retirement fund or plan.

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

140.15 **ARTICLE 10**

140.16 **EARLY RETIREMENT INCENTIVE MODIFICATIONS**

140.17 Section 1. Minnesota Statutes 2008, section 356.351, subdivision 1, is amended to read:

140.18 Subdivision 1. **Eligibility.** (a) An eligible appointing authority may offer the early
 140.19 retirement incentive in this section to an employee who:

140.20 (1) has at least 15 years of ~~allowable service in one or more of the funds listed~~
 140.21 ~~in section 356.30, subdivision 3, or has at least 15 years of coverage by the individual~~
 140.22 ~~retirement account plan governed by chapter 354B~~ employment as indicated in the
 140.23 personnel records of the applicable employing unit and upon retirement is immediately
 140.24 eligible for a retirement annuity or benefit from one or more ~~of these funds~~ retirement plan
 140.25 governed by Minnesota Statutes, chapter 354B, or Minnesota Statutes, section 356.30;

140.26 (2) terminates service after the effective date of this section, and before ~~July 15,~~
 140.27 ~~2009~~ October 1, 2012; ~~and~~

140.28 (3) is not in receipt of a public retirement plan retirement annuity, retirement
 140.29 allowance, or service pension during the month preceding the termination of qualified
 140.30 employment; and

140.31 (4) has not been eligible to receive a retirement annuity for a period longer than
 140.32 10 years.

140.33 (b) An eligible appointing authority is any Minnesota governmental employing unit
 140.34 which employs one or more employees with retirement coverage by a retirement plan
 140.35 listed in section 356.30 by virtue of that employment.

141.1 (c) An elected official is not eligible to receive an incentive under this section.

141.2 (d) Employees of the Minnesota State Colleges and Universities System who
 141.3 participate in the incentive program under section 136F.481 are not eligible for the
 141.4 incentive under this section.

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

141.6 Sec. 2. Minnesota Statutes 2008, section 356.351, subdivision 2, as amended by Laws
 141.7 2009, chapter 169, article 1, section 72, is amended to read:

141.8 Subd. 2. **Incentive.** (a) For an employee who is eligible under subdivision 1, ~~if for~~
 141.9 whom an early retirement incentive is approved under paragraph (b), and who terminates
 141.10 employment as provided for in the agreement, the employer may provide ~~an amount up to~~
 141.11 ~~\$17,000, to an employee who terminates service, to:~~

141.12 (1) a severance amount in lieu of and not to exceed the maximum amount of regular
 141.13 state-provided unemployment compensation for that particular person if the person had
 141.14 been laid off; and

141.15 (2) an additional severance amount not to exceed the amount of the employer's
 141.16 contribution for health insurance, dental insurance, and basic life insurance that would
 141.17 have been payable to the particular person under the applicable collective bargaining
 141.18 agreement or personnel policy at the time of termination.

141.19 (b) The severance amounts under paragraph (a) must be used:

141.20 ~~(1)~~ (i) unless the appointing authority has designated the use under clause ~~(2)~~
 141.21 (ii) or the use under clause ~~(3)~~ (iii) for the initial retirement incentive applicable to that
 141.22 employing entity under Laws 2007, chapter 134, after May 26, 2007, for deposit in the
 141.23 employee's account in the health care savings plan established by section 352.98;

141.24 ~~(2)~~ (ii) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13,
 141.25 whichever applies, if the appointing authority has designated the use under this clause
 141.26 for the initial retirement incentive applicable to that employing entity under Laws 2007,
 141.27 chapter 134, after May 26, 2007, for purchase of service credit for unperformed service
 141.28 sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph
 141.29 (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph
 141.30 (b), whichever applies; or

141.31 ~~(3)~~ (iii) if the appointing authority has designated the use under this clause for the
 141.32 initial retirement incentive applicable to the employing entity under Laws 2007, chapter
 141.33 134, after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific
 141.34 number of years from the applicable retirement plan to provide additional benefits, as
 141.35 provided in paragraph (d).

142.1 ~~(b)~~ (c) Approval to provide the incentive must be obtained from the commissioner
 142.2 of finance if the eligible employee is a state employee and must be obtained from the
 142.3 applicable governing board with respect to any other employing entity. An employee is
 142.4 eligible for the payment under paragraph (a), clause ~~(2)~~ (ii), if the employee uses money
 142.5 from a deferred compensation account that, combined with the payment under paragraph
 142.6 (a), clause ~~(2)~~ (ii), would be sufficient to purchase enough service credit to qualify for
 142.7 retirement under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a;
 142.8 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever
 142.9 applies.

142.10 ~~(e)~~ (d) The cost to purchase service credit under paragraph (a), clause ~~(2)~~ (ii), must
 142.11 be made in accordance with section 356.551.

142.12 ~~(d)~~ The (e) An annuity purchase under paragraph (a), clause ~~(3)~~ (iii), must be made
 142.13 using annuity factors, as determined by the actuary retained under section 356.214,
 142.14 derived from the applicable factors used by the applicable retirement plan to calculate
 142.15 optional annuity forms. The purchased annuity must be the actuarial equivalent of the
 142.16 incentive amount.

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

142.18

ARTICLE 11

142.19

OPTIONAL ANNUITY REVOCATION FOLLOWING CERTAIN MARRIAGE DISSOLUTIONS

142.20

142.21 Section 1. **[356.48] REVOCATION OF OPTIONAL ANNUITY DUE TO**
 142.22 **MARRIAGE DISSOLUTION OR ANNULMENT.**

142.23 **Subdivision 1. Covered plans.** This section applies to the following retirement
 142.24 plans:

142.25 (1) the general state employees retirement plan of the Minnesota State Retirement
 142.26 System established under chapter 352;

142.27 (2) the correctional state employees retirement plan of the Minnesota State
 142.28 Retirement System established under chapter 352;

142.29 (3) the state patrol retirement plan established under chapter 352B;

142.30 (4) the unclassified state employees retirement program of the Minnesota State
 142.31 Retirement System established under chapter 352D;

142.32 (5) the general employee retirement plan of the Public Employees Retirement
 142.33 Association established under chapter 353;

142.34 (6) the public employees police and fire retirement plan established under chapter
 142.35 353;

143.1 (7) the local government correctional employees retirement plan of the Public
143.2 Employees Retirement Association established under chapter 353E;

143.3 (8) the Teachers Retirement Association established under chapter 354; and

143.4 (9) the uniform judicial retirement plan established under chapter 490.

143.5 Subd. 2. **Treatment.** (a) The treatment specified in this section applies if, after
143.6 the accrual date of an annuity or benefit from an applicable plan or plans, a marriage
143.7 dissolution decree or annulment decree is rendered that specifies that the designation
143.8 of an optional annuity must be revoked and if the other requirements specified in this
143.9 section are satisfied.

143.10 (b) Notwithstanding any law to the contrary, if the applicable pension plan or plans
143.11 have provisions of law that revise the monthly benefit amount payable to the primary
143.12 annuitant upon the death of the individual named as the optional joint annuitant, the
143.13 monthly benefit amount must be recomputed as though the individual that had been named
143.14 as the optional joint annuitant died on the date a certified copy of the marriage dissolution
143.15 or annulment decree is received by the chief administrative officer. Payment of any benefit
143.16 adjustment under this section is prospective only.

143.17 Subd. 3. **Restrictions.** (a) This section does not apply if the marriage dissolution
143.18 decree or annulment decree is not consistent with the requirements under section 518.58.

143.19 (b) The pension plan benefit recipient must not designate, and the court may not
143.20 require that the member designate, a subsequent optional annuity beneficiary.

143.21 (c) This section does not apply if more than one surviving individual was named as
143.22 an optional joint annuitant.

143.23 Subd. 4. **Submission of documentation.** To receive the treatment provided in
143.24 this section, an eligible retiree or disabilitant must provide, to the chief administrative
143.25 officer of the applicable pension plan, a certified copy of the marriage dissolution or
143.26 annulment decree. The retiree or disabilitant and the joint annuitant must also submit a
143.27 form, prescribed by the chief administrative officer of the applicable pension plan and
143.28 signed by both individuals, requesting the annuity bounce back as provided in subdivision
143.29 2. The individuals must also provide any other documentation the chief administrative
143.30 officer may request.

143.31 **EFFECTIVE DATE.** This section is effective the day following final enactment and
143.32 applies retroactively to any marriage dissolution decree or annulment decree requiring the
143.33 revocation of an optional annuity form granted at any time prior to the date of enactment.

143.34 Sec. 2. Minnesota Statutes 2008, section 518.58, subdivision 3, is amended to read:

144.1 Subd. 3. **Sale or distribution while proceeding pending.** (a) If the court finds
144.2 that it is necessary to preserve the marital assets of the parties, the court may order the
144.3 sale of the homestead of the parties or the sale of other marital assets, as the individual
144.4 circumstances may require, during the pendency of a proceeding for a dissolution of
144.5 marriage or an annulment. If the court orders a sale, it may further provide for the
144.6 disposition of the funds received from the sale during the pendency of the proceeding.
144.7 ~~If liquid or readily liquidated marital property other than property representing vested~~
144.8 ~~pension benefits or rights is available, the court, so far as possible, shall divide the property~~
144.9 ~~representing vested pension benefits or rights by the disposition of an equivalent amount~~
144.10 ~~of the liquid or readily liquidated property.~~

144.11 (b) The court may order a partial distribution of marital assets during the pendency
144.12 of a proceeding for a dissolution of marriage or an annulment for good cause shown or
144.13 upon the request of both parties, provided that the court shall fully protect the interests
144.14 of the other party.

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

144.16 Sec. 3. Minnesota Statutes 2008, section 518.58, subdivision 4, is amended to read:

144.17 Subd. 4. **Pension plans.** (a) The division of marital property that represents pension
144.18 plan benefits or rights in the form of future pension plan payments:

144.19 (1) is payable only to the extent of the amount of the pension plan benefit payable
144.20 under the terms of the plan;

144.21 (2) is not payable for a period that exceeds the time that pension plan benefits are
144.22 payable to the pension plan benefit recipient;

144.23 (3) is not payable in a lump-sum amount from defined benefit pension plan assets
144.24 attributable in any fashion to a spouse with the status of an active member, deferred
144.25 retiree, or benefit recipient of a pension plan;

144.26 (4) if the former spouse to whom the payments are to be made dies prior to the end
144.27 of the specified payment period with the right to any remaining payments accruing to an
144.28 estate or to more than one survivor, is payable only to a trustee on behalf of the estate or
144.29 the group of survivors for subsequent apportionment by the trustee; and

144.30 (5) in the case of defined benefit public pension plan benefits or rights, may not
144.31 commence until the public plan member submits a valid application for a public pension
144.32 plan benefit and the benefit becomes payable.

144.33 (b) The individual retirement account plans established under chapter 354B may
144.34 provide in its plan document, if published and made generally available, for an alternative
144.35 marital property division or distribution of individual retirement account plan assets. If an

145.1 alternative division or distribution procedure is provided, it applies in place of paragraph
145.2 (a), clause (5).

145.3 (c) If liquid or readily liquidated marital property other than property representing
145.4 vested pension benefits or rights is available, the court, so far as possible, shall divide the
145.5 property representing vested pension benefits or rights by the disposition of an equivalent
145.6 amount of the liquid or readily liquidated property.

145.7 (d) If sufficient liquid or readily liquidated marital property other than property
145.8 representing vested pension benefits or rights is not available, the court may order the
145.9 revocation of the designation of an optional annuity beneficiary in pension plans specified
145.10 in section 356.48 or in any other pension plan in which plan-governing law or governing
145.11 documents allow revocation of an optional annuity in marital dissolution or annulment
145.12 situations.

145.13 **EFFECTIVE DATE.** (a) This section is effective the day following final enactment.

145.14 (b) This section applies retroactively, for plans specified in section 1, to any marriage
145.15 dissolution decree or annulment decree requiring the revocation of an optional annuity
145.16 form granted at any time prior to the date of enactment.

145.17 **ARTICLE 12**

145.18 **ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS** 145.19 **EMPLOYEES RETIREMENT FUND INTO THE PUBLIC EMPLOYEES** 145.20 **RETIREMENT ASSOCIATION**

145.21 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a,
145.22 is amended to read:

145.23 Subd. 2a. **Included employees.** (a) Public employees whose salary from
145.24 employment in one or more positions within one governmental subdivision exceeds \$425
145.25 in any month shall participate as members of the association. If the salary is less than
145.26 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public
145.27 employees shall participate as members of the association with retirement coverage by
145.28 the ~~public general~~ employees retirement plan ~~or under this chapter~~, the public employees
145.29 police and fire retirement plan under this chapter, or the local government correctional
145.30 employees retirement plan under chapter 353E, whichever applies, as a condition of their
145.31 employment on the first day of employment unless they:

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

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

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

146.4 (b) A public employee who was a member of the association on June 30, 2002,
146.5 based on employment that qualified for membership coverage by the public employees
146.6 retirement plan or the public employees police and fire plan under this chapter, or the
146.7 local government correctional employees retirement plan under chapter 353E as of June
146.8 30, 2002, retains that membership for the duration of the person's employment in that
146.9 position or incumbency in elected office. Except as provided in subdivision 28, the person
146.10 shall participate as a member until the employee or elected official terminates public
146.11 employment under subdivision 11a or terminates membership under subdivision 11b.

146.12 (c) Public employees under paragraph (a) include:

146.13 (1) physicians under section 353D.01, subdivision 2, who do not elect public
146.14 employees defined contribution plan coverage under section 353D.02, subdivision 2;

146.15 (2) full-time employees of the Dakota County Agricultural Society; ~~and~~

146.16 (3) employees of the Minneapolis Firefighters Relief Association or Minneapolis
146.17 Police Relief Association who are not excluded employees under subdivision 2b due to
146.18 coverage by the relief association pension plan and who elect Public Employee Retirement
146.19 Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.

146.20 (d) For the purpose of participation in the MERF division of the general employees
146.21 retirement plan, public employees include employees who were members of the former
146.22 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
146.23 members of the MERF division of the association.

146.24 Sec. 2. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

146.25 Subd. 2b. **Excluded employees.** The following public employees are not eligible to
146.26 participate as members of the association with retirement coverage by the ~~public~~ general
146.27 employees retirement plan, the local government correctional employees retirement plan
146.28 under chapter 353E, or the public employees police and fire retirement plan:

146.29 (1) public officers, other than county sheriffs, who are elected to a governing body,
146.30 or persons who are appointed to fill a vacancy in an elective office of a governing body,
146.31 whose term of office commences on or after July 1, 2002, for the service to be rendered
146.32 in that elective position;

146.33 (2) election officers or election judges;

146.34 (3) patient and inmate personnel who perform services for a governmental
146.35 subdivision;

147.1 (4) except as otherwise specified in subdivision 12a, employees who are hired for
147.2 a temporary position as defined under subdivision 12a, and employees who resign from
147.3 a nontemporary position and accept a temporary position within 30 days in the same
147.4 governmental subdivision;

147.5 (5) employees who are employed by reason of work emergency caused by fire,
147.6 flood, storm, or similar disaster;

147.7 (6) employees who by virtue of their employment in one governmental subdivision
147.8 are required by law to be a member of and to contribute to any of the plans or funds
147.9 administered by the Minnesota State Retirement System, the Teachers Retirement
147.10 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
147.11 Retirement Fund Association, ~~the Minneapolis Employees Retirement Fund,~~ or any police
147.12 or firefighters relief association governed by section 69.77 that has not consolidated
147.13 with the Public Employees Retirement Association, or any local police or firefighters
147.14 consolidation account who have not elected the type of benefit coverage provided by the
147.15 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
147.16 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
147.17 police and fire plan benefit coverage. This clause must not be construed to prevent a person
147.18 from being a member of and contributing to the Public Employees Retirement Association
147.19 and also belonging to and contributing to another public pension plan or fund for other
147.20 service occurring during the same period of time. A person who meets the definition of
147.21 "public employee" in subdivision 2 by virtue of other service occurring during the same
147.22 period of time becomes a member of the association unless contributions are made to
147.23 another public retirement fund on the salary based on the other service or to the Teachers
147.24 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

147.25 (7) persons who are members of a religious order and are excluded from coverage
147.26 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
147.27 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
147.28 as amended through January 1, 1987, if no irrevocable election of coverage has been made
147.29 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

147.30 (8) employees of a governmental subdivision who have not reached the age of
147.31 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
147.32 basis at an accredited school, college, or university in an undergraduate, graduate, or
147.33 professional-technical program, or a public or charter high school;

147.34 (9) resident physicians, medical interns, and pharmacist residents and pharmacist
147.35 interns who are serving in a degree or residency program in public hospitals or clinics;

148.1 (10) students who are serving in an internship or residency program sponsored
148.2 by an accredited educational institution;

148.3 (11) persons who hold a part-time adult supplementary technical college license who
148.4 render part-time teaching service in a technical college;

148.5 (12) except for employees of Hennepin County or Hennepin Healthcare System,
148.6 Inc., foreign citizens working for a governmental subdivision with a work permit of less
148.7 than three years, or an H-1b visa valid for less than three years of employment. Upon
148.8 notice to the association that the work permit or visa extends beyond the three-year period,
148.9 the foreign citizens must be reported for membership from the date of the extension;

148.10 (13) public hospital employees who elected not to participate as members of the
148.11 association before 1972 and who did not elect to participate from July 1, 1988, to October
148.12 1, 1988;

148.13 (14) except as provided in section 353.86, volunteer ambulance service personnel,
148.14 as defined in subdivision 35, but persons who serve as volunteer ambulance service
148.15 personnel may still qualify as public employees under subdivision 2 and may be members
148.16 of the Public Employees Retirement Association and participants in the public general
148.17 employees retirement fund or the public employees police and fire fund, whichever
148.18 applies, on the basis of compensation received from public employment service other than
148.19 service as volunteer ambulance service personnel;

148.20 (15) except as provided in section 353.87, volunteer firefighters, as defined in
148.21 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties;
148.22 provided that a person who is a volunteer firefighter may still qualify as a public
148.23 employee under subdivision 2 and may be a member of the Public Employees Retirement
148.24 Association and a participant in the public general employees retirement fund or the public
148.25 employees police and fire fund, whichever applies, on the basis of compensation received
148.26 from public employment activities other than those as a volunteer firefighter;

148.27 (16) pipefitters and associated trades personnel employed by Independent School
148.28 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
148.29 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
148.30 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
148.31 241, article 2, section 12;

148.32 (17) electrical workers, plumbers, carpenters, and associated trades personnel
148.33 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
148.34 who have retirement coverage under a collective bargaining agreement by the Electrical
148.35 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
148.36 or the Carpenters Local 87 pension plan who were either first employed after May 1,

149.1 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
149.2 chapter 461, article 7, section 5;

149.3 (18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
149.4 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or
149.5 Independent School District No. 625, St. Paul, with coverage under a collective
149.6 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
149.7 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
149.8 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
149.9 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
149.10 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
149.11 Session chapter 10, article 10, section 6;

149.12 (19) plumbers employed by the Metropolitan Airports Commission, with coverage
149.13 under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either
149.14 were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to
149.15 be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

149.16 (20) employees who are hired after June 30, 2002, to fill seasonal positions under
149.17 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
149.18 days or less in each year of employment with the governmental subdivision;

149.19 (21) persons who are provided supported employment or work-study positions
149.20 by a governmental subdivision and who participate in an employment or industries
149.21 program maintained for the benefit of these persons where the governmental subdivision
149.22 limits the position's duration to three years or less, including persons participating in a
149.23 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
149.24 unemployment relief program where the training or work experience is not provided as a
149.25 part of, or for, future permanent public employment;

149.26 (22) independent contractors and the employees of independent contractors; and

149.27 (23) reemployed annuitants of the association during the course of that
149.28 reemployment.

149.29 Sec. 3. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
149.30 to read:

149.31 Subd. 47. **MERF division.** "MERF division" means the separate retirement plan
149.32 within the general employees retirement plan of the Public Employees Retirement
149.33 Association containing the applicable provisions of Minnesota Statutes 2008, chapter
149.34 422A.

150.1 Sec. 4. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
150.2 to read:

150.3 Subd. 48. **MERF division account.** "MERF division account" means the separate
150.4 account within the retirement fund of the general employees retirement fund of the
150.5 Public Employees Retirement Association in which the actuarial liabilities of the former
150.6 Minneapolis Employees Retirement Fund are held, and in which the assets of the former
150.7 Minneapolis Employees Retirement Fund are credited.

150.8 Sec. 5. Minnesota Statutes 2008, section 353.05, is amended to read:

150.9 **353.05 CUSTODIAN OF FUNDS.**

150.10 The commissioner of management and budget shall be ex officio treasurer of the
150.11 retirement funds of the association, including the MERF division, and the general bond of
150.12 the commissioner of management and budget to the state ~~shall~~ must be so conditioned
150.13 as to cover all liability for acts as treasurer of these funds. All ~~moneys~~ money of the
150.14 association received by the commissioner of management and budget ~~shall~~ must be set
150.15 aside in the state treasury to the credit of the proper fund or account. The commissioner
150.16 of management and budget shall transmit monthly to the executive director a detailed
150.17 statement of all amounts so received and credited to the ~~fund~~ funds, including the MERF
150.18 division. Payments out of the fund ~~shall~~ funds, including the MERF division, may only
150.19 be made ~~only~~ on warrants issued by the commissioner of management and budget, upon
150.20 abstracts signed by the executive director; provided that abstracts for investment may be
150.21 signed by the ~~secretary~~ executive director of the State Board of Investment.

150.22 Sec. 6. Minnesota Statutes 2009 Supplement, section 353.06, is amended to read:

150.23 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

150.24 The executive director shall from time to time certify to the State Board of
150.25 Investment for investment such portions of the ~~retirement fund~~ funds of the association,
150.26 including the MERF division, as in its ~~the~~ director's judgment may not be required for
150.27 immediate use. The State Board of Investment shall thereupon invest and reinvest the sum
150.28 so certified, or transferred, in such securities as are duly authorized as legal investments
150.29 ~~for state employees retirement fund~~ under section 11A.24 and ~~shall have~~ has authority to
150.30 sell, convey, and exchange such securities and invest and reinvest the securities when it
150.31 deems it desirable to do so and shall sell securities upon request of the ~~board of trustees~~
150.32 executive director when such funds are needed for its purposes. All of the provisions
150.33 regarding accounting procedures and restrictions and conditions for the purchase and
150.34 sale of securities under chapter 11A must apply to the accounting, purchase and sale of

151.1 securities for the funds of the Public Employees Retirement fund Association, including
151.2 the MERF division.

151.3 Sec. 7. Minnesota Statutes 2008, section 353.27, as amended by Laws 2009, chapter
151.4 169, article 1, section 32, and article 4, sections 9, 10, 11, and 12, is amended to read:

151.5 **353.27 PUBLIC GENERAL EMPLOYEES RETIREMENT FUND.**

151.6 Subdivision 1. **Income; disbursements.** There is a special fund known as the
151.7 "public general employees retirement fund," the "retirement fund," or the "fund," which
151.8 must include all the assets of the general employees retirement plan of the association.
151.9 This fund must be credited with all contributions, all interest and all other income of the
151.10 general employees retirement plan of the Public Employees Retirement Association that
151.11 are authorized by law. From this fund there is appropriated the payments authorized by
151.12 ~~this chapter~~ sections 353.01 to 353.46 in the amounts and at such time provided herein,
151.13 including the expenses of administering the general employees retirement plan and fund.

151.14 **Subd. 1a. MERF division account established; revenue and disbursements.** The
151.15 MERF division account is established as a special account. The MERF division account
151.16 includes all of the assets of the former Minneapolis Employees Retirement Fund that
151.17 were transferred to the administration of the Public Employees Retirement Association
151.18 under section 353.50. The special account is credited with the contributions under
151.19 section 353.50, subdivision 7, state aid under sections 356.43 and 422A.101, subdivision
151.20 3, investment performance on the special account assets, and all other income of the
151.21 MERF division authorized by law. The payments of annuities and benefits authorized
151.22 by Minnesota Statutes 2008, chapter 422A in the amounts and at the times provided in
151.23 that chapter, and the administrative expenses of the MERF division are appropriated
151.24 from the special account.

151.25 **Subd. 2. General employees retirement plan; employee contribution.** (a) For
151.26 a basic member of the general employees retirement plan of the Public Employees
151.27 Retirement Association, the employee contribution is 9.10 percent of salary. For a
151.28 coordinated member of the general employees retirement plan of the Public Employees
151.29 Retirement Association, the employee contribution is six percent of salary plus any
151.30 contribution rate adjustment under subdivision 3b.

151.31 (b) These contributions must be made by deduction from salary as defined in section
151.32 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
151.33 member's salary is paid from other than public funds, the member's employee contribution
151.34 must be based on the total salary received by the member from all sources.

152.1 Subd. 3. **General employees retirement plan; employer contribution.** (a) For
 152.2 a basic member of the general employees retirement plan of the Public Employees
 152.3 Retirement Association, the employer contribution is 9.10 percent of salary. For a
 152.4 coordinated member of the general employees retirement plan of the Public Employees
 152.5 Retirement Association, the employer contribution is six percent of salary plus any
 152.6 contribution rate adjustment under subdivision 3b.

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

152.9 Subd. 3a. **Additional employer contribution.** (a) An additional employer
 152.10 contribution to the general employees retirement fund of the Public Employees Retirement
 152.11 Association must be made equal to the following applicable percentage of the total salary
 152.12 amount for "basic members" and for "coordinated members":

152.13	Basic Program	Coordinated Program
152.14 Effective before January 1, 2006	2.68	.43
152.15 Effective January 1, 2006	2.68	.50
152.16 Effective January 1, 2009	2.68	.75
152.17 Effective January 1, 2010	2.68	1.00

152.18 These contributions must be made from funds available to the employing subdivision
 152.19 by the means and in the manner provided in section 353.28.

152.20 (b) The coordinated program contribution rates set forth in paragraph (a) effective
 152.21 for ~~January 1, 2009, or~~ January 1, 2010, must not be implemented if, following receipt of
 152.22 the ~~July 1, 2008, or~~ July 1, 2009, annual actuarial valuation ~~reports~~ report under section
 152.23 356.215, respectively, the actuarially required contributions are equal to or less than the
 152.24 total rates under this section in effect as of January 1, 2008.

152.25 (c) This subdivision is repealed once the actuarial value of the assets of the general
 152.26 employees retirement plan of the Public Employees Retirement Association equal or
 152.27 exceed the actuarial accrued liability of the plan as determined by the actuary retained
 152.28 under sections 356.214 and 356.215. The repeal is effective on the first day of the first full
 152.29 pay period occurring after March 31 of the calendar year following the issuance of the
 152.30 actuarial valuation upon which the repeal is based.

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

152.32 (a) For purposes of this section, a contribution sufficiency exists if the total of the
 152.33 employee contribution under subdivision 2, the employer contribution under subdivision
 152.34 3, the additional employer contribution under subdivision 3a, and any additional
 152.35 contribution previously imposed under this subdivision exceeds the total of the normal
 152.36 cost, the administrative expenses, and the amortization contribution of the general
 152.37 employees retirement plan as reported in the most recent actuarial valuation of the

153.1 retirement plan prepared by the actuary retained under section 356.214 and prepared under
153.2 section 356.215 and the standards for actuarial work of the Legislative Commission on
153.3 Pensions and Retirement. For purposes of this section, a contribution deficiency exists if
153.4 the total of the employee contributions under subdivision 2, the employer contributions
153.5 under subdivision 3, the additional employer contribution under subdivision 3a, and any
153.6 additional contribution previously imposed under this subdivision is less than the total
153.7 of the normal cost, the administrative expenses, and the amortization contribution of the
153.8 general employees retirement plan as reported in the most recent actuarial valuation of the
153.9 retirement plan prepared by the actuary retained under section 356.214 and prepared under
153.10 section 356.215 and the standards for actuarial work of the Legislative Commission on
153.11 Pensions and Retirement.

153.12 (b) Employee and employer contributions to the general employees retirement plan
153.13 under subdivisions 2 and 3 must be adjusted:

153.14 (1) if, after July 1, 2010, the regular actuarial valuations of the general employees
153.15 retirement plan of the Public Employees Retirement Association under section 356.215
153.16 indicate that there is a contribution sufficiency under paragraph (a) equal to or greater
153.17 than 0.5 percent of covered payroll for two consecutive years, the coordinated program
153.18 employee and employer contribution rates must be decreased as determined under
153.19 paragraph (c) to a level such that the sufficiency equals no more than 0.25 percent of
153.20 covered payroll based on the most recent actuarial valuation; or

153.21 (2) if, after July 1, 2010, the regular actuarial valuations of the general employees
153.22 retirement plan of the Public Employees Retirement Association under section 356.215
153.23 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for
153.24 two consecutive years, the coordinated program employee and employer contribution rates
153.25 must be increased as determined under paragraph (c) to a level such that no deficiency
153.26 exists based on the most recent actuarial valuation.

153.27 (c) The general employees retirement plan contribution rate increase or decrease
153.28 must be determined by the executive director of the Public Employees Retirement
153.29 Association, must be reported to the chair and the executive director of the Legislative
153.30 Commission on Pensions and Retirement on or before the next February 1, and, if the
153.31 Legislative Commission on Pensions and Retirement does not recommend against the rate
153.32 change or does not recommend a modification in the rate change, is effective on the
153.33 next July 1 following the determination by the executive director that a contribution
153.34 deficiency or sufficiency has existed for two consecutive fiscal years based on the most
153.35 recent actuarial valuations under section 356.215. If the actuarially required contribution
153.36 of the general employees retirement plan exceeds or is less than the total support provided

154.1 by the combined employee and employer contribution rates by more than 0.5 percent of
154.2 covered payroll, the general employees retirement plan coordinated program employee
154.3 and employer contribution rates must be adjusted incrementally over one or more years to
154.4 a level such that there remains a contribution sufficiency of no more than 0.25 percent
154.5 of covered payroll.

154.6 (d) No incremental adjustment may exceed 0.25 percent for either the general
154.7 employees retirement plan coordinated program employee and employer contribution rates
154.8 per year in which any adjustment is implemented. A general employees retirement plan
154.9 contribution rate adjustment under this subdivision must not be made until at least two
154.10 years have passed since fully implementing a previous adjustment under this subdivision.

154.11 (e) The general employees retirement plan contribution sufficiency or deficiency
154.12 determination under paragraphs (a) through (d) must be made without the inclusion of
154.13 the contributions to, the funded condition of, or the actuarial funding requirements of
154.14 the MERF division.

154.15 Subd. 4. **Employer reporting requirements; contributions; member status.**

154.16 (a) A representative authorized by the head of each department shall deduct employee
154.17 contributions from the salary of each employee who qualifies for membership in the
154.18 general employees retirement plan of the Public Employees Retirement Association or in
154.19 the public employees police and fire retirement plan under this chapter and remit payment
154.20 in a manner prescribed by the executive director for the aggregate amount of the employee
154.21 contributions, the employer contributions and the additional employer contributions to be
154.22 received within 14 calendar days. The head of each department or the person's designee
154.23 shall for each pay period submit to the association a salary deduction report in the format
154.24 prescribed by the executive director. Data required to be submitted as part of salary
154.25 deduction reporting must include, but are not limited to:

154.26 (1) the legal names and Social Security numbers of employees who are members;

154.27 (2) the amount of each employee's salary deduction;

154.28 (3) the amount of salary from which each deduction was made;

154.29 (4) the beginning and ending dates of the payroll period covered and the date of
154.30 actual payment; and

154.31 (5) adjustments or corrections covering past pay periods.

154.32 (b) Employers must furnish the data required for enrollment for each new employee
154.33 who qualifies for membership in the general employees retirement plan of the Public
154.34 Employees Retirement Association or in the public employees police and fire retirement
154.35 plan in the format prescribed by the executive director. The required enrollment data
154.36 on new employees must be submitted to the association prior to or concurrent with the

155.1 submission of the initial employee salary deduction. The employer shall also report
155.2 to the association all member employment status changes, such as leaves of absence,
155.3 terminations, and death, and shall report the effective dates of those changes, on an
155.4 ongoing basis for the payroll cycle in which they occur. The employer shall furnish data,
155.5 forms, and reports as may be required by the executive director for proper administration
155.6 of the retirement system. Before implementing new or different computerized reporting
155.7 requirements, the executive director shall give appropriate advance notice to governmental
155.8 subdivisions to allow time for system modifications.

155.9 (c) Notwithstanding paragraph (a), the ~~association~~ executive director may provide
155.10 for less frequent reporting and payments for small employers.

155.11 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
155.12 as provided in paragraph (b), erroneous employee deductions and erroneous employer
155.13 contributions and additional employer contributions to the general employees retirement
155.14 plan of the Public Employees Retirement Association or to the public employees police
155.15 and fire retirement plan for a person, who otherwise does not qualify for membership
155.16 under this chapter, are considered:

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

155.22 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
155.23 1990. Upon determination of the error, the association shall refund all erroneous employee
155.24 deductions and all erroneous employer contributions as specified in paragraph (e). No
155.25 person may claim a right to continued or past membership in the association based on
155.26 erroneous deductions which began on or after January 1, 1990.

155.27 (b) Erroneous deductions taken from the salary of a person who did not qualify for
155.28 membership in the general employees retirement plan of the Public Employees Retirement
155.29 Association or in the public employees police and fire retirement plan by virtue of
155.30 concurrent employment before July 1, 1978, which required contributions to another
155.31 retirement fund or relief association established for the benefit of officers and employees
155.32 of a governmental subdivision, are invalid. Upon discovery of the error, the association
155.33 shall remove all invalid service and, upon termination of public service, the association
155.34 shall refund all erroneous employee deductions to the person, with interest as determined
155.35 under section 353.34, subdivision 2, and all erroneous employer contributions without
155.36 interest to the employer. This paragraph has both retroactive and prospective application.

156.1 (c) Adjustments to correct employer contributions and employee deductions taken
156.2 in error from amounts which are not salary under section 353.01, subdivision 10, must
156.3 be made as specified in paragraph (e). The period of adjustment must be limited to the
156.4 fiscal year in which the error is discovered by the association and the immediate two
156.5 preceding fiscal years.

156.6 (d) If there is evidence of fraud or other misconduct on the part of the employee or
156.7 the employer, the board of trustees may authorize adjustments to the account of a member
156.8 or former member to correct erroneous employee deductions and employer contributions
156.9 on invalid salary and the recovery of any overpayments for a period longer than provided
156.10 for under paragraph (c).

156.11 (e) Upon discovery of the receipt of erroneous employee deductions and employer
156.12 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
156.13 the employer to discontinue the erroneous employee deductions and erroneous employer
156.14 contributions reported on behalf of a member. Upon discontinuation, the association must:

156.15 (1) for a member, provide a refund or credit to the employer in the amount of the
156.16 invalid employee deductions with interest on the invalid employee deductions at the rate
156.17 specified under section 353.34, subdivision 2, from the received date of each invalid salary
156.18 transaction through the date the credit or refund is made; and the employer must pay the
156.19 refunded employee deductions plus interest to the member;

156.20 (2) for a former member who:

156.21 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
156.22 deductions to the former member through a refund with interest at the rate specified under
156.23 section 353.34, subdivision 2, from the received date of each invalid salary transaction
156.24 through the date the credit or refund is made; or

156.25 (ii) is receiving a retirement annuity or disability benefit, or a person who is
156.26 receiving an optional annuity or survivor benefit, for whom it has been determined an
156.27 overpayment must be recovered, adjust the payment amount and recover the overpayments
156.28 as provided under this section; and

156.29 (3) return the invalid employer contributions reported on behalf of a member or
156.30 former member to the employer by providing a credit against future contributions payable
156.31 by the employer.

156.32 (f) In the event that a salary warrant or check from which a deduction for the
156.33 retirement fund was taken has been canceled or the amount of the warrant or check
156.34 returned to the funds of the department making the payment, a refund of the sum
156.35 deducted, or any portion of it that is required to adjust the deductions, must be made
156.36 to the department or institution.

157.1 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
157.2 is within the limitation period specified in paragraph (c), and an overpayment has resulted
157.3 by using invalid service or salary, or due to any erroneous calculation procedure, the
157.4 association must recalculate the annuity or benefit payable and recover any overpayment
157.5 as provided under subdivision 7b.

157.6 (h) Notwithstanding the provisions of this subdivision, the association may apply
157.7 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
157.8 Compliance Resolution System and not issue a refund of erroneous employee deductions
157.9 and employer contributions or not recover a small overpayment of benefits if the cost to
157.10 correct the error would exceed the amount of the member refund or overpayment.

157.11 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
157.12 failure by an employer to follow the statutory requirements for reporting eligible members
157.13 and salary must be paid by the employer.

157.14 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
157.15 deductions and employer contributions under this section, section 353.50, 353.65, or
157.16 353E.03 were erroneously transmitted to the association, but should have been transmitted
157.17 to another Minnesota public pension plan, the executive director shall transfer the
157.18 erroneous employee deductions and employer contributions to the appropriate retirement
157.19 fund or individual account, as applicable, without interest. The time limitations specified
157.20 in subdivisions 7 and 12 do not apply.

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

157.24 (c) A potential transfer under paragraph (a) that is reasonably determined to cause
157.25 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
157.26 Code, as amended, must not be made by the executive director of the association. Within
157.27 30 days after being notified by the Public Employees Retirement Association of an
157.28 unmade potential transfer under this paragraph, the employer of the affected person
157.29 must transmit an amount representing the applicable salary deductions and employer
157.30 contributions, without interest, to the retirement fund of the appropriate Minnesota public
157.31 pension plan, or to the applicable individual account if the proper coverage is by a defined
157.32 contribution plan. The association must provide the employing unit a credit for the amount
157.33 of the erroneous salary deductions and employer contributions against future contributions
157.34 from the employer. If the employing unit receives a credit under this paragraph, the
157.35 employing unit is responsible for refunding to the applicable employee any amount that
157.36 had been erroneously deducted from the person's salary.

158.1 Subd. 7b. **Recovery of overpayments.** (a) In the event the executive director
158.2 determines that an overpaid annuity or benefit ~~that~~ from the general employees retirement
158.3 plan of the Public Employees Retirement Association, the public employees police and
158.4 fire retirement plan, or the local government correctional employees retirement plan is
158.5 the result of invalid salary included in the average salary used to calculate the payment
158.6 amount must be recovered, the association must determine the amount of the employee
158.7 deductions taken in error on the invalid salary, with interest determined in the manner
158.8 provided for a former member under subdivision 7, paragraph (e), clause (2), item (i),
158.9 and must subtract that amount from the total annuity or benefit overpayment, and the
158.10 remaining balance of the overpaid annuity or benefit, if any, must be recovered.

158.11 (b) If the invalid employee deductions plus interest exceed the amount of the
158.12 overpaid benefits, the balance must be refunded to the person to whom the benefit or
158.13 annuity is being paid.

158.14 (c) Any invalid employer contributions reported on the invalid salary must be
158.15 credited to the employer as provided in subdivision 7, paragraph (e).

158.16 (d) If a member or former member, who is receiving a retirement annuity or
158.17 disability benefit for which an overpayment is being recovered, dies before recovery of
158.18 the overpayment is completed and a joint and survivor optional annuity is payable, the
158.19 remaining balance of the overpaid annuity or benefit must continue to be recovered from
158.20 the payment to the optional annuity beneficiary.

158.21 (e) If the association finds that a refund has been overpaid to a former member,
158.22 beneficiary or other person, the amount of the overpayment must be recovered for the
158.23 benefit of the respective retirement fund or account.

158.24 (f) The board of trustees shall adopt policies directing the period of time and manner
158.25 for the collection of any overpaid retirement or optional annuity, and survivor or disability
158.26 benefit, or a refund that the executive director determines must be recovered as provided
158.27 under this section.

158.28 Subd. 7c. **Limitation on additional plan coverage.** No deductions for any plan
158.29 under this chapter or chapter 353E may be taken from the salary of a person who is
158.30 employed by a governmental subdivision under section 353.01, subdivision 6, and who is
158.31 receiving disability benefit payments from any plan under this chapter or chapter 353E
158.32 unless the person waives the right to further disability benefit payments.

158.33 Subd. 8. **District court reporters; salary deductions.** Deductions from the salary
158.34 of a district court reporter in a judicial district consisting of two or more counties ~~shall~~
158.35 must be made by the auditor of the county in which the bond and official oath of such
158.36 district court reporter are filed, from the portion of salary paid by such county.

159.1 Subd. 9. **Fee officers; contributions; obligations of employers.** Any appointed or
159.2 elected officer of a governmental subdivision who was or is a "public employee" within
159.3 the meaning of section 353.01 and was or is a member of the ~~fund~~ general employees
159.4 retirement plan of the Public Employees Retirement Association and whose salary
159.5 was or is paid in whole or in part from revenue derived by fees and assessments, shall
159.6 pay employee contribution in the amount, at the time, and in the manner provided in
159.7 subdivisions 2 and 4. This subdivision ~~shall~~ does not apply to district court reporters.
159.8 The employer contribution as provided in subdivision 3, and the additional employer
159.9 contribution as provided in subdivision 3a, with respect to such service ~~shall~~ must be
159.10 paid by the governmental subdivision. This subdivision ~~shall have~~ has both retroactive
159.11 and prospective application as to all such members; and every employing governmental
159.12 subdivision is deemed liable, retroactively and prospectively, for all employer and
159.13 additional employer contributions for every such member of the general employees
159.14 retirement plan in its employ. Delinquencies under this section ~~shall be~~ are governed
159.15 in all respects by section 353.28.

159.16 Subd. 10. **Employer exclusion reports.** The head of a department shall annually
159.17 furnish the executive director with an exclusion report listing only those employees in
159.18 potentially PERA general employees retirement plan-eligible positions who were not
159.19 reported as members of the ~~association~~ general employees retirement plan and who worked
159.20 during the school year for school employees and calendar year for nonschool employees.
159.21 The department head must certify the accuracy and completeness of the exclusion report
159.22 to the association. The executive director shall prescribe the manner and forms, including
159.23 standardized exclusion codes, to be used by a governmental subdivision in preparing and
159.24 filing exclusion reports. The executive director shall also check the exclusion report to
159.25 ascertain whether any omissions have been made by a department head in the reporting
159.26 of new public employees for membership. The executive director may delegate an
159.27 association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to
159.28 conduct a field audit to review the payroll records of a governmental subdivision.

159.29 Subd. 11. **Employers; required to furnish requested information.** (a) All
159.30 governmental subdivisions shall furnish promptly such other information relative to the
159.31 employment status of all employees or former employees, including, but not limited to,
159.32 payroll abstracts pertaining to all past and present employees, as may be requested by the
159.33 executive director, including schedules of salaries applicable to various categories of
159.34 employment.

159.35 (b) In the event payroll abstract records have been lost or destroyed, for whatever
159.36 reason or in whatever manner, so that such schedules of salaries cannot be furnished

160.1 therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the
160.2 association an estimate of the earnings of any employee or former employee for any
160.3 period as may be requested by the executive director. If the association is provided a
160.4 schedule of estimated earnings, the executive director is authorized to use the same as a
160.5 basis for making whatever computations might be necessary for determining obligations
160.6 of the employee and employer to the general employees retirement fund plan, the public
160.7 employees police and fire retirement plan, or the local government correctional employees
160.8 retirement plan. If estimates are not furnished by the employer at the request of the
160.9 executive director, the executive director may estimate the obligations of the employee
160.10 and employer to the general employees retirement fund, the public employees police and
160.11 fire retirement plan, or the local government correctional employees retirement plan based
160.12 upon those records that are in its possession.

160.13 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission
160.14 of required deductions for the general employees retirement plan, the public employees
160.15 police and fire retirement plan, or the local government correctional employees retirement
160.16 plan from the salary of an employee, the department head or designee shall immediately,
160.17 upon discovery, report the employee for membership and deduct the employee deductions
160.18 under subdivision 4 during the current pay period or during the pay period immediately
160.19 following the discovery of the omission. Payment for the omitted obligations may only be
160.20 made in accordance with reporting procedures and methods established by the executive
160.21 director.

160.22 (b) When the entire omission period of an employee does not exceed 60 days, the
160.23 governmental subdivision may report and submit payment of the omitted employee
160.24 deductions and the omitted employer contributions through the reporting processes under
160.25 subdivision 4.

160.26 (c) When the omission period of an employee exceeds 60 days, the governmental
160.27 subdivision shall furnish to the association sufficient data and documentation upon which
160.28 the obligation for omitted employee and employer contributions can be calculated.
160.29 The omitted employee deductions must be deducted from the employee's subsequent
160.30 salary payment or payments and remitted to the association for deposit in the applicable
160.31 retirement fund. The employee shall pay omitted employee deductions due for the 60
160.32 days prior to the end of the last pay period in the omission period during which salary
160.33 was earned. The employer shall pay any remaining omitted employee deductions and any
160.34 omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent
160.35 compounded annually, from the date or dates each omitted employee contribution was
160.36 first payable.

161.1 (d) An employer shall not hold an employee liable for omitted employee deductions
161.2 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
161.3 those employee deductions paid by the employer on behalf of the employee. Omitted
161.4 deductions due under paragraph (c) which are not paid by the employee constitute a
161.5 liability of the employer that failed to deduct the omitted deductions from the employee's
161.6 salary. The employer shall make payment with interest at an annual rate of 8.5 percent
161.7 compounded annually. Omitted employee deductions are no longer due if an employee
161.8 terminates public service before making payment of omitted employee deductions to
161.9 the association, but the employer remains liable to pay omitted employer contributions
161.10 plus interest at an annual rate of 8.5 percent compounded annually from the date the
161.11 contributions were first payable.

161.12 (e) The association may not commence action for the recovery of omitted employee
161.13 deductions and employer contributions after the expiration of three calendar years after
161.14 the calendar year in which the contributions and deductions were omitted. Except as
161.15 provided under paragraph (b), no payment may be made or accepted unless the association
161.16 has already commenced action for recovery of omitted deductions. An action for recovery
161.17 commences on the date of the mailing of any written correspondence from the association
161.18 requesting information from the governmental subdivision upon which to determine
161.19 whether or not omitted deductions occurred.

161.20 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
161.21 who was a member of the general employees retirement plan of the Public Employees
161.22 Retirement Association, the public employees police and fire retirement plan, or the local
161.23 government correctional employees retirement plan and who has a period of employment
161.24 in which previously omitted employer contributions were made under subdivision 12
161.25 but for whom no, or only partial, omitted employee contributions have been made, or
161.26 a member who had prior coverage in the association for which previously omitted
161.27 employer contributions were made under subdivision 12 but who terminated service
161.28 before required omitted employee deductions could be withheld from salary, may pay the
161.29 omitted employee deductions for the period on which omitted employer contributions
161.30 were previously paid plus interest at an annual rate of 8.5 percent compounded annually.
161.31 A terminated employee may pay the omitted employee deductions plus interest within six
161.32 months of an initial notification from the association of eligibility to pay those omitted
161.33 deductions. If a terminated employee is reemployed in a position covered under a public
161.34 pension fund under section 356.30, subdivision 3, and elects to pay omitted employee
161.35 deductions, payment must be made no later than six months after a subsequent termination
161.36 of public service.

162.1 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were
162.2 omitted from salary adjustments or final salary of a terminated employee who was a
162.3 member of the general employees retirement plan, the public employees police and fire
162.4 retirement plan, or the local government correctional employees retirement plan and who
162.5 is immediately eligible to draw a monthly benefit, the employer shall pay the omitted
162.6 employer and employer additional contributions plus interest on both the employer and
162.7 employee amounts due at an annual rate of 8.5 percent compounded annually. The
162.8 employee shall pay the employee deductions within six months of an initial notification
162.9 from the association of eligibility to pay omitted deductions or the employee forfeits
162.10 the right to make the payment.

162.11 Subd. 13. **Certain warrants canceled.** A warrant payable from the general
162.12 employees retirement fund, the public employees police and fire retirement fund, or the
162.13 local government correctional retirement fund remaining unpaid for a period of six
162.14 months must be canceled into the applicable retirement fund and not canceled into the
162.15 state's general fund.

162.16 Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to
162.17 be a governmental subdivision due to receipt of a written notice of eligibility from the
162.18 association with respect to the general employees retirement plan, the public employees
162.19 police and fire retirement plan, or the local government correctional retirement plan, that
162.20 employer and its employees are subject to the requirements of subdivision 12, effective
162.21 retroactively to the date that the executive director of the association determines that
162.22 the entity first met the definition of a governmental subdivision, if that date predates
162.23 the notice of eligibility.

162.24 (b) If the retroactive time period under paragraph (a) exceeds three years, an
162.25 employee is authorized to purchase service credit in the applicable Public Employees
162.26 Retirement Association plan for the portion of the period in excess of three years, by
162.27 making payment under section 356.551. Notwithstanding any provision of section
162.28 356.551, subdivision 2, to the contrary, regarding time limits on purchases, payment of a
162.29 service credit purchase amount may be made anytime before the termination of public
162.30 service.

162.31 (c) This subdivision does not apply if the applicable employment under paragraph
162.32 (a) included coverage by any public or private defined benefit or defined contribution
162.33 retirement plan, other than a volunteer firefighters relief association. If this paragraph
162.34 applies, an individual is prohibited from purchasing service credit from a Public Employees
162.35 Retirement Association plan for any period or periods specified in paragraph (a).

163.1 Sec. 8. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

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

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

163.10 (c) An individual who terminates public service covered by the Public Employees
163.11 Retirement Association general employees retirement plan, the MERF division, the
163.12 Public Employees Retirement Association police and fire retirement plan, or the public
163.13 employees local government corrections service retirement plan, and who is employed
163.14 by a different employer and who becomes an active member covered by one of the other
163.15 two plans, may receive a refund of employee contributions plus six percent interest
163.16 compounded annually from the plan from which the member terminated service.

163.17 Sec. 9. Minnesota Statutes 2008, section 353.34, subdivision 6, is amended to read:

163.18 Subd. 6. **Additions to fund.** The board of trustees may credit to the general
163.19 employees retirement fund any ~~moneys~~ money received in the form of contributions,
163.20 donations, gifts, appropriations, bequests, or otherwise.

163.21 Sec. 10. Minnesota Statutes 2008, section 353.37, subdivision 1, is amended to read:

163.22 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible
163.23 for an annuity ~~under this chapter~~ from the general employees retirement plan of the Public
163.24 Employees Retirement Association, the public employees police and fire retirement plan,
163.25 or the local government correctional employees retirement plan must be suspended under
163.26 subdivision 2 or reduced under subdivision 3, whichever results in the higher annual
163.27 annuity amount, if the person reenters public service as a nonelective employee of a
163.28 governmental subdivision in a position covered by this chapter or returns to work as an
163.29 employee of a labor organization that represents public employees who are association
163.30 members under this chapter and salary for the reemployment service exceeds the annual
163.31 maximum earnings allowable for that age for the continued receipt of full benefit amounts
163.32 monthly under the federal Old Age, Survivors and Disability Insurance Program as set by
163.33 the secretary of health and human services under United States Code, title 42, section 403,
163.34 in any calendar year. If the person has not yet reached the minimum age for the receipt

164.1 of Social Security benefits, the maximum salary for the person is equal to the annual
164.2 maximum earnings allowable for the minimum age for the receipt of Social Security
164.3 benefits.

164.4 (b) The provisions of paragraph (a) do not apply to the members of the MERF
164.5 division.

164.6 Sec. 11. Minnesota Statutes 2008, section 353.37, subdivision 2, is amended to read:

164.7 Subd. 2. **Suspension of annuity.** (a) The association shall suspend the annuity on
164.8 the first of the month after the month in which the salary of the reemployed annuitant
164.9 described in subdivision 1, paragraph (a), exceeds the maximums set in subdivision 1,
164.10 paragraph (a), based only on those months in which the annuitant is actually employed
164.11 in nonelective public service in a position covered under this chapter or employment
164.12 with a labor organization that represents public employees who are ~~association~~ members
164.13 of a retirement plan under this chapter or chapter 353E.

164.14 (b) An annuitant who is elected to public office after retirement may hold that office
164.15 and receive an annuity otherwise payable from a retirement plan administered by the
164.16 association.

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

164.18 Subd. 3. **Reduction of annuity.** (a) The association shall reduce the amount
164.19 of the annuity of a person who has not reached the retirement age by one-half of the
164.20 amount in excess of the applicable reemployment income maximum under subdivision
164.21 1, paragraph (a).

164.22 (b) There is no reduction upon reemployment, regardless of income, for a person
164.23 who has reached the retirement age.

164.24 Sec. 13. Minnesota Statutes 2008, section 353.37, subdivision 4, is amended to read:

164.25 Subd. 4. **Resumption of annuity.** The association shall resume paying a full
164.26 annuity to the reemployed annuitant described in subdivision 1, paragraph (a), at the
164.27 start of each calendar year until the salary exceeds the maximums under subdivision 1,
164.28 paragraph (a), or on the first of the month following the termination of the employment
164.29 which resulted in the suspension of the annuity. The executive director may adopt policies
164.30 regarding the suspension and reduction of annuities under this section.

164.31 Sec. 14. Minnesota Statutes 2008, section 353.37, subdivision 5, is amended to read:

165.1 Subd. 5. **Effect on annuity.** Except as provided under this section, public service
 165.2 performed by an annuitant described in subdivision 1, paragraph (a), subsequent to
 165.3 retirement under this chapter from the general employees retirement plan, the public
 165.4 employees police and fire retirement plan, or the local government correctional employees
 165.5 retirement plan does not increase or decrease the amount of an annuity. The annuitant shall
 165.6 not make any further contributions to ~~the association's~~ a defined benefit plan administered
 165.7 by the association by reason of this subsequent public service.

165.8 Sec. 15. Minnesota Statutes 2008, section 353.46, subdivision 2, is amended to read:

165.9 Subd. 2. **Rights of deferred annuitant.** The ~~right~~ entitlement of a deferred
 165.10 annuitant or other former member of the general employees retirement plan of the
 165.11 Public Employees Retirement Association, the Minneapolis Employees Retirement Fund
 165.12 division, the public employees police and fire retirement plan, or the local government
 165.13 correctional employees retirement plan to receive an annuity under the law in effect at the
 165.14 time ~~such~~ the person terminated public service is herein preserved; ~~provided, however,~~
 165.15 The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753
 165.16 ~~shall~~ shall apply to a deferred annuitant or other former member who first begins receiving an
 165.17 annuity after July 1, 1973.

165.18 Sec. 16. Minnesota Statutes 2008, section 353.46, subdivision 6, is amended to read:

165.19 Subd. 6. **Computation of benefits for certain coordinated members.** Any
 165.20 coordinated member of the general employees retirement plan of the Public Employees
 165.21 Retirement Association who ~~prior to,~~ before July 1, 1979₂ was a member of the former
 165.22 coordinated program of the former Minneapolis Municipal Employees Retirement
 165.23 Fund and who ~~prior to,~~ before July 1, 1978₂ was a member of the basic program of the
 165.24 Minneapolis Municipal Employees Retirement Fund ~~shall~~:

165.25 ~~(1) he~~ is entitled to receive a retirement annuity when otherwise qualified, the
 165.26 calculation of which ~~shall~~ must utilize the formula accrual rates specified in section
 165.27 422A.15, subdivision 1, for that portion of credited service which was rendered ~~prior to~~
 165.28 before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision
 165.29 3, for the remainder of credited service, both applied to the average salary as specified
 165.30 in section ~~353.29, subdivision 2~~ 353.01, subdivision 17a. The formula accrual rates to
 165.31 be used in calculating the retirement annuity ~~shall~~ must recognize the service after July
 165.32 1, 1978 as a member of the former coordinated program of the former Minneapolis
 165.33 Municipal Employees Retirement Fund and after July 1, 1979 as a member of the
 165.34 general employees retirement plan of the Public Employees Retirement Association as

166.1 a continuation of service rendered ~~prior to~~ before July 1, 1978. The annuity amount
 166.2 attributable to service as a member of the basic program of the former Minneapolis
 166.3 Municipal Employees Retirement Fund ~~shall be~~ is payable by from the Minneapolis
 166.4 ~~Employees Retirement Fund~~ MERF division and the annuity amount attributable to all
 166.5 other service ~~shall be~~ is payable by from the general employees retirement fund of the
 166.6 Public Employees Retirement Association; .

166.7 ~~(2) retain eligibility when otherwise qualified for a disability benefit from the~~
 166.8 ~~Minneapolis Employees Retirement Fund until July 1, 1982, notwithstanding coverage~~
 166.9 ~~by the Public Employees Retirement Association, if the member has or would, without~~
 166.10 ~~the transfer of retirement coverage from the basic program of the Minneapolis Municipal~~
 166.11 ~~Employees Retirement Fund to the coordinated program of the Minneapolis Municipal~~
 166.12 ~~Employees Retirement Fund or from the coordinated program of the Minneapolis~~
 166.13 ~~Municipal Employees Retirement Fund to the public employees retirement fund, have~~
 166.14 ~~sufficient credited service prior to January 1, 1983, to meet the minimum service~~
 166.15 ~~requirements for a disability benefit pursuant to section 422A.18. The disability benefit~~
 166.16 ~~amount attributable to service as a member of the basic program of the Minneapolis~~
 166.17 ~~Municipal Employees Retirement Fund shall be payable by the Minneapolis Employees~~
 166.18 ~~Retirement Fund and the disability benefit amount attributable to all other service shall be~~
 166.19 ~~payable by the Public Employees Retirement Association.~~

166.20 Sec. 17. **[353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT**
 166.21 **AND OPERATION.**

166.22 Subdivision 1. Administrative consolidation. (a) Notwithstanding any provision
 166.23 of this chapter or chapter 422A to the contrary, the administration of the Minneapolis
 166.24 Employees Retirement Fund as the MERF division is transferred to the Public Employees
 166.25 Retirement Association board of trustees. The assets, service credit, and benefit liabilities
 166.26 of the Minneapolis Employees Retirement Fund transfer to the MERF division account
 166.27 within the general employees retirement plan of the Public Employees Retirement
 166.28 Association established by section 353.27, subdivision 1a, on July 1, 2010.

166.29 (b) The creation of the MERF division must not be construed to alter the Social
 166.30 Security or Medicare coverage of any member of the former Minneapolis Employees
 166.31 Retirement Fund on June 29, 2010, while the person is employed in a position covered
 166.32 under the MERF division of the Public Employees Retirement Association.

166.33 Subd. 2. Membership transfer. Effective June 30, 2010, the active, inactive, and
 166.34 retired members of the Minneapolis Employees Retirement Fund are transferred to the

167.1 MERF division administered by the Public Employees Retirement Association and are no
167.2 longer members of the Minneapolis Employees Retirement Fund.

167.3 Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service
167.4 credit and salary credit of the members of the Minneapolis Employees Retirement Fund
167.5 as specified in the records of the Minneapolis Employees Retirement Fund through June
167.6 30, 2010, are transferred to the MERF division of the Public Employees Retirement
167.7 Association and are credited by the MERF division. Annuities or benefits of persons
167.8 who are active members of the former Minneapolis Employees Retirement Fund on
167.9 June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11;
167.10 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16;
167.11 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic
167.12 postretirement adjustments after December 31, 2010, under section 356.415.

167.13 (b) The liability for the payment of annuities and benefits of the Minneapolis
167.14 Employees Retirement Fund retirees and benefit recipients as specified in the records
167.15 of the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the
167.16 MERF division of the Public Employees Retirement Association on June 30, 2010.

167.17 Subd. 4. **Records transfer.** On June 30, 2010, the executive director of the
167.18 Minneapolis Employees Retirement Fund shall transfer all records and documents relating
167.19 to the Minneapolis Employees Retirement Fund and its benefit plan to the executive
167.20 director of the Public Employees Retirement Association. To the extent possible, original
167.21 copies of all records and documents must be transferred.

167.22 Subd. 5. **Transfer of title to assets.** On June 30, 2010, legal title to the assets of
167.23 the Minneapolis Employees Retirement Fund transfers to the State Board of Investment
167.24 and the assets must be invested under section 11A.14, as assets of the MERF division of
167.25 the Public Employees Retirement Association. The MERF division is the successor in
167.26 interest to all claims that the former Minneapolis Employees Retirement Fund may have
167.27 or may assert against any person and is the successor in interest to all claims which could
167.28 have been asserted against the former Minneapolis Employees Retirement Fund, but the
167.29 MERF division is not liable for any claim against the former Minneapolis Employees
167.30 Retirement Fund, its former governing board, or its former administrative staff acting in a
167.31 fiduciary capacity under chapter 356A or under common law, which is founded upon a
167.32 claim of breach of fiduciary duty, but where the act or acts constituting the claimed breach
167.33 were not undertaken in good faith, the Public Employees Retirement Association may
167.34 assert any applicable defense to any claim in any judicial or administrative proceeding
167.35 that the former Minneapolis Employees Retirement Fund, its former board, or its
167.36 former administrative staff would otherwise have been entitled to assert, and the Public

168.1 Employees Retirement Association may assert any applicable defense that it has in its
168.2 capacity as a statewide agency.

168.3 Subd. 6. **Benefits.** (a) The annuities and benefits of, or attributable to, retired,
168.4 disabled, deferred, or inactive Minneapolis Employees Retirement Fund members
168.5 with that status as of June 30, 2010, with the exception of post-December 31, 2010,
168.6 postretirement adjustments, which are governed by paragraph (b), as calculated under
168.7 Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15;
168.8 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and
168.9 422A.23, continue in force after the administrative consolidation under this article.

168.10 (b) After December 31, 2010, annuities and benefits from the MERF division are
168.11 eligible for annual automatic postretirement adjustments solely under section 356.415.

168.12 Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the
168.13 member and employer contributions to the MERF division account are governed by this
168.14 subdivision.

168.15 (b) An active member covered by the MERF division must make an employee
168.16 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,
168.17 subdivision 10. The employee contribution must be made by payroll deduction by the
168.18 member's employing unit under section 353.27, subdivision 4, and is subject to the
168.19 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

168.20 (c) The employer regular contribution to the MERF division account with respect
168.21 to an active MERF division member is 9.75 percent of the total salary of the member as
168.22 defined in section 353.01, subdivision 10.

168.23 (d) The employer additional contribution to the MERF division account with respect
168.24 to an active member of the MERF division is 2.68 percent of the total salary of the member
168.25 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000
168.26 that the employing unit paid or is payable to the former Minneapolis Employees
168.27 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,
168.28 or 2a, during calendar year 2009, as was certified by the former executive director of the
168.29 former Minneapolis Employees Retirement Fund.

168.30 (e) Annually after June 30, 2012, The employer supplemental contribution to
168.31 the MERF division account by the city of Minneapolis, Special School District No. 1,
168.32 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,
168.33 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission,
168.34 and the Minnesota State Colleges and Universities system is the amount by which the
168.35 total actuarial required contribution determined under section 356.215 by the approved
168.36 actuary retained by the Public Employees Retirement Association in the most recent

169.1 actuarial valuation of the MERF division and based on a June 30, 2031, amortization
169.2 date, after subtracting the contributions under paragraphs (b), (c), and (d), exceeds
169.3 \$36,500,000. Unless the various employing units agree to a different allocation and file
169.4 that agreement with the executive director by August 15 for the following calendar year,
169.5 each employing unit's share of the total employer supplemental contribution amount
169.6 is equal to its percentage share of the total amount allocated under Minnesota Statutes
169.7 2008, section 422A.101, subdivision 3, payable for calendar year 2009. The initial total
169.8 actuarial required contribution after June 30, 2012, must be calculated using the mortality
169.9 assumption change recommended on September 30, 2009, for the Minneapolis Employees
169.10 Retirement Fund by the approved consulting actuary retained by the Minneapolis
169.11 Employees Retirement Fund board.

169.12 (f) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of
169.13 August 1 annually, if the amount of the retirement annuities and benefits paid from the
169.14 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
169.15 exceeds the market value of the assets of the MERF division account on the preceding June
169.16 30, plus state aid of \$9,000,000 or \$36,500,000, whichever applies, and plus the amounts
169.17 payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied
169.18 by the factor of 1.035, the balance calculated is a special additional employer contribution.
169.19 The special additional employer contribution under this paragraph is payable in addition
169.20 to any employer contribution required under paragraphs (c), (d), and (e), and is payable on
169.21 or before the next following June 30. The special additional employer contribution under
169.22 this paragraph must be allocated between the city of Minneapolis, Special School District
169.23 No. 1, Minneapolis, any Minneapolis-owned public utility, improvement, or municipal
169.24 activity, the Minnesota State Colleges and Universities system, Hennepin County, the
169.25 Metropolitan Council, and the Metropolitan Airports Commission in proportion to their
169.26 share of the actuarial accrued liability of the former Minneapolis Employees Retirement
169.27 Fund as of July 1, 2009, as calculated by the approved actuary retained under section
169.28 356.214 as part of the actuarial valuation prepared as of July 1, 2009, under section
169.29 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on
169.30 Pensions and Retirement.

169.31 (g) The employer contributions under paragraphs (c), (d), and (e) must be paid as
169.32 provided in section 353.28.

169.33 (h) Contributions under this subdivision are subject to the provisions of section
169.34 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

169.35 Subd. 7a. **Minneapolis Municipal Retirement Association dues.** If authorized
169.36 by an annuitant or retirement benefit recipient in writing on a form prescribed by the

170.1 executive director of the Public Employees Retirement Association, the executive director
170.2 shall deduct the dues for the Minneapolis Municipal Retirement Association from the
170.3 person's annuity or retirement benefit. This dues deduction authority expires upon the
170.4 eventual full consolidation of the MERF account under subdivision 8.

170.5 Subd. 8. **Eventual full consolidation.** (a) Once the fiscal year end market value
170.6 of assets of the MERF division account equals or exceeds 80 percent of the actuarial
170.7 accrued liability of the MERF division as calculated by the approved actuary retained by
170.8 the Public Employees Retirement Association under section 356.215 and the Standards
170.9 for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement,
170.10 the MERF division must be merged with the general employees retirement plan of the
170.11 Public Employees Retirement Association and the MERF division account ceases as a
170.12 separate account within the general employees retirement fund of the Public Employees
170.13 Retirement Association.

170.14 (b) If the market value of the MERF division account is less than 100 percent of the
170.15 actuarial accrued liability of the MERF division under paragraph (a), the total employer
170.16 contribution of employing units referenced in subdivision 7, paragraph (e), for the period
170.17 after the full consolidation and June 30, 2031, to amortize on a level annual dollar payment
170.18 the remaining unfunded actuarial accrued liability of the former MERF division account
170.19 on the full consolidation date by June 30, 2031, shall be calculated by the consulting
170.20 actuary retained under section 356.214 using the applicable postretirement interest rate
170.21 actuarial assumption for the general employees retirement plan under section 356.215.
170.22 The actuarial accrued liability of the MERF division must be calculated using the healthy
170.23 retired life mortality assumption applicable to the general employees retirement plan.

170.24 (c) The merger shall occur as of the first day of the first month after the date on
170.25 which the triggering actuarial valuation report is filed with the executive director of the
170.26 Legislative Commission on Pensions and Retirement.

170.27 (d) The executive director of the Public Employees Retirement Association shall
170.28 prepare proposed legislation fully implementing the merger and updating the applicable
170.29 provisions of chapters 353 and 356 and transmit the proposed legislation to the executive
170.30 director of the Legislative Commission on Pensions and Retirement by the following
170.31 February 15.

170.32 Subd. 9. **Merger of former MERF membership groups into PERA-general.**
170.33 If provided for in an agreement between the board of trustees of the Public Employees
170.34 Retirement Association and the governing board of an employing unit formerly with
170.35 retirement coverage provided for its employees by the former Minneapolis Employees
170.36 Retirement Fund, an employing unit may transfer sufficient assets to the general

171.1 employees retirement fund to cover the anticipated actuarial accrued liability for its
 171.2 current or former employees that is in excess of MERF division account assets attributable
 171.3 to those employees, have those employees be considered full members of the general
 171.4 employees retirement plan, and be relieved of any further contribution obligation to the
 171.5 general employees retirement plan for those employees under this section. Any agreement
 171.6 under this subdivision and any actuarial valuation report related to a merger under this
 171.7 subdivision must be submitted to the executive director of the Legislative Commission on
 171.8 Pensions and Retirement for comment prior to the final execution.

171.9 Sec. 18. Minnesota Statutes 2008, section 353.64, subdivision 7, is amended to read:

171.10 Subd. 7. **Pension coverage for certain public safety employees of the**
 171.11 **Metropolitan Airports Commission.** Any person first employed as either a full-time
 171.12 firefighter or a full-time police officer by the Metropolitan Airports Commission ~~after June~~
 171.13 ~~30, 1978~~, who is not eligible for coverage under the agreement signed between the state
 171.14 and the secretary of the federal Department of Health and Human Services making the
 171.15 provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to
 171.16 municipal employees because that position is excluded from application ~~pursuant to~~ under
 171.17 Title 42, United States Code, Sections 418 (d) (5) (A) and 418 (d) (8) (D) and section
 171.18 355.07, ~~shall not be a member of the Minneapolis Employees Retirement Fund but shall~~
 171.19 ~~be~~ is a member of the public employees police and fire fund and ~~shall be~~ is deemed to be a
 171.20 firefighter or a police officer within the meaning of this section. The Metropolitan Airports
 171.21 Commission shall make the employer contribution required ~~pursuant to~~ under section
 171.22 353.65, subdivision 3, with respect to each of its firefighters or police officers covered
 171.23 by the public employees police and fire fund and shall meet the employers recording and
 171.24 reporting requirements set forth in section 353.65, subdivision 4.

171.25 Sec. 19. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

	preretirement interest rate assumption	postretirement interest rate assumption
171.31 plan		
171.32 general state employees retirement plan	8.5%	6.0%
171.33 correctional state employees retirement plan	8.5	6.0
171.34 State Patrol retirement plan	8.5	6.0
171.35 legislators retirement plan	8.5	6.0
171.36 elective state officers retirement plan	8.5	6.0

172.1	judges retirement plan	8.5	6.0
172.2	general public employees retirement plan	8.5	6.0
172.3	public employees police and fire retirement plan	8.5	6.0
172.4	local government correctional service retirement		
172.5	plan	8.5	6.0
172.6	teachers retirement plan	8.5	6.0
172.7	Minneapolis employees retirement plan	6.0	5.0
172.8	Duluth teachers retirement plan	8.5	8.5
172.9	St. Paul teachers retirement plan	8.5	8.5
172.10	Minneapolis Police Relief Association	6.0	6.0
172.11	Fairmont Police Relief Association	5.0	5.0
172.12	Minneapolis Fire Department Relief Association	6.0	6.0
172.13	Virginia Fire Department Relief Association	5.0	5.0
172.14	Bloomington Fire Department Relief Association	6.0	6.0
172.15	local monthly benefit volunteer firefighters relief		
172.16	associations	5.0	5.0

172.17 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 172.18 single rate future salary increase assumption, the applicable following modified single
 172.19 rate future salary increase assumption, or the applicable following graded rate future
 172.20 salary increase assumption:

172.21 (1) single rate future salary increase assumption

172.22	plan	future salary
172.23		increase assumption
172.24	legislators retirement plan	5.0%
172.25	judges retirement plan	4.0
172.26	Minneapolis Police Relief Association	4.0
172.27	Fairmont Police Relief Association	3.5
172.28	Minneapolis Fire Department Relief	
172.29	Association	4.0
172.30	Virginia Fire Department Relief Association	3.5
172.31	Bloomington Fire Department Relief	
172.32	Association	4.0

172.33 ~~(2) modified single rate future salary increase assumption~~

172.34	plan	future salary
172.35		increase assumption
172.36	Minneapolis employees	the prior calendar year amount increased
172.37	retirement plan	first by 1.0198 percent to prior fiscal year
172.38		date and then increased by 4.0 percent
172.39		annually for each future year

172.40 ~~(2)~~ (2) select and ultimate future salary increase assumption or graded rate future
 172.41 salary increase assumption

173.1		future salary
173.2	plan	increase assumption
173.3	general state employees retirement plan	select calculation and
173.4		assumption A
173.5	correctional state employees retirement plan	assumption H
173.6	State Patrol retirement plan	assumption G
173.7	general public employees retirement plan	select calculation and
173.8		assumption B
173.9	public employees police and fire fund retirement plan	assumption C
173.10	local government correctional service retirement plan	assumption G
173.11	teachers retirement plan	assumption D
173.12	Duluth teachers retirement plan	assumption E
173.13	St. Paul teachers retirement plan	assumption F

173.14 The select calculation is: during the
 173.15 designated select period, a designated
 173.16 percentage rate is multiplied by the result of
 173.17 the designated integer minus T, where T is the
 173.18 number of completed years of service, and is
 173.19 added to the applicable future salary increase
 173.20 assumption. The designated select period is
 173.21 five years and the designated integer is five
 173.22 for the general state employees retirement
 173.23 plan and the general public employees
 173.24 retirement plan. The designated select period
 173.25 is ten years and the designated integer is ten
 173.26 for all other retirement plans covered by
 173.27 this clause. The designated percentage rate
 173.28 is: (1) 0.2 percent for the correctional state
 173.29 employees retirement plan, the State Patrol
 173.30 retirement plan, the public employees police
 173.31 and fire plan, and the local government
 173.32 correctional service plan; (2) 0.6 percent
 173.33 for the general state employees retirement
 173.34 plan and the general public employees
 173.35 retirement plan; and (3) 0.3 percent for the
 173.36 teachers retirement plan, the Duluth Teachers
 173.37 Retirement Fund Association, and the St.
 173.38 Paul Teachers Retirement Fund Association.

174.1 The select calculation for the Duluth Teachers
 174.2 Retirement Fund Association is 8.00 percent
 174.3 per year for service years one through seven,
 174.4 7.25 percent per year for service years seven
 174.5 and eight, and 6.50 percent per year for
 174.6 service years eight and nine.

174.7 The ultimate future salary increase assumption is:

174.8	age	A	B	C	D	E	F	G	H
174.9	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
174.10	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
174.11	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
174.12	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
174.13	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
174.14	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
174.15	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
174.16	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
174.17	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
174.18	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
174.19	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
174.20	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
174.21	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
174.22	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
174.23	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
174.24	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
174.25	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
174.26	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
174.27	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
174.28	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
174.29	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
174.30	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
174.31	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
174.32	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
174.33	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
174.34	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
174.35	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
174.36	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
174.37	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
174.38	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
174.39	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
174.40	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
174.41	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
174.42	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404

175.1	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
175.2	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
175.3	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
175.4	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
175.5	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
175.6	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
175.7	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
175.8	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
175.9	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
175.10	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
175.11	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
175.12	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
175.13	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
175.14	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
175.15	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
175.16	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
175.17	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
175.18	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
175.19	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
175.20	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
175.21	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
175.22	71	4.25	4.00		5.20				

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

175.27		payroll growth
175.28	plan	assumption
175.29	general state employees retirement plan	4.50%
175.30	correctional state employees retirement plan	4.50
175.31	State Patrol retirement plan	4.50
175.32	legislators retirement plan	4.50
175.33	judges retirement plan	4.00
175.34	general public employees retirement plan	4.50
175.35	public employees police and fire retirement plan	4.50
175.36	local government correctional service retirement	
175.37	plan	4.50
175.38	teachers retirement plan	4.50
175.39	Duluth teachers retirement plan	4.50
175.40	St. Paul teachers retirement plan	5.00

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

- 176.1 (1) has been proposed by the governing board of the applicable retirement plan;
- 176.2 (2) is accompanied by the concurring recommendation of the actuary retained under
- 176.3 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
- 176.4 most recent actuarial valuation report if section 356.214 does not apply; and
- 176.5 (3) has been approved or deemed approved under subdivision 18.

176.6 Sec. 20. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11,

176.7 is amended to read:

176.8 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating

176.9 the level normal cost, the actuarial valuation of the retirement plan must contain an

176.10 exhibit for financial reporting purposes indicating the additional annual contribution

176.11 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit

176.12 for contribution determination purposes indicating the additional contribution sufficient

176.13 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in

176.14 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees

176.15 Retirement Association, the additional contribution must be calculated on a level

176.16 percentage of covered payroll basis by the established date for full funding in effect when

176.17 the valuation is prepared, assuming annual payroll growth at the applicable percentage

176.18 rate set forth in subdivision 8, paragraph (c). For all other retirement plans and for the

176.19 MERF division of the Public Employees Retirement Association, the additional annual

176.20 contribution must be calculated on a level annual dollar amount basis.

176.21 (b) For any retirement plan other than ~~the Minneapolis Employees Retirement Fund,~~

176.22 ~~the general employees a retirement plan of the Public Employees Retirement Association,~~

176.23 ~~and the St. Paul Teachers Retirement Fund Association~~ governed by paragraph (d), (e),

176.24 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used

176.25 for calculating the actuarial accrued liability of the fund, a change in the benefit plan

176.26 governing annuities and benefits payable from the fund, a change in the actuarial cost

176.27 method used in calculating the actuarial accrued liability of all or a portion of the fund, or

176.28 a combination of the three, which change or changes by itself or by themselves without

176.29 inclusion of any other items of increase or decrease produce a net increase in the unfunded

176.30 actuarial accrued liability of the fund, the established date for full funding is the first

176.31 actuarial valuation date occurring after June 1, 2020.

176.32 (c) For any retirement plan other than the ~~Minneapolis Employees Retirement~~

176.33 ~~Fund and the general employees retirement plan of the Public Employees Retirement~~

176.34 Association, if there has been a change in any or all of the actuarial assumptions used

176.35 for calculating the actuarial accrued liability of the fund, a change in the benefit plan

177.1 governing annuities and benefits payable from the fund, a change in the actuarial cost
177.2 method used in calculating the actuarial accrued liability of all or a portion of the fund,
177.3 or a combination of the three, and the change or changes, by itself or by themselves and
177.4 without inclusion of any other items of increase or decrease, produce a net increase in the
177.5 unfunded actuarial accrued liability in the fund, the established date for full funding must
177.6 be determined using the following procedure:

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

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

177.14 (iii) the unfunded actuarial accrued liability of the fund must be determined in
177.15 accordance with any new plan provisions governing annuities and benefits payable from
177.16 the fund and any new actuarial assumptions and the remaining plan provisions governing
177.17 annuities and benefits payable from the fund and actuarial assumptions in effect before
177.18 the change;

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

177.25 (v) the level annual dollar or level percentage amortization contribution under item
177.26 (iv) must be added to the level annual dollar amortization contribution or level percentage
177.27 calculated under item (ii);

177.28 (vi) the period in which the unfunded actuarial accrued liability amount determined
177.29 in item (iii) is amortized by the total level annual dollar or level percentage amortization
177.30 contribution computed under item (v) must be calculated using the interest assumption
177.31 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
177.32 integral number of years, but not to exceed 30 years from the end of the plan year in
177.33 which the determination of the established date for full funding using the procedure set
177.34 forth in this clause is made and not to be less than the period of years beginning in the
177.35 plan year in which the determination of the established date for full funding using the

178.1 procedure set forth in this clause is made and ending by the date for full funding in effect
178.2 before the change; and

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

178.6 (d) For the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
178.7 Employees Retirement Association, the established date for full funding is June 30, ~~2020~~
178.8 2031.

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

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

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

178.15 (h) For the judges retirement plan, the established date for full funding is June
178.16 30, 2038.

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

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

178.25 (k) For the retirement plans for which the annual actuarial valuation indicates an
178.26 excess of valuation assets over the actuarial accrued liability, the valuation assets in
178.27 excess of the actuarial accrued liability must be recognized as a reduction in the current
178.28 contribution requirements by an amount equal to the amortization of the excess expressed
178.29 as a level percentage of pay over a 30-year period beginning anew with each annual
178.30 actuarial valuation of the plan.

178.31 Sec. 21. Minnesota Statutes 2008, section 422A.101, subdivision 3, is amended to read:

178.32 Subd. 3. **State contributions.** (a) Subject to the limitation ~~set forth~~ in paragraph
178.33 (c), the state shall pay to the MERF division account of the Public Employees Retirement
178.34 Association with respect to the former Minneapolis Employees Retirement Fund annually
178.35 an amount equal to the amount calculated under paragraph (b).

179.1 (b) The payment amount is an amount equal to the financial requirements of the
179.2 ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees
179.3 Retirement Association reported in the actuarial valuation of the ~~fund~~ general employees
179.4 retirement plan of the Public Employees Retirement Association prepared by the actuary
179.5 retained under section 356.214 consistent with section 356.215 for the most recent year
179.6 but based on a target date for full amortization of the unfunded actuarial accrued liabilities
179.7 by June 30, ~~2020~~ 2031, less the amount of employee contributions required under section
179.8 ~~422A.10~~ 353.50, subdivision 7, paragraph (b), and the amount of employer contributions
179.9 required under ~~subdivisions 1a, 2, and 2a~~ section 353.50, subdivision 7, paragraphs (c)
179.10 and (d). Payments ~~shall~~ must be made September 15 annually.

179.11 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
179.12 plus the cost of the annual supplemental benefit determined under Minnesota Statutes
179.13 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the
179.14 cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section
179.15 356.43, plus \$27,500,000 annually after June 30, 2012, and until June 30, 2031.

179.16 (d) Annually and after June 30, 2012, If the amount determined under paragraph
179.17 (b) exceeds ~~\$9,000,000~~ the applicable maximum amount specified in paragraph (c),
179.18 the excess must be allocated to and paid to the fund by the employers identified in
179.19 Minnesota Statutes 2008, section 422A.101, subdivisions 1a ~~and, 2, and 2a~~ other than
179.20 units of metropolitan government. Each employer's share of the excess is proportionate
179.21 to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in
179.22 the annual actuarial valuation prepared by the actuary retained under section 356.214
179.23 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed
179.24 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions
179.25 1a and 2, other than units of metropolitan government. Payments must be made ~~in equal~~
179.26 installments as set forth in paragraph (b).

179.27 (e) State contributions under this section end on September 15, 2031, or on
179.28 September 1 following the first date on which the current assets of the MERF division
179.29 of the Public Employees Retirement Association equal or exceed the actuarial accrued
179.30 liability of the MERF division of the Public Employees Retirement Association,
179.31 whichever occurs earlier.

179.32 Sec. 22. Minnesota Statutes 2008, section 422A.26, is amended to read:

179.33 **422A.26 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT**
179.34 **ASSOCIATION.**

180.1 Notwithstanding ~~section 422A.09, or any other~~ law to the contrary, any person
180.2 whose employment by, or assumption of a position as an appointed or elected officer
180.3 of, the city of Minneapolis, any of the boards, departments, or commissions operated
180.4 as a department of the city of Minneapolis or independently if financed in whole or in
180.5 part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the
180.6 former Minneapolis Employees Retirement Fund, or Special School District Number 1 if
180.7 the person is not a member of the ~~Minneapolis Teachers Retirement Fund~~ Association
180.8 by virtue of that employment or position, initially commences on or after July 1, 1979
180.9 ~~shall be~~ is a member of the general employees retirement plan of the Public Employees
180.10 Retirement Association unless excluded from membership pursuant to under section
180.11 353.01, subdivision 2b. In no event shall there be any new members of the contributing
180.12 class of the Minneapolis employees fund on or after July 1, 1979.

180.13 Sec. 23. **JULY 1, 2010, MERF DIVISION ACTUARIAL VALUATION**
180.14 **ASSUMPTIONS.**

180.15 The approved actuary retained by the Minneapolis Employees Retirement Fund shall
180.16 compare the actuarial assumptions to be used for the July 1, 2010, actuarial valuation of
180.17 the general employees retirement plan of the Public Employees Retirement Association
180.18 with the actuarial assumptions used to prepare the July 1, 2009, actuarial valuation of the
180.19 Minneapolis Employees Retirement Fund and, on or before July 1, 2010, shall recommend
180.20 to the approved actuary retained by the Public Employees Retirement Association and to
180.21 the Legislative Commission on Pensions and Retirement the actuarial assumptions that
180.22 the actuary believes would be appropriate for the MERF division portion of the actuarial
180.23 valuation of the general employees retirement plan of the Public Employees Retirement
180.24 Association. Any actuarial assumption changes related to the MERF division must be
180.25 approved under Minnesota Statutes, section 356.215, subdivision 18.

180.26 Sec. 24. **MINNEAPOLIS MUNICIPAL RETIREMENT ASSOCIATION.**

180.27 (a) The administrative consolidation of the former Minneapolis Employees
180.28 Retirement Fund into the general employees retirement plan of the Public Employees
180.29 Retirement Association and the merger of the MERF division of the Public Employees
180.30 Retirement Association into the general employees retirement plan of the Public
180.31 Employees Retirement Association does not affect the function of the Minneapolis
180.32 Municipal Retirement Association, a nonprofit corporation, to monitor the administration
180.33 of the retirement coverage for former members of the former Minneapolis Employees
180.34 Retirement Fund.

181.1 (b) Nothing in this article entitles the Minneapolis Municipal Retirement Association
181.2 to receive any revenue derived from taxes or obligates the Public Employees Retirement
181.3 Association to undertake any special duties with respect to the corporation.

181.4 Sec. 25. **TRANSFER OF MERF EMPLOYEES.**

181.5 (a) Unless the employee elects the severance pay option under paragraph (c),
181.6 full-time employees of the Minneapolis Employees Retirement Fund first employed
181.7 before June 30, 2008, and employed full time by the Minneapolis Employees Retirement
181.8 Fund on June 29, 2010, with the employment title of benefits coordinator, are transferred
181.9 to employment by the city of Minneapolis on July 1, 2010. The chief human relations
181.10 official of the city of Minneapolis shall place the transferred employee in an appropriate
181.11 employment position based on the employee's education and employment experience. The
181.12 transferred employee must have their accumulated, but unused, vacation and sick leave
181.13 balances as of June 30, 2010, posted to the individual accounts with the new employer.
181.14 The transferred employees must receive length of service credit for time served with the
181.15 Minneapolis Employees Retirement Fund. The transferred employee must be given the
181.16 opportunity as of the date of transfer to be covered for all health and other insurance
181.17 benefits offered by the new employer. Upon the transfer of the employee, the Minneapolis
181.18 Employees Retirement Fund shall transfer assets to the city of Minneapolis equal to the
181.19 present value of any accumulated unused vacation or sick leave balances as of the date
181.20 of transfer.

181.21 (b) Unless the employee elects the severance pay option under paragraph (c),
181.22 full-time employees of the Minneapolis Employees Retirement Fund first employed before
181.23 June 30, 2008, and employed full time by the Minneapolis Employees Retirement Fund
181.24 on June 29, 2010, with the employment title of accounting manager or accountant II are
181.25 transferred to employment by the Public Employees Retirement Association on July 1,
181.26 2010. The chief human relations official of the Public Employees Retirement Association
181.27 shall place the transferred employee in an appropriate employment position based on the
181.28 employee's education and employment experience. The transferred employee must have
181.29 their accumulated, but unused, vacation and sick leave balances as of June 30, 2010,
181.30 posted to the individual accounts with the new employer. The transferred employees
181.31 must receive length of service credit for time served with the Minneapolis Employees
181.32 Retirement Fund. The transferred employee must be given the opportunity as of the
181.33 date of transfer to be covered for all health and other insurance benefits offered by the
181.34 new employer. Upon the transfer of the employee, the executive director of the Public
181.35 Employees Retirement Association shall deduct from any assets transferred under section

182.1 353.50 an amount equal to the present value of any accumulated unused vacation or sick
 182.2 leave balances as of the date of transfer.

182.3 (c) An employee covered by paragraph (a) or (b) who elects not to transfer to the
 182.4 new employer unit is granted severance pay in an amount equivalent to one year of salary
 182.5 based on the last annual salary rate received by the employee. The election must be
 182.6 made prior to June 30, 2010, and is irrevocable. The severance pay is payable from the
 182.7 Minneapolis Employees Retirement Fund on June 30, 2010.

182.8 Sec. 26. **REVISOR'S INSTRUCTION.**

182.9 In the next and future editions of Minnesota Statutes, the revisor of statutes shall
 182.10 renumber Minnesota Statutes, section 422A.101, subdivision 3, as Minnesota Statutes,
 182.11 section 353.505, and shall renumber Minnesota Statutes, section 422A.26, as Minnesota
 182.12 Statutes, section 353.855. The revisor of statutes shall make conforming changes in
 182.13 Minnesota Statutes and Minnesota Rules consistent with the renumbering.

182.14 Sec. 27. **REPEALER.**

182.15 Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a;
 182.16 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, and 18;
 182.17 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6,
 182.18 and 8; 422A.06, subdivisions 1, 2, 3, 5, 6, and 7; 422A.08, subdivision 1; 422A.09;
 182.19 422A.10; 422A.101, subdivisions 1, 1a, 2, and 2a; 422A.11; 422A.12; 422A.13; 422A.14,
 182.20 subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3,
 182.21 4, 5, 6, 7, 8, 9, and 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, and 7; 422A.19;
 182.22 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, and 6; 422A.23, subdivisions 1, 2, 5, 6,
 182.23 7, 8, 9, 10, 11, and 12; 422A.231; 422A.24; and 422A.25, are repealed.

182.24 Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; and
 182.25 422A.08, subdivision 5, are repealed.

182.26 Sec. 28. **EFFECTIVE DATE.**

182.27 Sections 1 to 27 are effective June 30, 2010.

182.28 **ARTICLE 13**

182.29 **CONFORMING CHANGES RELATED TO THE MERF**
 182.30 **ADMINISTRATIVE CONSOLIDATION**

182.31 Section 1. Minnesota Statutes 2009 Supplement, section 6.67, is amended to read:

182.32 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

183.1 Whenever a public accountant in the course of auditing the books and affairs of a
 183.2 political subdivision or a local public pension plan governed by section 69.77, sections
 183.3 69.771 to 69.775, or chapter 354A, ~~422A~~, 423B, 423C, or 424A, discovers evidence
 183.4 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or
 183.5 employee in the conduct of duties and affairs, the public accountant shall promptly make
 183.6 a report of such discovery to the state auditor and the county attorney of the county in
 183.7 which the governmental unit is situated and the public accountant shall also furnish a
 183.8 copy of the report of audit upon completion to said officers. The county attorney shall
 183.9 act on such report in the same manner as required by law for reports made to the county
 183.10 attorney by the state auditor.

183.11 Sec. 2. Minnesota Statutes 2008, section 11A.23, subdivision 4, is amended to read:

183.12 Subd. 4. **Covered retirement funds and plans.** The provisions of this section ~~shall~~
 183.13 apply to the following retirement funds and plans:

- 183.14 (1) Board of Trustees of the Minnesota State Colleges and Universities supplemental
 183.15 retirement plan established under chapter 354C;
 183.16 (2) state employees retirement fund established pursuant to chapter 352;
 183.17 (3) correctional employees retirement plan established pursuant to chapter 352;
 183.18 (4) State Patrol retirement fund established pursuant to chapter 352B;
 183.19 (5) unclassified employees retirement plan established pursuant to chapter 352D;
 183.20 (6) public general employees retirement fund established pursuant to chapter 353;
 183.21 (7) public employees police and fire fund established pursuant to chapter 353;
 183.22 (8) teachers' retirement fund established pursuant to chapter 354;
 183.23 (9) judges' retirement fund established pursuant to chapter 490; and
 183.24 (10) any other funds required by law to be invested by the board.

183.25 Sec. 3. Minnesota Statutes 2008, section 13D.01, subdivision 1, is amended to read:

183.26 Subdivision 1. **In executive branch, local government.** All meetings, including
 183.27 executive sessions, must be open to the public

183.28 (a) of a state

183.29 (1) agency,

183.30 (2) board,

183.31 (3) commission, or

183.32 (4) department,

183.33 when required or permitted by law to transact public business in a meeting;

183.34 (b) of the governing body of a

- 184.1 (1) school district however organized,
 184.2 (2) unorganized territory,
 184.3 (3) county,
 184.4 (4) statutory or home rule charter city,
 184.5 (5) town, or
 184.6 (6) other public body;
 184.7 (c) of any
 184.8 (1) committee,
 184.9 (2) subcommittee,
 184.10 (3) board,
 184.11 (4) department, or
 184.12 (5) commission,
 184.13 of a public body; and
 184.14 (d) of the governing body or a committee of:
 184.15 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or
 184.16 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,
 184.17 or chapter 354A, ~~422A~~, or 423B.

184.18 Sec. 4. Minnesota Statutes 2008, section 43A.17, subdivision 9, is amended to read:

184.19 Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of
 184.20 all other forms of compensation of a person employed by a political subdivision of this
 184.21 state, excluding a school district, ~~or employed under section 422A.03~~ may not exceed 110
 184.22 percent of the salary of the governor as set under section 15A.082, except as provided
 184.23 in this subdivision. For purposes of this subdivision, "political subdivision of this state"
 184.24 includes a statutory or home rule charter city, county, town, metropolitan or regional
 184.25 agency, or other political subdivision, but does not include a hospital, clinic, or health
 184.26 maintenance organization owned by such a governmental unit.

184.27 (b) Beginning in 2006, the limit in paragraph (a) ~~shall~~ must be adjusted annually in
 184.28 January. The limit ~~shall~~ must equal the limit for the prior year increased by the percentage
 184.29 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
 184.30 second prior year to October of the immediately prior year.

184.31 (c) Deferred compensation and payroll allocations to purchase an individual annuity
 184.32 contract for an employee are included in determining the employee's salary. Other forms of
 184.33 compensation which ~~shall~~ must be included to determine an employee's total compensation
 184.34 are all other direct and indirect items of compensation which are not specifically excluded

185.1 by this subdivision. Other forms of compensation which ~~shall~~ must not be included in a
185.2 determination of an employee's total compensation for the purposes of this subdivision are:

185.3 (1) employee benefits that are also provided for the majority of all other full-time
185.4 employees of the political subdivision, vacation and sick leave allowances, health and
185.5 dental insurance, disability insurance, term life insurance, and pension benefits or like
185.6 benefits the cost of which is borne by the employee or which is not subject to tax as
185.7 income under the Internal Revenue Code of 1986;

185.8 (2) dues paid to organizations that are of a civic, professional, educational, or
185.9 governmental nature; and

185.10 (3) reimbursement for actual expenses incurred by the employee which the
185.11 governing body determines to be directly related to the performance of job responsibilities,
185.12 including any relocation expenses paid during the initial year of employment.

185.13 The value of other forms of compensation ~~shall be~~ is the annual cost to the political
185.14 subdivision for the provision of the compensation.

185.15 (d) The salary of a medical doctor or doctor of osteopathy occupying a position that
185.16 the governing body of the political subdivision has determined requires an M.D. or D.O.
185.17 degree is excluded from the limitation in this subdivision.

185.18 (e) The commissioner may increase the limitation in this subdivision for a position
185.19 that the commissioner has determined requires special expertise necessitating a higher
185.20 salary to attract or retain a qualified person. The commissioner shall review each proposed
185.21 increase giving due consideration to salary rates paid to other persons with similar
185.22 responsibilities in the state and nation. The commissioner may not increase the limitation
185.23 until the commissioner has presented the proposed increase to the Legislative Coordinating
185.24 Commission and received the commission's recommendation on it. The recommendation
185.25 is advisory only. If the commission does not give its recommendation on a proposed
185.26 increase within 30 days from its receipt of the proposal, the commission is deemed to have
185.27 made no recommendation. If the commissioner grants or granted an increase under this
185.28 paragraph, the new limitation ~~shall~~ must be adjusted beginning in August 2005 and in each
185.29 subsequent calendar year in January by the percentage increase equal to the percentage
185.30 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
185.31 second prior year to October of the immediately prior year.

185.32 Sec. 5. Minnesota Statutes 2008, section 43A.316, subdivision 8, is amended to read:

185.33 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
185.34 participating in the program who is receiving a public pension disability benefit or an
185.35 annuity or has met the age and service requirements necessary to receive an annuity under

186.1 chapter 353, 353C, 354, 354A, 356, ~~422A~~, 423, 423A, ~~or~~ 424, or Minnesota Statutes
186.2 2008, chapter 422A, and the former employee's dependents, are eligible to participate in
186.3 the program. This participation is at the person's expense unless a collective bargaining
186.4 agreement or personnel policy provides otherwise. Premiums for these participants must
186.5 be established by the commissioner.

186.6 The commissioner may provide policy exclusions for preexisting conditions
186.7 only when there is a break in coverage between a participant's coverage under the
186.8 employment-based group insurance program and the participant's coverage under this
186.9 section. An employer shall notify an employee of the option to participate under this
186.10 paragraph no later than the effective date of retirement. The retired employee or the
186.11 employer of a participating group on behalf of a current or retired employee shall notify
186.12 the commissioner within 30 days of the effective date of retirement of intent to participate
186.13 in the program according to the rules established by the commissioner.

186.14 (b) The spouse of a deceased employee or former employee may purchase the
186.15 benefits provided at premiums established by the commissioner if the spouse was a
186.16 dependent under the employee's or former employee's coverage under this section at the
186.17 time of the death. The spouse remains eligible to participate in the program as long as
186.18 the group that included the deceased employee or former employee participates in the
186.19 program. Coverage under this clause must be coordinated with relevant insurance benefits
186.20 provided through the federally sponsored Medicare program.

186.21 (c) The program benefits must continue in the event of strike permitted by section
186.22 179A.18, if the exclusive representative chooses to have coverage continue and the
186.23 employee pays the total monthly premiums when due.

186.24 (d) A participant who discontinues coverage may not reenroll.

186.25 Persons participating under these paragraphs shall make appropriate premium
186.26 payments in the time and manner established by the commissioner.

186.27 Sec. 6. Minnesota Statutes 2009 Supplement, section 69.011, subdivision 1, is
186.28 amended to read:

186.29 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
186.30 a different meaning is intended, the following words and terms, for the purposes of this
186.31 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

186.32 (a) "Commissioner" means the commissioner of revenue.

186.33 (b) "Municipality" means:

186.34 (1) a home rule charter or statutory city;

186.35 (2) an organized town;

- 187.1 (3) a park district subject to chapter 398;
- 187.2 (4) the University of Minnesota;
- 187.3 (5) for purposes of the fire state aid program only, an American Indian tribal
187.4 government entity located within a federally recognized American Indian reservation;
- 187.5 (6) for purposes of the police state aid program only, an American Indian tribal
187.6 government with a tribal police department which exercises state arrest powers under
187.7 section 626.90, 626.91, 626.92, or 626.93;
- 187.8 (7) for purposes of the police state aid program only, the Metropolitan Airports
187.9 Commission ~~with respect to peace officers covered under chapter 422A~~; and
- 187.10 (8) for purposes of the police state aid program only, the Department of Natural
187.11 Resources and the Department of Public Safety with respect to peace officers covered
187.12 under chapter 352B.
- 187.13 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
187.14 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
187.15 leakage and extended coverage premiums received upon risks located or to be performed
187.16 in this state less return premiums and dividends.
- 187.17 (d) "Firetown" means the area serviced by any municipality having a qualified fire
187.18 department or a qualified incorporated fire department having a subsidiary volunteer
187.19 firefighters' relief association.
- 187.20 (e) "Market value" means latest available market value of all property in a taxing
187.21 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
187.22 taxation obtained from information which appears on abstracts filed with the commissioner
187.23 of revenue or equalized by the State Board of Equalization.
- 187.24 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
187.25 commissioner for reporting by each fire and casualty insurer of all premiums received
187.26 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
187.27 during the preceding calendar year, with reference to insurance written for insuring against
187.28 the perils contained in auto insurance coverages as reported in the Minnesota business
187.29 schedule of the annual financial statement which each insurer is required to file with
187.30 the commissioner in accordance with the governing laws or rules less return premiums
187.31 and dividends.
- 187.32 (g) "Peace officer" means any person:
- 187.33 (1) whose primary source of income derived from wages is from direct employment
187.34 by a municipality or county as a law enforcement officer on a full-time basis of not less
187.35 than 30 hours per week;

188.1 (2) who has been employed for a minimum of six months prior to December 31
188.2 preceding the date of the current year's certification under subdivision 2, clause (b);

188.3 (3) who is sworn to enforce the general criminal laws of the state and local
188.4 ordinances;

188.5 (4) who is licensed by the Peace Officers Standards and Training Board and is
188.6 authorized to arrest with a warrant; and

188.7 (5) who is a member of ~~a local police relief association to which section 69.77~~
188.8 ~~applies~~ the Minneapolis Police Relief Association, the State Patrol retirement plan, or the
188.9 public employees police and fire fund, ~~or the Minneapolis Employees Retirement Fund~~.

188.10 (h) "Full-time equivalent number of peace officers providing contract service" means
188.11 the integral or fractional number of peace officers which would be necessary to provide
188.12 the contract service if all peace officers providing service were employed on a full-time
188.13 basis as defined by the employing unit and the municipality receiving the contract service.

188.14 (i) "Retirement benefits other than a service pension" means any disbursement
188.15 authorized under section 424A.05, subdivision 3, clauses (2) and (3).

188.16 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
188.17 who was elected or appointed to the specified position or, in the absence of the person,
188.18 another person who is designated by the applicable governing body. In a park district,
188.19 the clerk is the secretary of the board of park district commissioners. In the case of the
188.20 University of Minnesota, the clerk is that official designated by the Board of Regents.
188.21 For the Metropolitan Airports Commission, the clerk is the person designated by the
188.22 commission. For the Department of Natural Resources or the Department of Public Safety,
188.23 the clerk is the respective commissioner. For a tribal police department which exercises
188.24 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
188.25 designated by the applicable American Indian tribal government.

188.26 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
188.27 retirement plan established by chapter 353G.

188.28 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 10, is amended to read:

188.29 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of
188.30 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph
188.31 (b), 6, and 7a, for eligible employer units by any excess police state aid.

188.32 (b) "Excess police state aid" is:

188.33 (1) for counties and for municipalities in which police retirement coverage is
188.34 provided wholly by the public employees police and fire fund and all police officers are
188.35 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the

189.1 employer's total prior calendar year obligation as defined in paragraph (c), as certified by
189.2 the executive director of the Public Employees Retirement Association;

189.3 (2) for municipalities in which police retirement coverage is provided in part by the
189.4 public employees police and fire fund governed by sections 353.63 to 353.657 and in
189.5 part by a local police consolidation account governed by chapter 353A, and established
189.6 before March 2, 1999, for which the municipality declined merger under section 353.665,
189.7 subdivision 1, or established after March 1, 1999, the amount in excess of the employer's
189.8 total prior calendar year obligation as defined in paragraph (c), plus the amount of the
189.9 employer's total prior calendar year obligation under section 353A.09, subdivision 5,
189.10 paragraphs (a) and (b), as certified by the executive director of the Public Employees
189.11 Retirement Association;

189.12 (3) for municipalities in which police retirement coverage is provided by the public
189.13 employees police and fire plan governed by sections 353.63 to 353.657, in which police
189.14 retirement coverage was provided by a police consolidation account under chapter
189.15 353A before July 1, 1999, and for which the municipality has an additional municipal
189.16 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of
189.17 the employer's total prior calendar year obligation as defined in paragraph (c), plus the
189.18 amount of any additional municipal contribution under section 353.665, subdivision 8,
189.19 paragraph (b), until the year 2010, as certified by the executive director of the Public
189.20 Employees Retirement Association;

189.21 (4) for municipalities in which police retirement coverage is provided in part by the
189.22 public employees police and fire fund governed by sections 353.63 to 353.657 and in part
189.23 by a local police relief association governed by sections 69.77 and 423A.01, the amount
189.24 in excess of the employer's total prior calendar year obligation as defined in paragraph
189.25 (c), as certified by the executive director of the public employees retirement association,
189.26 plus the amount of the financial requirements of the relief association certified to the
189.27 applicable municipality during the prior calendar year under section 69.77, subdivisions 4
189.28 and 5, reduced by the amount of member contributions deducted from the covered salary
189.29 of the relief association during the prior calendar year under section 69.77, subdivision 3,
189.30 as certified by the chief administrative officer of the applicable municipality;

189.31 (5) for the Metropolitan Airports Commission, ~~if there are police officers hired~~
189.32 ~~before July 1, 1978, with retirement coverage by the Minneapolis Employees Retirement~~
189.33 ~~Fund remaining,~~ the amount in excess of the commission's total prior calendar year
189.34 obligation as defined in paragraph (c), as certified by the executive director of the Public
189.35 Employees Retirement Association, ~~plus the amount determined by expressing the~~
189.36 ~~commission's total prior calendar year contribution to the Minneapolis Employees~~

190.1 ~~Retirement Fund under section 422A.101, subdivisions 2 and 2a, as a percentage of~~
 190.2 ~~the commission's total prior calendar year covered payroll for commission employees~~
 190.3 ~~covered by the Minneapolis Employees Retirement Fund and applying that percentage~~
 190.4 ~~to the commission's total prior calendar year covered payroll for commission police~~
 190.5 ~~officers covered by the Minneapolis Employees Retirement Fund, as certified by the chief~~
 190.6 ~~administrative officer of the Metropolitan Airports Commission; and~~

190.7 (6) for the Department of Natural Resources and for the Department of Public
 190.8 Safety, the amount in excess of the employer's total prior calendar year obligation under
 190.9 section 352B.02, subdivision 1c, for plan members who are peace officers under section
 190.10 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
 190.11 State Retirement System.

190.12 (c) The employer's total prior calendar year obligation with respect to the public
 190.13 employees police and fire plan is the total prior calendar year obligation under section
 190.14 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2,
 190.15 and the actual total prior calendar year obligation under section 353.65, subdivision 3,
 190.16 for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those
 190.17 firefighters the applicable following amounts:

190.18	Municipality	Maximum Amount
190.19	Albert Lea	\$54,157.01
190.20	Anoka	10,399.31
190.21	Apple Valley	5,442.44
190.22	Austin	49,864.73
190.23	Bemidji	27,671.38
190.24	Brooklyn Center	6,605.92
190.25	Brooklyn Park	24,002.26
190.26	Burnsville	15,956.00
190.27	Cloquet	4,260.49
190.28	Coon Rapids	39,920.00
190.29	Cottage Grove	8,588.48
190.30	Crystal	5,855.00
190.31	East Grand Forks	51,009.88
190.32	Edina	32,251.00
190.33	Elk River	5,216.55
190.34	Ely	13,584.16
190.35	Eveleth	16,288.27
190.36	Fergus Falls	6,742.00
190.37	Fridley	33,420.64
190.38	Golden Valley	11,744.61
190.39	Hastings	16,561.00

191.1	Hopkins	4,324.23
191.2	International Falls	14,400.69
191.3	Lakeville	782.35
191.4	Lino Lakes	5,324.00
191.5	Little Falls	7,889.41
191.6	Maple Grove	6,707.54
191.7	Maplewood	8,476.69
191.8	Minnetonka	10,403.00
191.9	Montevideo	1,307.66
191.10	Moorhead	68,069.26
191.11	New Hope	6,739.72
191.12	North St. Paul	4,241.14
191.13	Northfield	770.63
191.14	Owatonna	37,292.67
191.15	Plymouth	6,754.71
191.16	Red Wing	3,504.01
191.17	Richfield	53,757.96
191.18	Rosemont <u>Rosemount</u>	1,712.55
191.19	Roseville	9,854.51
191.20	St. Anthony	33,055.00
191.21	St. Louis Park	53,643.11
191.22	Thief River Falls	28,365.04
191.23	Virginia	31,164.46
191.24	Waseca	11,135.17
191.25	West St. Paul	15,707.20
191.26	White Bear Lake	6,521.04
191.27	Woodbury	3,613.00
191.28	any other municipality	0.00

191.29 (d) The total amount of excess police state aid must be deposited in the excess
 191.30 police state-aid account in the general fund, administered and distributed as provided
 191.31 in subdivision 11.

191.32 Sec. 8. Minnesota Statutes 2009 Supplement, section 69.031, subdivision 5, is
 191.33 amended to read:

191.34 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
 191.35 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
 191.36 firefighter retirement plan under chapter 353G, the executive director shall credit the fire
 191.37 state aid against future municipal contribution requirements under section 353G.08 and
 191.38 shall notify the municipality or independent nonprofit firefighting corporation of the fire
 191.39 state aid so credited at least annually. If the municipality or the independent nonprofit
 191.40 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer

192.1 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,
192.2 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
192.3 association if there is one organized and the association has filed a financial report with the
192.4 municipality. If the relief association has not filed a financial report with the municipality,
192.5 the municipal treasurer shall delay transmission of the fire state aid to the relief association
192.6 until the complete financial report is filed. If the municipality or independent nonprofit
192.7 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
192.8 firefighter retirement plan, if there is no relief association organized, or if the association
192.9 has dissolved or has been removed as trustees of state aid, then the treasurer of the
192.10 municipality shall deposit the money in the municipal treasury and the money may be
192.11 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the
192.12 payment of the employer contribution requirement with respect to firefighters covered by
192.13 the public employees police and fire retirement plan under section 353.65, subdivision 3.

192.14 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the
192.15 police state aid in the following manner:

192.16 (1) For a municipality in which a local police relief association exists and all peace
192.17 officers are members of the association, the total state aid must be transmitted to the
192.18 treasurer of the relief association within 30 days of the date of receipt, and the treasurer
192.19 of the relief association shall immediately deposit the total state aid in the special fund
192.20 of the relief association;

192.21 (2) For a municipality in which police retirement coverage is provided by the public
192.22 employees police and fire fund and all peace officers are members of the fund, including
192.23 municipalities covered by section 353.665, the total state aid must be applied toward the
192.24 municipality's employer contribution to the public employees police and fire fund under
192.25 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

192.26 (3) For a municipality other than a city of the first class with a population of more
192.27 than 300,000 in which both a police relief association exists and police retirement
192.28 coverage is provided in part by the public employees police and fire fund, the municipality
192.29 may elect at its option to transmit the total state aid to the treasurer of the relief association
192.30 as provided in clause (1), to use the total state aid to apply toward the municipality's
192.31 employer contribution to the public employees police and fire fund subject to all the
192.32 provisions set forth in clause (2), or to allot the total state aid proportionately to be
192.33 transmitted to the police relief association as provided in this subdivision and to apply
192.34 toward the municipality's employer contribution to the public employees police and fire
192.35 fund subject to the provisions of clause (2) on the basis of the respective number of active
192.36 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

193.1 For a city of the first class with a population of more than 300,000, in addition, the
193.2 city may elect to allot the appropriate portion of the total police state aid to apply toward
193.3 the employer contribution of the city to the public employees police and fire fund based
193.4 on the covered salary of police officers covered by the fund each payroll period and to
193.5 transmit the balance to the police relief association; or

193.6 (4) For a municipality in which police retirement coverage is provided in part by
193.7 the public employees police and fire fund and in part by a local police consolidation
193.8 account governed by chapter 353A and established before March 2, 1999, for which the
193.9 municipality declined merger under section 353.665, subdivision 1, or established after
193.10 March 1, 1999, the total police state aid must be applied towards the municipality's total
193.11 employer contribution to the public employees police and fire fund and to the local police
193.12 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

193.13 (c) The county treasurer, upon receipt of the police state aid for the county, shall
193.14 apply the total state aid toward the county's employer contribution to the public employees
193.15 police and fire fund under section 353.65, subdivision 3.

193.16 (d) The designated Metropolitan Airports Commission official, upon receipt of the
193.17 police state aid for the Metropolitan Airports Commission, shall apply the total police
193.18 state aid ~~first~~ toward the commission's employer contribution for police officers to the
193.19 ~~Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if~~
193.20 ~~there is any amount of police state aid remaining, shall apply that remainder toward the~~
193.21 ~~commission's employer contribution for police officers to the public employees police and~~
193.22 ~~fire plan under section 353.65, subdivision 3.~~

193.23 (e) The police state aid apportioned to the Departments of Public Safety and Natural
193.24 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner
193.25 of management and budget for transfer to the funds and accounts from which the
193.26 salaries of peace officers certified under section 69.011, subdivision ~~2a~~ 2b, are paid.
193.27 The commissioner of revenue shall certify to the commissioners of public safety,
193.28 natural resources, and management and budget the amounts to be transferred from the
193.29 appropriation for police state aid. The commissioners of public safety and natural
193.30 resources shall certify to the commissioner of management and budget the amounts to be
193.31 credited to each of the funds and accounts from which the peace officers employed by their
193.32 respective departments are paid. Each commissioner shall allocate the police state aid first
193.33 for employer contributions for employees funded from the general fund and then for
193.34 employer contributions for employees funded from other funds. For peace officers whose
193.35 salaries are paid from the general fund, the amounts transferred from the appropriation
193.36 for police state aid must be canceled to the general fund.

194.1 Sec. 9. Minnesota Statutes 2008, section 126C.41, subdivision 3, is amended to read:

194.2 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
194.3 this subdivision applies may levy an additional amount required for contributions to the
194.4 general employees retirement plan of the Public Employees Retirement Association as the
194.5 successor of the Minneapolis Employees Retirement Fund as a result of the maximum
194.6 dollar amount limitation on state contributions to ~~the fund~~ that plan imposed under
194.7 section 422A.101, subdivision 3. The additional levy must not exceed the most recent
194.8 amount certified by the ~~board of the Minneapolis Employees Retirement Fund~~ executive
194.9 director of the Public Employees Retirement Association as the district's share of the
194.10 contribution requirement in excess of the maximum state contribution under section
194.11 422A.101, subdivision 3.

194.12 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,
194.13 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase
194.14 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,
194.15 section 1.

194.16 (c) If the employer retirement fund contributions under section 354A.12, subdivision
194.17 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
194.18 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
194.19 1994 or later an amount equal to the amount derived by applying the net increase in
194.20 the employer retirement fund contribution rate of the respective teacher retirement fund
194.21 association between fiscal year 1993 and the fiscal year beginning in the year after the
194.22 levy is certified to the total covered payroll of the applicable teacher retirement fund
194.23 association. If an applicable school district levies under this paragraph, they may not
194.24 levy under paragraph (b).

194.25 (d) In addition to the levy authorized under paragraph (c), Special School District
194.26 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
194.27 contributions under section 423A.02, subdivision 3, and may also levy in payable 1994
194.28 or later an amount equal to the state aid contribution under section 354A.12, subdivision
194.29 3b. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an
194.30 amount equal to the supplemental contributions under section 423A.02, subdivision 3.

194.31 Sec. 10. Minnesota Statutes 2008, section 256D.21, is amended to read:

194.32 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**
194.33 **EMPLOYEES.**

194.34 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis
194.35 who is transferred to and employed by the county under the provisions of section 256D.20

195.1 and who is a contributing member of a retirement system organized under the provisions
 195.2 of Minnesota Statutes 2008, chapter 422A, ~~shall continue to be~~ is a member of that system
 195.3 the MERF division of the Public Employees Retirement Association and is entitled to all
 195.4 of the applicable benefits conferred thereby by and subject to all the restrictions of ~~chapter~~
 195.5 ~~422A, unless the member applies to cancel membership within six months after January~~
 195.6 ~~1, 1974~~ section 353.50.

195.7 Subd. 2. **City obligation.** The cost to the public of that portion of the retirement
 195.8 allowances or other benefits accrued while any such employee was in the service of the
 195.9 city of Minneapolis ~~shall~~ must remain an obligation of the city and a tax ~~shall~~ must be
 195.10 levied and collected by it to discharge its obligation as provided ~~by chapter 422A~~ in
 195.11 section 353.50, subdivision 7.

195.12 Subd. 3. **County obligation.** The cost to the public of the retirement allowances
 195.13 or other benefits accruing to employees so transferred to and employed by the county
 195.14 ~~shall be~~ is the obligation of and paid by the county ~~at such time as the retirement board~~
 195.15 ~~shall fix and determine in accordance with chapter 422A~~ in section 353.50, subdivision
 195.16 7. The county shall pay to the ~~municipal~~ general employees retirement fund ~~an amount~~
 195.17 ~~certified to the county auditor of the county by the retirement board as the cost of the~~
 195.18 ~~retirement allowances and other benefits accruing and owing to such county employees of~~
 195.19 the Public Employees Retirement Association those amounts. The cost to the public of
 195.20 the retirement allowances ~~as herein provided shall~~ coverage under this section must be
 195.21 paid from the county revenue fund by the county auditor ~~upon receipt of certification from~~
 195.22 ~~the retirement board as herein provided~~, and the county board is authorized to levy and
 195.23 collect such taxes as may be necessary to pay such costs.

195.24 Sec. 11. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is
 195.25 amended to read:

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

195.27 (1) students employed by the University of Minnesota, or the state colleges and
 195.28 universities, unless approved for coverage by the Board of Regents of the University of
 195.29 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
 195.30 whichever is applicable;

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

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

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

196.6 (5) election officers;

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

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

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

196.15 (9) patient and inmate help in state charitable, penal, and correctional institutions
196.16 including the Minnesota Veterans Home;

196.17 (10) persons who are employed for professional services where the service is
196.18 incidental to their regular professional duties and whose compensation is paid on a per
196.19 diem basis;

196.20 (11) employees of the Sibley House Association;

196.21 (12) the members of any state board or commission who serve the state intermittently
196.22 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
196.23 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
196.24 from serving more than three years; and the board of managers of the State Agricultural
196.25 Society and its treasurer unless the treasurer is also its full-time secretary;

196.26 (13) state troopers and persons who are described in section 352B.011, subdivision
196.27 10, clauses (2) to (8);

196.28 (14) temporary employees of the Minnesota State Fair who are employed on or
196.29 after July 1 for a period not to extend beyond October 15 of that year; and persons who
196.30 are employed at any time by the state fair administration for special events held on the
196.31 fairgrounds;

196.32 (15) emergency employees who are in the classified service; except that if an
196.33 emergency employee, within the same pay period, becomes a provisional or probationary
196.34 employee on other than a temporary basis, the employee must be considered a "state
196.35 employee" retroactively to the beginning of the pay period;

197.1 (16) temporary employees in the classified service, and temporary employees in the
197.2 unclassified service who are appointed for a definite period of not more than six months
197.3 and who are employed less than six months in any one-year period;

197.4 (17) interns hired for six months or less and trainee employees, except those listed in
197.5 subdivision 2a, clause (8);

197.6 (18) persons whose compensation is paid on a fee basis or as an independent
197.7 contractor;

197.8 (19) state employees who are employed by the Board of Trustees of the Minnesota
197.9 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
197.10 subdivision 1, clause (9);

197.11 (20) state employees who in any year have credit for 12 months service as teachers
197.12 in the public schools of the state and as teachers are members of the Teachers Retirement
197.13 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
197.14 incidental employment as a state employee that is not covered by one of the teacher
197.15 retirement associations or systems;

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

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

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

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

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

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

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

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

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

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

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

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

198.11 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
198.12 valid for less than three years of employment, unless notice of extension is supplied which
198.13 allows them to work for three or more years as of the date the extension is granted, in
198.14 which case they are eligible for coverage from the date extended; and

198.15 (34) persons who are employed by the Board of Trustees of the Minnesota State
198.16 Colleges and Universities and who elected to remain members of the Public Employees
198.17 Retirement Association or of the MERF division of the Public Employees Retirement
198.18 Association as the successor of the Minneapolis Employees Retirement Fund, whichever
198.19 applies, under Minnesota Statutes 1994, section 136C.75.

198.20 Sec. 12. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

198.21 Subdivision 1. **Management; composition; election.** (a) The management of
198.22 the Public Employees Retirement ~~fund~~ Association is vested in an 11-member board of
198.23 trustees consisting of ten members and the state auditor. The state auditor may designate
198.24 a deputy auditor with expertise in pension matters as the auditor's representative on the
198.25 board. The governor shall appoint five trustees to four-year terms, one of whom shall be
198.26 designated to represent school boards, one to represent cities, one to represent counties,
198.27 one who is a retired annuitant, and one who is a public member knowledgeable in pension
198.28 matters. The membership of the association, including recipients of retirement annuities
198.29 and disability and survivor benefits, shall elect five trustees for terms of four years, one of
198.30 whom must be a member of the police and fire fund and one of whom must be a former
198.31 member who met the definition of public employee under section 353.01, subdivisions 2
198.32 and 2a, for at least five years prior to terminating membership or a member who receives
198.33 a disability benefit. Terms expire on January 31 of the fourth year, and positions are
198.34 vacant until newly elected members are seated. Except as provided in this subdivision,

199.1 trustees elected by the membership of the association must be public employees and
199.2 members of the association.

199.3 (b) For seven days beginning October 1 of each year preceding a year in which
199.4 an election is held, the association shall accept at its office filings in person or by mail
199.5 of candidates for the board of trustees. A candidate shall submit at the time of filing a
199.6 nominating petition signed by 25 or more members of the association. No name may
199.7 be withdrawn from nomination by the nominee after October 15. At the request of a
199.8 candidate for an elected position on the board of trustees, the board shall mail a statement
199.9 of up to 300 words prepared by the candidate to all persons eligible to vote in the election
199.10 of the candidate. The board may adopt policies, subject to review and approval by the
199.11 secretary of state under paragraph (e), to govern the form and length of these statements,
199.12 timing of mailings, and deadlines for submitting materials to be mailed. The secretary
199.13 of state shall resolve disputes between the board and a candidate concerning application
199.14 of these policies to a particular statement.

199.15 (c) By January 10 of each year in which elections are to be held, the board shall
199.16 distribute by mail to the members ballots listing the candidates. No member may vote for
199.17 more than one candidate for each board position to be filled. A ballot indicating a vote for
199.18 more than one person for any position is void. No special marking may be used on the
199.19 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no
199.20 later than January 31. The ballot envelopes must be so designated and the ballots must be
199.21 counted in a manner that ensures that each vote is secret.

199.22 (d) A candidate who receives contributions or makes expenditures in excess of \$100,
199.23 or has given implicit or explicit consent for any other person to receive contributions or
199.24 make expenditures in excess of \$100 for the purpose of bringing about the candidate's
199.25 election, shall file a report with the campaign finance and public disclosure board
199.26 disclosing the source and amount of all contributions to the candidate's campaign. The
199.27 campaign finance and public disclosure board shall prescribe forms governing these
199.28 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
199.29 These terms do not include the mailing made by the association board on behalf of the
199.30 candidate. A candidate shall file a report within 30 days from the day that the results of
199.31 the election are announced. The Campaign Finance and Public Disclosure Board shall
199.32 maintain these reports and make them available for public inspection in the same manner
199.33 as the board maintains and makes available other reports filed with it.

199.34 (e) The secretary of state shall review and approve the procedures defined by the
199.35 board of trustees for conducting the elections specified in this subdivision, including
199.36 board policies adopted under paragraph (b).

200.1 (f) The board of trustees and the executive director shall undertake their activities
200.2 consistent with chapter 356A.

200.3 Sec. 13. Minnesota Statutes 2008, section 353.71, subdivision 4, is amended to read:

200.4 Subd. 4. **Repayment of refund.** Any person who has received a refund from the
200.5 Public Employees Retirement ~~fund~~ Association and who is a member of any public
200.6 retirement system referred to in subdivision 1, may repay such refund to the Public
200.7 Employees Retirement ~~fund~~ Association as provided in section 353.35.

200.8 Sec. 14. Minnesota Statutes 2008, section 353.86, subdivision 1, is amended to read:

200.9 Subdivision 1. **Participation.** Volunteer ambulance service personnel, as defined
200.10 in section 353.01, subdivision 35, who are or become members of and participants in
200.11 the ~~public general~~ employees retirement fund or the public employees police and fire
200.12 fund before July 1, 2002, and make contributions to either of those funds based on
200.13 compensation for service other than volunteer ambulance service may elect to participate
200.14 in that same fund with respect to compensation received for volunteer ambulance service,
200.15 provided that the volunteer ambulance service is not credited to another public or private
200.16 pension plan including the public employees retirement plan established by chapter
200.17 353D and provided further that the volunteer ambulance service is rendered for the same
200.18 governmental unit for which the nonvolunteer ambulance service is rendered.

200.19 Sec. 15. Minnesota Statutes 2008, section 353.86, subdivision 2, is amended to read:

200.20 Subd. 2. **Election.** Volunteer ambulance service personnel to whom subdivision
200.21 1 applies may exercise the election authorized under subdivision 1 within the earlier of
200.22 the one-year period beginning on July 1, 1989, and extending through June 30, 1990, or
200.23 the one-year period commencing on the first day of the first month following the start of
200.24 employment in a position covered by the ~~public general~~ employees retirement fund or the
200.25 public employees police and fire fund. The election must be exercised by filing a written
200.26 notice on a form prescribed by the executive director of the association.

200.27 Sec. 16. Minnesota Statutes 2008, section 353.87, subdivision 1, is amended to read:

200.28 Subdivision 1. **Participation.** Except as provided in subdivision 2, a volunteer
200.29 firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was
200.30 a member of, and a participant in, the ~~public general~~ employees retirement fund or the
200.31 public employees police and fire fund and was making contributions to either of those
200.32 funds based, at least in part, on compensation for services performed as a volunteer

201.1 firefighter shall continue as a member of, and a participant in, the public general
201.2 employees retirement fund or the public employees police and fire fund and compensation
201.3 for services performed as a volunteer firefighter ~~shall~~ must be considered salary.

201.4 Sec. 17. Minnesota Statutes 2008, section 353.87, subdivision 2, is amended to read:

201.5 Subd. 2. **Option.** A volunteer firefighter to whom subdivision 1 applies has the
201.6 option to terminate membership and future participation in the public general employees
201.7 retirement fund or the public employees police and fire fund upon filing of a written notice
201.8 of intention to terminate participation. Notice must be given on a form prescribed by the
201.9 executive director of the association and must be filed in the offices of the association not
201.10 later than June 30, 1990.

201.11 Sec. 18. Minnesota Statutes 2008, section 353.88, is amended to read:

201.12 **353.88 PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND**
201.13 **CERTIFICATION FAILURES.**

201.14 (a) If the board of trustees of the Public Employees Retirement Association,
201.15 upon the recommendation of the executive director, determines that a governmental
201.16 subdivision has certified a public employee for membership in the public employees
201.17 police and fire retirement plan when the public employee was not eligible for that
201.18 retirement plan coverage, the public employee must be covered by the correct retirement
201.19 plan for subsequent service, the public employee retains the coverage for the period of
201.20 the misclassification, and the governmental subdivision shall pay in a lump sum the
201.21 difference in the actuarial present value of the retirement annuities to which the public
201.22 employee would have been entitled if the public employee was properly classified. The
201.23 governmental subdivision payment is payable within 30 days of the board's determination.
201.24 If unpaid, it must be collected under section 353.28. The lump-sum payment must be
201.25 deposited in the public general employees retirement fund.

201.26 (b) If the executive director of the Public Employees Retirement Association
201.27 determines that a governmental subdivision has failed to certify a person for retirement
201.28 plan membership and coverage under this chapter, in addition to the procedures under
201.29 section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of
201.30 \$25 for each membership certification failure.

201.31 Sec. 19. Minnesota Statutes 2008, section 354.71, is amended to read:

201.32 **354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID**
201.33 **REDEDICATED.**

202.1 Subdivision 1. **Appropriation.** The positive difference, if any, between the
 202.2 actual state aid ~~paid~~ payable to the MERF division account of the Public Employees
 202.3 Retirement Association with respect to the former Minneapolis Employees Retirement
 202.4 Fund under section 422A.101, subdivision 3, and \$8,065,000 annually is appropriated
 202.5 from the general fund to the commissioner of management and budget for deposit in
 202.6 the Teachers Retirement Association to offset all or a portion of the ~~current and future~~
 202.7 unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement
 202.8 Fund Association.

202.9 Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available to
 202.10 the extent that financial requirements ~~of~~ with respect to the MERF division of the Public
 202.11 Employees Retirement Association as the successor of the former Minneapolis Employees
 202.12 Retirement Fund under section ~~422A.101, subdivision 3,~~ 353.50 have been satisfied.

202.13 Sec. 20. Minnesota Statutes 2008, section 354A.011, subdivision 27, is amended to
 202.14 read:

202.15 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public
 202.16 school district, other than a charter school, located in the corporate limits of Duluth or
 202.17 St. Paul, as any of the following:

202.18 (1) a full-time employee in a position for which a valid license from the state
 202.19 Department of Education is required;

202.20 (2) an employee of the teachers retirement fund association located in the city of
 202.21 the first class ~~unless the employee has exercised the option pursuant to Laws 1955,~~
 202.22 ~~chapter 10, section 1, to retain membership in the Minneapolis Employees Retirement~~
 202.23 ~~Fund established pursuant to chapter 422A;~~

202.24 (3) a part-time employee in a position for which a valid license from the state
 202.25 Department of Education is required; or

202.26 (4) a part-time employee in a position for which a valid license from the state
 202.27 Department of Education is required who also renders other nonteaching services for the
 202.28 school district, unless the board of trustees of the teachers retirement fund association
 202.29 determines that the combined employment is on the whole so substantially dissimilar to
 202.30 teaching service that the service may not be covered by the association.

202.31 (b) The term does not mean any person who renders service in the school district
 202.32 as any of the following:

202.33 (1) an independent contractor or the employee of an independent contractor;

203.1 (2) an employee who is a full-time teacher covered by the Teachers Retirement
 203.2 Association or by another teachers retirement fund association established pursuant to this
 203.3 chapter or chapter 354;

203.4 (3) an employee who is exempt from licensure pursuant to section 122A.30;

203.5 (4) an employee who is a teacher in a technical college located in a city of the first
 203.6 class unless the person elects coverage by the applicable first class city teacher retirement
 203.7 fund association under section 354B.21, subdivision 2;

203.8 (5) a teacher employed by a charter school, irrespective of the location of the
 203.9 school; or

203.10 (6) an employee who is a part-time teacher in a technical college in a city of the first
 203.11 class and who has elected coverage by the applicable first class city teacher retirement
 203.12 fund association under section 354B.21, subdivision 2, but (i) the teaching service is
 203.13 incidental to the regular nonteaching occupation of the person; (ii) the applicable technical
 203.14 college stipulates annually in advance that the part-time teaching service will not exceed
 203.15 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300
 203.16 hours in the fiscal year to which the certification applies.

203.17 Sec. 21. Minnesota Statutes 2008, section 354A.39, is amended to read:

203.18 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

203.19 Any person who has been a member of the Minnesota State Retirement System, the
 203.20 Public Employees Retirement Association including the Public Employees Retirement
 203.21 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota
 203.22 State Patrol Retirement Association, the legislators retirement plan, the constitutional
 203.23 officers retirement plan, ~~the Minneapolis Employees Retirement Fund~~, the Duluth
 203.24 Teachers Retirement Fund Association new law coordinated program, the St. Paul
 203.25 Teachers Retirement Fund Association coordinated program, or any other public employee
 203.26 retirement system in the state of Minnesota having a like provision, but excluding all other
 203.27 funds providing retirement benefits for police officers or firefighters ~~shall be~~, is entitled,
 203.28 when qualified, to an annuity from each fund if the person's total allowable service in all
 203.29 of the funds or in any two or more of the funds totals three or more years, provided that
 203.30 no portion of the allowable service upon which the retirement annuity from one fund is
 203.31 based is used again in the computation for a retirement annuity from another fund and
 203.32 provided further that the person has not taken a refund from any of funds or associations
 203.33 since the person's membership in the fund or association has terminated. The annuity from
 203.34 each fund or association ~~shall~~ must be determined by the appropriate provisions of the law
 203.35 governing each fund or association, except that the requirement that a person must have at

204.1 least three years of allowable service in the respective fund or association ~~shall~~ does not
 204.2 apply for the purposes of this section, provided that the aggregate service in two or more
 204.3 of these funds equals three or more years.

204.4 Sec. 22. Minnesota Statutes 2008, section 355.095, subdivision 1, is amended to read:

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

204.13 (b) The applicable employees are:

204.14 (1) employees who are members of one of the retirement plans in Minnesota Statutes
 204.15 2008, section 356.30, subdivision 3, except clauses (4) and (8), based on continuous
 204.16 employment since March 31, 1986; and

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

204.19 Sec. 23. Minnesota Statutes 2009 Supplement, section 356.20, subdivision 2, is
 204.20 amended to read:

204.21 Subd. 2. **Covered public pension plans and funds.** This section applies to the
 204.22 following public pension plans:

204.23 (1) the general state employees retirement plan of the Minnesota State Retirement
 204.24 System;

204.25 (2) the general employees retirement plan of the Public Employees Retirement
 204.26 Association;

204.27 (3) the Teachers Retirement Association;

204.28 (4) the State Patrol retirement plan;

204.29 (5) the St. Paul Teachers Retirement Fund Association;

204.30 (6) the Duluth Teachers Retirement Fund Association;

204.31 ~~(7) the Minneapolis Employees Retirement Fund;~~

204.32 ~~(8)~~ (7) the University of Minnesota faculty retirement plan;

204.33 ~~(9)~~ (8) the University of Minnesota faculty supplemental retirement plan;

204.34 ~~(10)~~ (9) the judges retirement fund;

- 205.1 ~~(11)~~ (10) a police or firefighter's relief association specified or described in section
 205.2 69.77, subdivision 1a;
- 205.3 ~~(12)~~ (11) a volunteer firefighter relief association governed by section 69.771,
 205.4 subdivision 1;
- 205.5 ~~(13)~~ (12) the public employees police and fire plan of the Public Employees
 205.6 Retirement Association;
- 205.7 ~~(14)~~ (13) the correctional state employees retirement plan of the Minnesota State
 205.8 Retirement System;
- 205.9 ~~(15)~~ (14) the local government correctional service retirement plan of the Public
 205.10 Employees Retirement Association; and
- 205.11 ~~(16)~~ (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

205.12 Sec. 24. Minnesota Statutes 2008, section 356.214, subdivision 1, is amended to read:

205.13 Subdivision 1. **Actuary retention.** (a) The governing board or managing or
 205.14 administrative official of each public pension plan and retirement fund or plan enumerated
 205.15 in paragraph (b) shall contract with an established actuarial consulting firm to conduct
 205.16 annual actuarial valuations and related services. The principal from the actuarial
 205.17 consulting firm on the contract must be an approved actuary under section 356.215,
 205.18 subdivision 1, paragraph (c).

205.19 (b) Actuarial services must include the preparation of actuarial valuations and
 205.20 related actuarial work for the following retirement plans:

- 205.21 (1) the teachers retirement plan, Teachers Retirement Association;
- 205.22 (2) the general state employees retirement plan, Minnesota State Retirement System;
- 205.23 (3) the correctional employees retirement plan, Minnesota State Retirement System;
- 205.24 (4) the State Patrol retirement plan, Minnesota State Retirement System;
- 205.25 (5) the judges retirement plan, Minnesota State Retirement System;
- 205.26 ~~(6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement~~
 205.27 ~~Fund;~~
- 205.28 ~~(7)~~ (6) the ~~public~~ general employees retirement plan, Public Employees Retirement
 205.29 Association, including the MERF division;
- 205.30 ~~(8)~~ (7) the public employees police and fire plan, Public Employees Retirement
 205.31 Association;
- 205.32 ~~(9)~~ (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund
 205.33 Association;
- 205.34 ~~(10)~~ (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
 205.35 Association;

206.1 ~~(11)~~ (10) the legislators retirement plan, Minnesota State Retirement System;
206.2 ~~(12)~~ (11) the elective state officers retirement plan, Minnesota State Retirement
206.3 System; and
206.4 ~~(13)~~ (12) local government correctional service retirement plan, Public Employees
206.5 Retirement Association.

206.6 (c) The contracts must require completion of the annual actuarial valuation
206.7 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations
206.8 as specified in section 356.215, and in conformity with the standards for actuarial work
206.9 adopted by the Legislative Commission on Pensions and Retirement.

206.10 The contracts must require completion of annual experience data collection and
206.11 processing and a quadrennial published experience study for the plans listed in paragraph
206.12 (b), clauses (1), (2), and ~~(7)~~ (6), as provided for in the standards for actuarial work
206.13 adopted by the commission. The experience data collection, processing, and analysis
206.14 must evaluate the following:

- 206.15 (1) individual salary progression;
- 206.16 (2) the rate of return on investments based on the current asset value;
- 206.17 (3) payroll growth;
- 206.18 (4) mortality;
- 206.19 (5) retirement age;
- 206.20 (6) withdrawal; and
- 206.21 (7) disablement.

206.22 (d) The actuary shall annually prepare a report to the governing or managing board
206.23 or administrative official and the legislature, summarizing the results of the actuarial
206.24 valuation calculations. The actuary shall include with the report any recommendations
206.25 concerning the appropriateness of the support rates to achieve proper funding of
206.26 the retirement plans by the required funding dates. The actuary shall, as part of the
206.27 quadrennial experience study, include recommendations on the appropriateness of the
206.28 actuarial valuation assumptions required for evaluation in the study.

206.29 (e) If the actuarial gain and loss analysis in the actuarial valuation calculations
206.30 indicates a persistent pattern of sizable gains or losses, the governing or managing board
206.31 or administrative official shall direct the actuary to prepare a special experience study for a
206.32 plan listed in paragraph (b), clause (3), (4), (5), ~~(6)~~ (7), (8), (9), (10), (11), or (12), ~~or~~ ~~(13)~~;
206.33 in the manner provided for in the standards for actuarial work adopted by the commission.

206.34 Sec. 25. Minnesota Statutes 2008, section 356.30, subdivision 3, is amended to read:

206.35 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

- 207.1 (1) the general state employees retirement plan of the Minnesota State Retirement
 207.2 System, established under chapter 352;
- 207.3 (2) the correctional state employees retirement plan of the Minnesota State
 207.4 Retirement System, established under chapter 352;
- 207.5 (3) the unclassified employees retirement program, established under chapter 352D;
- 207.6 (4) the State Patrol retirement plan, established under chapter 352B;
- 207.7 (5) the legislators retirement plan, established under chapter 3A;
- 207.8 (6) the elective state officers retirement plan, established under chapter 352C;
- 207.9 (7) the general employees retirement plan of the Public Employees Retirement
 207.10 Association, established under chapter 353, including the MERF division of the Public
 207.11 Employees Retirement Association;
- 207.12 (8) the public employees police and fire retirement plan of the Public Employees
 207.13 Retirement Association, established under chapter 353;
- 207.14 (9) the local government correctional service retirement plan of the Public
 207.15 Employees Retirement Association, established under chapter 353E;
- 207.16 (10) the Teachers Retirement Association, established under chapter 354;
- 207.17 ~~(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~
- 207.18 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established under
 207.19 chapter 354A;
- 207.20 ~~(13)~~ (12) the Duluth Teachers Retirement Fund Association, established under
 207.21 chapter 354A; and
- 207.22 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

207.23 Sec. 26. Minnesota Statutes 2008, section 356.302, subdivision 1, is amended to read:

207.24 Subdivision 1. **Definitions.** (a) The terms used in this section are defined in this
 207.25 subdivision.

207.26 (b) "Average salary" means the highest average of covered salary for the appropriate
 207.27 period of credited service that is required for the calculation of a disability benefit by
 207.28 the covered retirement plan and that is drawn from any period of credited service and
 207.29 successive years of covered salary in a covered retirement plan.

207.30 (c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision
 207.31 7.

207.32 (d) "Duty-related" means a disabling illness or injury that occurred while the person
 207.33 was actively engaged in employment duties or that arose out of the person's active
 207.34 employment duties.

208.1 (e) "General employee retirement plan" means a covered retirement plan listed in
 208.2 subdivision 7, clauses (1) to ~~(8)~~ (6) and ~~(13)~~ (12).

208.3 (f) "Occupationally disabled" means the condition of having a medically
 208.4 determinable physical or mental impairment that makes a person unable to satisfactorily
 208.5 perform the minimum requirements of the person's employment position or a substantially
 208.6 similar employment position.

208.7 (g) "Public safety employee retirement plan" means a covered retirement plan listed
 208.8 in subdivision 7, clauses ~~(9)~~ (7) to ~~(12)~~ (11).

208.9 (h) "Totally and permanently disabled" means the condition of having a medically
 208.10 determinable physical or mental impairment that makes a person unable to engage in any
 208.11 substantial gainful activity and that is expected to continue or has continued for a period
 208.12 of at least one year or that is expected to result directly in the person's death.

208.13 Sec. 27. Minnesota Statutes 2008, section 356.302, subdivision 7, is amended to read:

208.14 Subd. 7. **Covered retirement plans.** This section applies to the following
 208.15 retirement plans:

208.16 (1) the general state employees retirement plan of the Minnesota State Retirement
 208.17 System, established by chapter 352;

208.18 (2) the unclassified state employees retirement program of the Minnesota State
 208.19 Retirement System, established by chapter 352D;

208.20 (3) the general employees retirement plan of the Public Employees Retirement
 208.21 Association, established by chapter 353, including the MERF division of the Public
 208.22 Employees Retirement Association;

208.23 (4) the Teachers Retirement Association, established by chapter 354;

208.24 (5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

208.25 (6) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

208.26 ~~(7) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

208.27 ~~(8)~~ (7) the state correctional employees retirement plan of the Minnesota State
 208.28 Retirement System, established by chapter 352;

208.29 ~~(9)~~ (8) the State Patrol retirement plan, established by chapter 352B;

208.30 ~~(10)~~ (9) the public employees police and fire plan of the Public Employees
 208.31 Retirement Association, established by chapter 353;

208.32 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
 208.33 Employees Retirement Association, established by chapter 353E; and

208.34 ~~(12)~~ (11) the judges retirement plan, established by chapter 490.

209.1 Sec. 28. Minnesota Statutes 2008, section 356.303, subdivision 4, is amended to read:

209.2 Subd. 4. **Covered retirement plans.** This section applies to the following
209.3 retirement plans:

209.4 (1) the legislators retirement plan, established by chapter 3A;

209.5 (2) the general state employees retirement plan of the Minnesota State Retirement
209.6 System, established by chapter 352;

209.7 (3) the correctional state employees retirement plan of the Minnesota State
209.8 Retirement System, established by chapter 352;

209.9 (4) the State Patrol retirement plan, established by chapter 352B;

209.10 (5) the elective state officers retirement plan, established by chapter 352C;

209.11 (6) the unclassified state employees retirement program, established by chapter
209.12 352D;

209.13 (7) the general employees retirement plan of the Public Employees Retirement
209.14 Association, established by chapter 353, including the MERF division of the Public
209.15 Employees Retirement Association;

209.16 (8) the public employees police and fire plan of the Public Employees Retirement
209.17 Association, established by chapter 353;

209.18 (9) the local government correctional service retirement plan of the Public
209.19 Employees Retirement Association, established by chapter 353E;

209.20 (10) the Teachers Retirement Association, established by chapter 354;

209.21 (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

209.22 (12) the St. Paul Teachers Retirement Fund Association, established by chapter
209.23 354A; and

209.24 ~~(13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and~~

209.25 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

209.26 Sec. 29. Minnesota Statutes 2009 Supplement, section 356.32, subdivision 2, is
209.27 amended to read:

209.28 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
209.29 following retirement plans:

209.30 (1) the general state employees retirement plan of the Minnesota State Retirement
209.31 System, established under chapter 352;

209.32 (2) the correctional state employees retirement plan of the Minnesota State
209.33 Retirement System, established under chapter 352;

209.34 (3) the State Patrol retirement plan, established under chapter 352B;

- 210.1 (4) the general employees retirement plan of the Public Employees Retirement
 210.2 Association, established under chapter 353, including the MERF division of the Public
 210.3 Employees Retirement Association;
- 210.4 (5) the public employees police and fire plan of the Public Employees Retirement
 210.5 Association, established under chapter 353;
- 210.6 (6) the Teachers Retirement Association, established under chapter 354;
- 210.7 ~~(7) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~
- 210.8 ~~(8) (7) the Duluth Teachers Retirement Fund Association, established under chapter~~
 210.9 354A; and
- 210.10 ~~(9) (8) the St. Paul Teachers Retirement Fund Association, established under chapter~~
 210.11 354A.

210.12 Sec. 30. Minnesota Statutes 2009 Supplement, section 356.401, subdivision 3, is
 210.13 amended to read:

210.14 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
 210.15 following retirement plans:

- 210.16 (1) the legislators retirement plan, established by chapter 3A;
- 210.17 (2) the general state employees retirement plan of the Minnesota State Retirement
 210.18 System, established by chapter 352;
- 210.19 (3) the correctional state employees retirement plan of the Minnesota State
 210.20 Retirement System, established by chapter 352;
- 210.21 (4) the State Patrol retirement plan, established by chapter 352B;
- 210.22 (5) the elective state officers retirement plan, established by chapter 352C;
- 210.23 (6) the unclassified state employees retirement program, established by chapter
 210.24 352D;
- 210.25 (7) the general employees retirement plan of the Public Employees Retirement
 210.26 Association, established by chapter 353, including the MERF division of the Public
 210.27 Employees Retirement Association;
- 210.28 (8) the public employees police and fire plan of the Public Employees Retirement
 210.29 Association, established by chapter 353;
- 210.30 (9) the public employees defined contribution plan, established by chapter 353D;
- 210.31 (10) the local government correctional service retirement plan of the Public
 210.32 Employees Retirement Association, established by chapter 353E;
- 210.33 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
 210.34 established by chapter 353G;
- 210.35 (12) the Teachers Retirement Association, established by chapter 354;

- 211.1 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- 211.2 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
- 211.3 354A;
- 211.4 (15) the individual retirement account plan, established by chapter 354B;
- 211.5 (16) the higher education supplemental retirement plan, established by chapter 354C;
- 211.6 ~~(17) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~
- 211.7 ~~(18)~~ (17) the Minneapolis Police Relief Association, established by chapter 423B;
- 211.8 ~~(19)~~ (18) the Minneapolis Firefighters Relief Association, established by chapter
- 211.9 423C; and
- 211.10 ~~(20)~~ (19) the judges retirement fund, established by chapter 490.

211.11 Sec. 31. Minnesota Statutes 2008, section 356.407, subdivision 2, is amended to read:

211.12 Subd. 2. **Covered funds.** The provisions of this section apply to the following

211.13 retirement funds:

- 211.14 (1) the general employees retirement plan of the Public Employees Retirement
- 211.15 Association established under chapter 353, including the MERF division of the Public
- 211.16 Employees Retirement Association;
- 211.17 (2) the public employees police and fire plan of the Public Employees Retirement
- 211.18 Association established under chapter 353;
- 211.19 (3) the State Patrol retirement plan established under chapter 352B;
- 211.20 (4) the legislators retirement plan established under chapter 3A;
- 211.21 (5) the elective state officers retirement plan established under chapter 352C; and
- 211.22 (6) the Teachers Retirement Association established under chapter 354; and
- 211.23 ~~(7) the Minneapolis Employees Retirement Fund established under chapter 422A.~~

211.24 Sec. 32. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 2, is

211.25 amended to read:

211.26 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the

211.27 following retirement plans:

- 211.28 (1) the legislators retirement plan established under chapter 3A;
- 211.29 (2) the correctional state employees retirement plan of the Minnesota State
- 211.30 Retirement System established under chapter 352;
- 211.31 (3) the general state employees retirement plan of the Minnesota State Retirement
- 211.32 System established under chapter 352;
- 211.33 (4) the State Patrol retirement plan established under chapter 352B;
- 211.34 (5) the elective state officers retirement plan established under chapter 352C;

212.1 (6) the general employees retirement plan of the Public Employees Retirement
212.2 Association established under chapter 353, including the MERF division of the Public
212.3 Employees Retirement Association;

212.4 (7) the public employees police and fire retirement plan of the Public Employees
212.5 Retirement Association established under chapter 353;

212.6 (8) the local government correctional employees retirement plan of the Public
212.7 Employees Retirement Association established under chapter 353E;

212.8 (9) the teachers retirement plan established under chapter 354; and

212.9 (10) the judges retirement plan established under chapter 490.

212.10 Sec. 33. Minnesota Statutes 2008, section 356.431, subdivision 1, is amended to read:

212.11 Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid
212.12 after December 31, 2001, to eligible persons under ~~sections~~ section 356.42 and 356.43,
212.13 the amount of the most recent lump-sum benefit payable to an eligible recipient under
212.14 ~~sections~~ section 356.42 and 356.43 must be divided by 12. The result must be added to
212.15 the monthly annuity or benefit otherwise payable to an eligible recipient, must become a
212.16 permanent part of the benefit recipient's pension, and must be included in any pension
212.17 benefit subject to future increases.

212.18 Sec. 34. Minnesota Statutes 2008, section 356.465, subdivision 3, is amended to read:

212.19 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
212.20 following retirement plans:

212.21 (1) the general state employees retirement plan of the Minnesota State Retirement
212.22 System established under chapter 352;

212.23 (2) the correctional state employees retirement plan of the Minnesota State
212.24 Retirement System established under chapter 352;

212.25 (3) the State Patrol retirement plan established under chapter 352B;

212.26 (4) the legislators retirement plan established under chapter 3A;

212.27 (5) the judges retirement plan established under chapter 490;

212.28 (6) the general employees retirement plan of the Public Employees Retirement
212.29 Association established under chapter 353, including the MERF division of the Public
212.30 Employees Retirement Association;

212.31 (7) the public employees police and fire plan of the Public Employees Retirement
212.32 Association established under chapter 353;

212.33 (8) the teachers retirement plan established under chapter 354;

213.1 (9) the Duluth Teachers Retirement Fund Association established under chapter
 213.2 354A;
 213.3 (10) the St. Paul Teachers Retirement Fund Association established under chapter
 213.4 354A;
 213.5 ~~(11) the Minneapolis Employees Retirement Fund established under chapter 422A;~~
 213.6 ~~(12)~~ (11) the Minneapolis Firefighters Relief Association established under chapter
 213.7 423C;
 213.8 ~~(13)~~ (12) the Minneapolis Police Relief Association established under chapter
 213.9 423B; and
 213.10 ~~(14)~~ (13) the local government correctional service retirement plan of the Public
 213.11 Employees Retirement Association established under chapter 353E.

213.12 Sec. 35. Minnesota Statutes 2008, section 356.64, is amended to read:

213.13 **356.64 REAL ESTATE INVESTMENTS.**

213.14 (a) Notwithstanding any law to the contrary, any public pension plan whose assets
 213.15 are not invested by the State Board of Investment may invest its funds in Minnesota situs
 213.16 nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if
 213.17 the investment is consistent with section 356A.04.

213.18 ~~(b) Except to the extent authorized in the case of the Minneapolis Employees~~
 213.19 ~~Retirement Fund under section 422A.05, subdivision 2c, paragraph (a);~~ An investment
 213.20 otherwise authorized by this section must also comply with the requirements and
 213.21 limitations of section 11A.24, subdivision 6.

213.22 Sec. 36. Minnesota Statutes 2008, section 356.65, subdivision 2, is amended to read:

213.23 Subd. 2. **Disposition of abandoned amounts.** Any unclaimed public pension
 213.24 fund amounts existing in any public pension fund are presumed to be abandoned, but are
 213.25 not subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of
 213.26 the public pension fund specifically provides for a different disposition of unclaimed or
 213.27 abandoned funds or amounts, any unclaimed public pension fund amounts cancel and
 213.28 must be credited to the public pension fund. If the unclaimed public pension fund amount
 213.29 exceeds \$25 and the inactive or former member again becomes a member of the applicable
 213.30 public pension plan or applies for a retirement annuity under section 3A.12, 352.72,
 213.31 352B.30, 353.71, 354.60, or 356.30, ~~or 422A.16, subdivision 8~~, whichever applies, the
 213.32 canceled amount must be restored to the credit of the person.

213.33 Sec. 37. Minnesota Statutes 2008, section 356.91, is amended to read:

214.1 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

214.2 (a) Upon written authorization of a person receiving an annuity from a public
 214.3 pension fund administered by the Minnesota State Retirement System, or the Public
 214.4 Employees Retirement Association, or the Minneapolis Employees Retirement Fund, the
 214.5 executive director of the public pension fund may deduct from the retirement annuity an
 214.6 amount requested by the annuitant to be paid as dues to any labor organization that is an
 214.7 exclusive bargaining agent representing public employees or an organization representing
 214.8 retired public employees of which the annuitant is a member and shall pay the amount to
 214.9 the organization so designated by the annuitant.

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

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

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

214.18 Sec. 38. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 1, is
 214.19 amended to read:

214.20 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
 214.21 a different meaning is intended, for the purpose of this section, the terms in paragraphs
 214.22 (b) to (e) have the meanings given them.

214.23 (b) "Chief administrative officer" means the executive director of a covered pension
 214.24 plan or the executive director's designee or representative.

214.25 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
 214.26 2, clauses (1) to (4), ~~(10) (9)~~, and ~~(13) (12)~~ to ~~(16) (15)~~, but does not mean the
 214.27 deferred compensation plan administered under sections 352.965 and 352.97 or to the
 214.28 postretirement health care savings plan administered under section 352.98.

214.29 (d) "Governing board" means the Board of Trustees of the Public Employees
 214.30 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
 214.31 the Board of Directors of the Minnesota State Retirement System.

214.32 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in
 214.33 a covered pension plan or a beneficiary of a participant, or an individual who has applied
 214.34 to be a participant or who is or may be a survivor of a participant, or a state agency or
 214.35 other governmental unit that employs active participants in a covered pension plan.

215.1 Sec. 39. Minnesota Statutes 2008, section 473.511, subdivision 3, is amended to read:

215.2 Subd. 3. **Existing sanitary districts, joint sewer boards.** Effective January 1,
215.3 1971, the corporate existence of the Minneapolis-St. Paul Sanitary District, the North
215.4 Suburban Sanitary Sewer District, and any joint board created by agreement among local
215.5 government units ~~pursuant to~~ under section 471.59, to provide interceptors and treatment
215.6 works for such local government units, ~~shall~~ terminate. All persons regularly employed by
215.7 such sanitary districts and joint boards on that date or on any earlier date on which the
215.8 former waste control commission pursuant to subdivisions 1 and 2 assumed ownership and
215.9 control of any interceptors or treatment works owned or operated by such sanitary districts
215.10 and joint boards, and who are employees of the commission on July 1, 1994, ~~shall be~~ are
215.11 employees of the council, ~~and may at their option become members of the Minnesota~~
215.12 ~~State Retirement System or may continue as members of a public retirement association~~
215.13 ~~under chapter 422A or any other law, to which they belonged before such date, and shall~~
215.14 ~~retain all pension rights which they may have under such latter laws, and all other rights to~~
215.15 ~~which they are entitled by contract or law.~~ Members of trades who are employed by the
215.16 former Metropolitan Waste Control Commission, who have trade union pension coverage
215.17 ~~pursuant to~~ under a collective bargaining agreement, and who elected exclusion from
215.18 coverage ~~pursuant to~~ under section 473.512, or who are first employed after July 1, 1977,
215.19 ~~shall~~ may not be covered by the Minnesota State Retirement System. The council shall
215.20 make the employer's contributions to pension funds of its employees. Such employees
215.21 shall perform such duties as may be prescribed by the council. All funds of such sanitary
215.22 districts and joint boards then on hand, and all subsequent collections of taxes, special
215.23 assessments or service charges levied or imposed by or for such sanitary districts or joint
215.24 boards ~~shall~~ must be transferred to the council. The local government units otherwise
215.25 entitled to such cash, taxes, assessments or service charges ~~shall~~ must be credited with
215.26 such amounts, and such credits ~~shall~~ must be offset against any amounts to be paid by
215.27 them to the council as provided in section 473.517. The former Metropolitan Waste
215.28 Control Commission, and on July 1, 1994, the council shall succeed to and become vested
215.29 by action of law with all right, title and interest in and to any property, real or personal,
215.30 owned or operated by such sanitary districts and joint boards. Prior to that date the proper
215.31 officers of such sanitary districts and joint boards, or the former Metropolitan Waste
215.32 Control Commission, shall execute and deliver to the council all deeds, conveyances, bills
215.33 of sale, and other documents or instruments required to vest in the council good and
215.34 marketable title to all such real or personal property; provided that vesting of the title ~~shall~~
215.35 must occur by operation of law and failure to execute and deliver the documents ~~shall~~ does
215.36 not affect the vesting of title in the former Metropolitan Waste Control Commission or the

216.1 council on the dates indicated in this subdivision. The council shall become obligated to
216.2 pay or assume all bonded or other debt and contract obligations incurred by the former
216.3 Metropolitan Waste Control Commission, or by such sanitary districts and joint boards, or
216.4 incurred by local government units for the acquisition or betterment of any interceptors or
216.5 treatment works owned or operated by such sanitary districts or joint boards.

216.6 Sec. 40. Minnesota Statutes 2008, section 473.606, subdivision 5, is amended to read:

216.7 Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation
216.8 shall have the power to appoint engineers and other consultants, attorneys, and such
216.9 other officers, agents, and employees as it may see fit, who shall perform such duties and
216.10 receive such compensation as the corporation may determine, and be removable at the
216.11 pleasure of the corporation. The corporation ~~shall~~ must adopt an affirmative action plan,
216.12 which shall be submitted to the appropriate agency or office of the state for review and
216.13 approval. The plan ~~shall~~ must include a yearly progress report to the agency or office.
216.14 ~~Officers and employees of the corporation who cannot qualify and participate in the~~
216.15 ~~municipal employees retirement fund under chapter 422A, shall be separated from service~~
216.16 ~~at the retirement age applicable to officers or employees of the state of Minnesota in the~~
216.17 ~~classified service of the state civil service as provided in section 43A.34, or as the same~~
216.18 ~~may from time to time be amended, regardless of the provisions of the Veteran's Preference~~
216.19 ~~Act.~~ Whenever the corporation performs any work within the limits of a city of the first
216.20 class, or establishes a minimum wage for skilled or unskilled labor in the specifications or
216.21 any contract for work within one of the cities, the rate of pay to such skilled and unskilled
216.22 labor ~~shall~~ must be the prevailing rate of wage for such labor in that city.

216.23 Sec. 41. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

216.24 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
216.25 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
216.26 for funding actuarial liabilities to pay postemployment benefits to employees or officers
216.27 after their termination of service; or for funding all or part of the municipality's current
216.28 and future unfunded liability for a pension or retirement fund or plan referred to in
216.29 section 356.20, subdivision 2, as those liabilities are most recently computed ~~pursuant~~
216.30 ~~to under~~ sections 356.215 and 356.216. The board of trustees or directors of a ~~pension~~
216.31 ~~fund or relief association referred to in section 69.77 or chapter 422A~~ must consent and
216.32 must be a party to any contract made under this section with respect to the fund held by
216.33 it for the benefit of and in trust for its members. For purposes of this section, the term

217.1 "postemployment benefits" means benefits giving rise to a liability under Statement No.
217.2 45 of the Governmental Accounting Standards Board.

217.3 Sec. 42. Minnesota Statutes 2009 Supplement, section 480.181, subdivision 2, is
217.4 amended to read:

217.5 Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a
217.6 person is transferred to state employment under this section, the person may elect to do
217.7 either or both of the following:

217.8 (1) keep life insurance; hospital, medical, and dental insurance; and vacation and
217.9 sick leave benefits and accumulated time provided by the county instead of receiving
217.10 benefits from the state under the judicial branch personnel rules; or

217.11 (2) remain a member of the general employees retirement plan of the Public
217.12 Employees Retirement Association or the ~~Minneapolis employees retirement fund~~ MERF
217.13 division of the Public Employees Retirement Association instead of joining the Minnesota
217.14 State Retirement System.

217.15 Employees who make an election under clause (1) remain on the county payroll,
217.16 but the state shall reimburse the county on a quarterly basis for the salary and cost of the
217.17 benefits provided by the county. The state shall make the employer contribution to the
217.18 general employees retirement plan of the Public Employees Retirement Association or the
217.19 employer contribution under section ~~422A.10~~ 353.50, subdivision ~~1a~~ 7, paragraphs (c)
217.20 and (d), to the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
217.21 Employees Retirement Association on behalf of employees who make an election under
217.22 clause (2).

217.23 (b) An employee who makes an election under paragraph (a), clause (1), may revoke
217.24 the election, once, at any time, but if the employee revokes the election, the employee
217.25 cannot make another election. An employee who makes an election under paragraph (a),
217.26 clause (2), may revoke the election at any time within six months after the person becomes
217.27 a state employee. Once an employee revokes this election, the employee cannot make
217.28 another election.

217.29 (c) The Supreme Court, after consultation with the Judicial Council, the
217.30 commissioner of management and budget, and the executive directors of the Public
217.31 Employees Retirement Association and the Minnesota State Retirement Association, shall
217.32 adopt procedures for making elections under this section.

217.33 (d) The Supreme Court shall notify all affected employees of the options available
217.34 under this section. The executive directors of the Public Employees Retirement
217.35 Association and the Minnesota State Retirement System shall provide counseling to

218.1 affected employees on the effect of making an election to remain a member of the Public
218.2 Employees Retirement Association.

218.3 Sec. 43. **EFFECTIVE DATE.**

218.4 Sections 1 to 42 are effective June 30, 2010.

218.5 **ARTICLE 14**

218.6 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION MODIFICATIONS**

218.7 Section 1. Minnesota Statutes 2009 Supplement, section 69.772, subdivision 6, is
218.8 amended to read:

218.9 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
218.10 relief association does not have a surplus over full funding ~~pursuant to~~ under subdivision 3,
218.11 clause (2), subclause (e), ~~or~~ and if the municipality is required to provide financial support
218.12 to the special fund of the relief association ~~pursuant to~~ under this section, the adoption of
218.13 or any amendment to the articles of incorporation or bylaws of a relief association which
218.14 increases or otherwise affects the retirement coverage provided by or the service pensions
218.15 or retirement benefits payable from the special fund of any relief association to which this
218.16 section applies is not effective until it is ratified by the governing body of the municipality
218.17 in which the relief association is located and the officers of a relief association shall not
218.18 seek municipal ratification prior to preparing and certifying an estimate of the expected
218.19 increase in the accrued liability and annual accruing liability of the relief association
218.20 attributable to the amendment. If the special fund of the relief association has a surplus
218.21 over full funding ~~pursuant to~~ under subdivision 3, clause (2), subclause (e), and if the
218.22 municipality is not required to provide financial support to the special fund of the relief
218.23 association ~~pursuant to~~ under this section, the relief association may adopt or amend its
218.24 articles of incorporation or bylaws which increase or otherwise affect the retirement
218.25 coverage provided by or the service pensions or retirement benefits payable from the
218.26 special fund of the relief association which are effective without municipal ratification so
218.27 long as this does not cause the amount of the resulting increase in the accrued liability
218.28 of the special fund of the relief association to exceed 90 percent of the amount of the
218.29 surplus over full funding reported in the prior year and this does not result in the financial
218.30 requirements of the special fund of the relief association exceeding the expected amount
218.31 of the future fire state aid to be received by the relief association as determined by the
218.32 board of trustees following the preparation of an estimate of the expected increase in the
218.33 accrued liability and annual accruing liability of the relief association attributable to the
218.34 change. If a relief association adopts or amends its articles of incorporation or bylaws

219.1 without municipal ratification ~~pursuant to~~ under this subdivision, and, subsequent to
219.2 the amendment or adoption, the financial requirements of the special fund of the relief
219.3 association ~~pursuant to~~ under this section are such so as to require financial support from
219.4 the municipality, the provision which was implemented without municipal ratification is
219.5 no longer effective without municipal ratification and any service pensions or retirement
219.6 benefits payable after that date may be paid only in accordance with the articles of
219.7 incorporation or bylaws as amended or adopted with municipal ratification.

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

219.9 Sec. 2. Minnesota Statutes 2009 Supplement, section 69.773, subdivision 6, is
219.10 amended to read:

219.11 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
219.12 relief association does not have a surplus over full funding ~~pursuant to~~ under subdivision
219.13 4, ~~or~~ and if the municipality is required to provide financial support to the special fund of
219.14 the relief association ~~pursuant to~~ under this section, the adoption of or any amendment to
219.15 the articles of incorporation or bylaws of a relief association which increases or otherwise
219.16 affects the retirement coverage provided by or the service pensions or retirement benefits
219.17 payable from the special fund of any relief association to which this section applies is not
219.18 effective until it is ratified by the governing body of the municipality in which the relief
219.19 association is located. If the special fund of the relief association has a surplus over full
219.20 funding ~~pursuant to~~ under subdivision 4, and if the municipality is not required to provide
219.21 financial support to the special fund of the relief association ~~pursuant to~~ under this section,
219.22 the relief association may adopt or amend its articles of incorporation or bylaws which
219.23 increase or otherwise affect the retirement coverage provided by or the service pensions
219.24 or retirement benefits payable from the special fund of the relief association which are
219.25 effective without municipal ratification so long as this does not cause the amount of the
219.26 resulting increase in the accrued liability of the special fund of the relief association to
219.27 exceed 90 percent of the amount of the surplus over full funding reported in the prior year
219.28 and this does not result in the financial requirements of the special fund of the relief
219.29 association exceeding the expected amount of the future fire state aid to be received by the
219.30 relief association as determined by the board of trustees following the preparation of an
219.31 updated actuarial valuation including the proposed change or an estimate of the expected
219.32 actuarial impact of the proposed change prepared by the actuary of the relief association.
219.33 If a relief association adopts or amends its articles of incorporation or bylaws without
219.34 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or
219.35 adoption, the financial requirements of the special fund of the relief association ~~pursuant~~

220.1 ~~to under~~ this section are such so as to require financial support from the municipality, the
220.2 provision which was implemented without municipal ratification is no longer effective
220.3 without municipal ratification and any service pensions or retirement benefits payable after
220.4 that date may be paid only in accordance with the articles of incorporation or bylaws as
220.5 amended or adopted with municipal ratification.

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

220.7 Sec. 3. Minnesota Statutes 2008, section 356A.06, subdivision 8, is amended to read:

220.8 Subd. 8. **Minimum liquidity requirements.** A covered pension plan described by
220.9 subdivision 6, ~~paragraph (a) or 7~~, in order to pay benefits as they come due, shall invest
220.10 a portion of its assets in authorized short-term debt obligations that can be immediately
220.11 liquidated without accrual of a substantial determinable penalty or loss and that have an
220.12 average maturity of no more than 90 days. The chief administrative officer of the plan
220.13 shall determine the minimum liquidity requirement of the plan and shall retain appropriate
220.14 documentation of that determination for three years from the date of determination.

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

220.16 Sec. 4. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 1, is
220.17 amended to read:

220.18 Subdivision 1. **Minors.** ~~(a) No volunteer firefighters' relief association associated~~
220.19 ~~with a municipality or an independent nonprofit firefighting corporation may include as a~~
220.20 ~~relief association member a minor serving as a firefighter, except for members of a youth,~~
220.21 ~~civic, or educational organization or program who participate with uninterrupted adult~~
220.22 ~~supervision, as allowed by federal law and by section 181A.04. Such organizations or~~
220.23 ~~programs include, but are not limited to, Boy Scout Explorer programs or firefighting~~
220.24 ~~degree programs.~~

220.25 ~~(b)~~ No volunteer firefighters' relief association associated with a municipality or an
220.26 independent nonprofit firefighting corporation may include as a relief association member
220.27 a minor serving as a volunteer firefighter.

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

220.29 Sec. 5. Minnesota Statutes 2009 Supplement, section 424A.01, subdivision 6, is
220.30 amended to read:

221.1 Subd. 6. **Return to active firefighting after break in service.** (a) The requirements
221.2 of this section apply to all breaks in service, except breaks in service mandated by federal
221.3 or state law.

221.4 (b)(1) If a ~~former active~~ firefighter who has ceased to perform or supervise fire
221.5 suppression and fire prevention duties for at least 60 days resumes performing active
221.6 firefighting with the fire department associated with the relief association, if the bylaws of
221.7 the relief association so permit, the ~~person~~ firefighter may again become an active member
221.8 of the relief association. A firefighter who returns to active service and membership is
221.9 subject to the service pension calculation requirements under this section.

221.10 (2) A firefighter who has been granted an approved leave of absence not exceeding
221.11 one year by the fire department or by the relief association is exempt from the minimum
221.12 period of resumption service requirement of this section.

221.13 (3) A person who has a break in service not exceeding one year but has not been
221.14 granted an approved leave of absence and who has not received a service pension or
221.15 disability benefit may be made exempt from the minimum period of resumption service
221.16 requirement of this section by the relief association bylaws.

221.17 (4) If the bylaws so provide, a firefighter who returns to active relief association
221.18 membership under this paragraph may continue to collect a monthly service pension,
221.19 notwithstanding the service pension eligibility requirements under chapter 424A.

221.20 ~~(b)~~ (c) If a ~~former~~ firefighter who has received a service pension or disability benefit
221.21 returns to active relief association membership under paragraph ~~(a)~~ (b), the firefighter may
221.22 qualify for the receipt of a service pension from the relief association for the resumption
221.23 service period if the firefighter meets ~~a minimum period of resumption service specified in~~
221.24 the relief association bylaws the service requirements of section 424A.016, subdivision 3,
221.25 or section 424A.02, subdivision 2.

221.26 (d) If a former firefighter who has not received a service pension or disability benefit
221.27 returns to active relief association membership under paragraph (b), the firefighter may
221.28 qualify for the receipt of a service pension from the relief association for the resumption
221.29 service period if the firefighter meets the minimum period of resumption service specified
221.30 in the relief association bylaws and the service requirements of section 424A.016,
221.31 subdivision 3, or section 424A.02, subdivision 2.

221.32 ~~(e)~~ (e) A firefighter who returns to active lump-sum relief association membership
221.33 and who qualifies for a service pension under paragraph ~~(b)~~ (c) or (d) must have, upon
221.34 a subsequent cessation of duties, any service pension for the resumption service period
221.35 calculated as a separate benefit. If a lump-sum service pension had been paid to the
221.36 firefighter upon the firefighter's previous cessation of duties, a second lump-sum service

222.1 pension for the resumption service period must be calculated to apply the service pension
222.2 amount in effect on the date of the firefighter's termination of the resumption service for all
222.3 years of the resumption service. No firefighter may be paid a service pension twice for the
222.4 same period of service. If a lump-sum service pension had not been paid to the firefighter
222.5 upon the firefighter's previous cessation of duties and the firefighter meets the minimum
222.6 service requirement of section 424A.016, subdivision 3, or section 424A.02, subdivision
222.7 2, a service pension must be calculated to apply the service pension amount in effect on the
222.8 date of the firefighter's termination of the resumption service for all years of service credit.

222.9 ~~(d)~~ (f) A firefighter who had not been paid a lump-sum service pension returns
222.10 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
222.11 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
222.12 requirement of section 424A.016, subdivision 3, or section 424A.02, subdivision 2,
222.13 based on the firefighter's previous years of active service, must have, upon a subsequent
222.14 cessation of duties, a service pension calculated for the previous years of service based
222.15 on the service pension amount in effect on the date of the firefighter's termination of the
222.16 resumption service, or, if the bylaws so provide, based on the service pension amount in
222.17 effect on the date of the firefighter's previous cessation of duties.

222.18 ~~(e)~~ (g) If a firefighter receiving a monthly benefit service pension returns to active
222.19 monthly benefit relief association membership under paragraph ~~(a)~~ (b), and if the relief
222.20 association bylaws do not allow for the firefighter to continue collecting a monthly service
222.21 pension, any monthly benefit service pension payable to the firefighter is suspended as
222.22 of the first day of the month next following the date on which the firefighter returns to
222.23 active membership. If the firefighter was receiving a monthly benefit service pension,
222.24 and qualifies for a service pension under paragraph ~~(b)~~ (c), the firefighter is entitled to
222.25 an additional monthly benefit service pension upon a subsequent cessation of duties
222.26 calculated based on the resumption service credit and the service pension accrual amount
222.27 in effect on the date of the termination of the resumption service. ~~The~~ A suspended initial
222.28 service pension resumes as of the first of the month next following the termination of the
222.29 resumption service. If the firefighter was not receiving a monthly benefit service pension
222.30 and meets the minimum service requirement of section 424A.02, subdivision 2, a service
222.31 pension must be calculated to apply the service pension amount in effect on the date of the
222.32 firefighter's termination of the resumption service for all years of service credit.

222.33 ~~(f)~~ (h) A firefighter who was not receiving a monthly benefit service pension returns
222.34 to active relief association membership under paragraph ~~(a)~~ (b), who does not qualify
222.35 for a service pension under paragraph ~~(b)~~ (d), but who does meet the minimum service
222.36 requirement of section 424A.02, subdivision 2, based on the firefighter's previous years

223.1 of active service, must have, upon a subsequent cessation of duties, a service pension
223.2 calculated for the previous years of service based on the service pension amount in effect
223.3 on the date of the firefighter's termination of the resumption service, or, if the bylaws so
223.4 provide, based on the service pension amount in effect on the date of the firefighter's
223.5 previous cessation of duties.

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

223.7 Sec. 6. Minnesota Statutes 2009 Supplement, section 424A.015, is amended by adding
223.8 a subdivision to read:

223.9 **Subd. 5. Minnesota deferred compensation plan transfers.** A relief association
223.10 may directly transfer on an institution-to-institution basis the eligible member's
223.11 lump-sum pension amount to the requesting member's account in the Minnesota deferred
223.12 compensation plan, if:

223.13 (1) the governing articles of incorporation or bylaws so provide;

223.14 (2) the volunteer firefighter participates in the Minnesota deferred compensation
223.15 plan at the time of retirement; and

223.16 (3) the applicable retiring firefighter requests in writing that the relief association
223.17 do so.

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

223.19 Sec. 7. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 4, is
223.20 amended to read:

223.21 **Subd. 4. Individual accounts.** (a) An individual account must be established for
223.22 each firefighter who is a member of the relief association.

223.23 (b) To each individual active member account must be credited an equal share of:

223.24 (1) any amounts of fire state aid received by the relief association;

223.25 (2) any amounts of municipal contributions to the relief association raised from
223.26 levies on real estate or from other available municipal revenue sources exclusive of fire
223.27 state aid; and

223.28 (3) any amounts equal to the share of the assets of the special fund to the credit of:

223.29 (i) any former member who terminated active service with the fire department to
223.30 which the relief association is associated before meeting the minimum service requirement
223.31 provided for in subdivision 2, paragraph (b), and has not returned to active service with
223.32 the fire department for a period no shorter than five years; or

224.1 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
224.2 the amounts credited to the individual member account under subdivision 2, paragraph
224.3 (b), and any applicable provision of the bylaws of the relief association. In addition, any
224.4 investment return on the assets of the special fund must be credited in proportion to the
224.5 share of the assets of the special fund to the credit of each individual active member
224.6 account. Administrative expenses of the relief association payable from the special
224.7 fund may be deducted from individual accounts in a manner specified in the bylaws of
224.8 the relief association.

224.9 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
224.10 any investment return on the assets of the special fund to the accounts of inactive members.

224.11 (d) Amounts to be credited to individual accounts must be allocated uniformly for
224.12 all years of active service and allocations must be made for all years of service, except for
224.13 caps on service credit if so provided in the bylaws of the relief association. The allocation
224.14 method may utilize monthly proration for fractional years of service, as the bylaws or
224.15 articles of incorporation of the relief association so provide. The bylaws or articles of
224.16 incorporation may define a "month," but the definition must require a calendar month to
224.17 have at least 16 days of active service. If the bylaws or articles of incorporation do not
224.18 define a "month," a "month" is a completed calendar month of active service measured
224.19 from the member's date of entry to the same date in the subsequent month.

224.20 ~~(d)~~ (e) At the time of retirement under subdivision 2 and any applicable provision
224.21 of the bylaws of the relief association, a retiring member is entitled to that portion of the
224.22 assets of the special fund to the credit of the member in the individual member account
224.23 which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of
224.24 the relief association based on the number of years of service to the credit of the retiring
224.25 member.

224.26 ~~(e)~~ (f) Annually, the secretary of the relief association shall certify the individual
224.27 account allocations to the state auditor at the same time that the annual financial statement
224.28 or financial report and audit of the relief association, whichever applies, is due under
224.29 section 69.051.

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

224.31 Sec. 8. Minnesota Statutes 2009 Supplement, section 424A.016, subdivision 7, is
224.32 amended to read:

224.33 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief
224.34 association may only pay an ancillary benefit which would constitute an authorized

225.1 disbursement as specified in section 424A.05. The ancillary benefit for active members
225.2 must equal the vested ~~or~~ and nonvested amount of the individual account of the member.

225.3 (b) For deferred members, the ancillary benefit must equal the vested amount of
225.4 the individual account of the member. For the recipient of installment payments of a
225.5 service pension, the ancillary benefit must equal the remaining balance in the individual
225.6 account of the recipient.

225.7 (c)(1) If a survivor or death benefit is payable under the articles of incorporation or
225.8 bylaws, the benefit must be paid:

225.9 (i) as a survivor benefit to the surviving spouse of the deceased firefighter;

225.10 (ii) as a survivor benefit to the surviving child or children of the deceased firefighter
225.11 if no surviving spouse;

225.12 (iii) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
225.13 surviving spouse or surviving child or children; or

225.14 (iv) as a death benefit to the estate of the deceased active or deferred firefighter if no
225.15 surviving spouse, no surviving child or children and no beneficiary designated.

225.16 (2) If there is no surviving child or are no surviving children, the surviving spouse
225.17 may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

225.18 (d) For purposes of this section, for a defined contribution volunteer fire relief
225.19 association, a trust created under chapter 501B may be a designated beneficiary. If a
225.20 trust payable to the surviving child or children organized under chapter 501B has been
225.21 established as authorized by this section and there is no surviving spouse, the survivor
225.22 benefit may be paid to the trust, notwithstanding the requirements of this section.

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

225.24 Sec. 9. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 9, is
225.25 amended to read:

225.26 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
225.27 including any volunteer firefighters relief association governed by section 69.77 or any
225.28 volunteer firefighters division of a relief association governed by chapter 424, may only
225.29 pay ancillary benefits which would constitute an authorized disbursement as specified in
225.30 section 424A.05 subject to the following requirements or limitations:

225.31 (1) with respect to a defined benefit relief association in which governing bylaws
225.32 provide for a lump-sum service pension to a retiring member, no ancillary benefit may
225.33 be paid to any former member or paid to any person on behalf of any former member
225.34 after the former member (i) terminates active service with the fire department and active

226.1 membership in the relief association; and (ii) commences receipt of a service pension as
226.2 authorized under this section; and

226.3 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
226.4 payable to any member, to any former member, or to any person on behalf of any member
226.5 or former member, may exceed in amount the total earned service pension of the member
226.6 or former member. The total earned service pension must be calculated by multiplying
226.7 the service pension amount specified in the bylaws of the relief association at the time of
226.8 death or disability, whichever applies, by the years of service credited to the member or
226.9 former member. The years of service must be determined as of (i) the date the member or
226.10 former member became entitled to the ancillary benefit; or (ii) the date the member or
226.11 former member died entitling a survivor or the estate of the member or former member to
226.12 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
226.13 member had attained the minimum amount of service and membership credit specified in
226.14 the governing bylaws. For active members, the amount of a permanent disability benefit
226.15 or a survivor benefit must be equal to the member's total earned service pension except
226.16 that the bylaws of a defined benefit relief association may provide for the payment of a
226.17 survivor benefit in an amount not to exceed five times the yearly service pension amount
226.18 specified in the bylaws on behalf of any member who dies before having performed five
226.19 years of active service in the fire department with which the relief association is affiliated.

226.20 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
226.21 incorporation or bylaws, the benefit must be paid:

226.22 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

226.23 (B) as a survivor benefit to the surviving child or children of the deceased firefighter
226.24 if no surviving spouse;

226.25 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
226.26 surviving spouse or surviving child or children; or

226.27 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
226.28 surviving child or children and no beneficiary designated.

226.29 (ii) If there is no surviving child or are no surviving children, the surviving spouse
226.30 may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

226.31 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
226.32 incorporation or bylaws, the benefit must be paid:

226.33 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

226.34 (B) as a survivor benefit to the surviving child or children of the deceased firefighter
226.35 if no surviving spouse;

227.1 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
227.2 surviving spouse or surviving child or children; or

227.3 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
227.4 surviving spouse, no surviving child or children and no beneficiary designated.

227.5 (ii) If there is no surviving child or are no surviving children, the surviving spouse
227.6 may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

227.7 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
227.8 survivor benefit payable to a designated beneficiary, the relief association bylaws may
227.9 limit the total survivor benefit amount payable.

227.10 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
227.11 or for a combination lump-sum and monthly benefit volunteer fire relief association where
227.12 a monthly benefit service pension has been elected by or a monthly benefit is payable with
227.13 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
227.14 of this section, for a lump-sum volunteer fire relief association or for a combination
227.15 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
227.16 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
227.17 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable
227.18 to the surviving child or children organized under chapter 501B as authorized by this
227.19 section and there is no surviving spouse, the survivor benefit may be paid to the trust,
227.20 notwithstanding a requirement of this section to the contrary.

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

227.22 Sec. 10. Minnesota Statutes 2009 Supplement, section 424A.02, subdivision 10,
227.23 is amended to read:

227.24 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each
227.25 defined benefit relief association to which this section applies must file a revised copy
227.26 of its governing bylaws with the state auditor upon the adoption of any amendment to
227.27 its governing bylaws by the relief association or upon the approval of any amendment
227.28 to its governing bylaws granted by the governing body of each municipality served by
227.29 the fire department to which the relief association is directly associated. Failure of the
227.30 relief association to file a copy of the bylaws or any bylaw amendments with the state
227.31 auditor disqualifies the municipality from the distribution of any future fire state aid until
227.32 this filing requirement has been completed.

227.33 (b) If the special fund of the relief association does not have a surplus over full
227.34 funding under section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,
227.35 subdivision 4, and if the municipality is required to provide financial support to the special

228.1 fund of the relief association under section 69.772 or 69.773, no bylaw amendment which
228.2 would affect the amount of, the manner of payment of, or the conditions for qualification
228.3 for service pensions or ancillary benefits or disbursements other than administrative
228.4 expenses authorized under section 69.80 payable from the special fund of the relief
228.5 association is effective until it has been ratified ~~by the governing body or bodies of the~~
228.6 ~~appropriate municipalities~~ as required under section 69.772, subdivision 6, or 69.773,
228.7 subdivision 6. If the special fund of the relief association has a surplus over full funding
228.8 under section 69.772, subdivision 3, or 69.773, subdivision 4, and if the municipality is
228.9 not required to provide financial support to the special fund under this section, the relief
228.10 association may adopt or amend without municipal ratification its articles of incorporation
228.11 or bylaws which increase or otherwise affect the service pensions or ancillary benefits
228.12 payable from the special fund ~~so long as the changes do not cause the amount of the~~
228.13 ~~resulting increase in the accrued liability of the special fund to exceed 90 percent of the~~
228.14 ~~amount of the surplus over full funding reported in the prior year and the changes do not~~
228.15 ~~result in the financial requirements of the special fund exceeding the expected amount~~
228.16 ~~of the subsequent calendar year's fire state aid to be received by the relief association if~~
228.17 authorized under section 69.772, subdivision 6, or 69.773, subdivision 6.

228.18 (c) If the relief association pays only a lump-sum pension, the financial requirements
228.19 are to be determined by the board of trustees following the preparation of an estimate
228.20 of the expected increase in the accrued liability and annual accruing liability of the
228.21 relief association attributable to the change. If the relief association pays a monthly
228.22 benefit service pension, the financial requirements are to be determined by the board of
228.23 trustees following either an updated actuarial valuation including the proposed change
228.24 or an estimate of the expected actuarial impact of the proposed change prepared by the
228.25 actuary of the relief association. If a relief association adopts or amends its articles
228.26 of incorporation or bylaws without municipal ratification under this subdivision, and,
228.27 subsequent to the amendment or adoption, the financial requirements of the special fund
228.28 under this section are such so as to require financial support from the municipality, the
228.29 provision which was implemented without municipal ratification is no longer effective
228.30 without municipal ratification, and any service pensions or ancillary benefits payable after
228.31 that date must be paid only in accordance with the articles of incorporation or bylaws as
228.32 amended or adopted with municipal ratification.

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

228.34 Sec. 11. Minnesota Statutes 2009 Supplement, section 424A.05, subdivision 3, is
228.35 amended to read:

229.1 Subd. 3. **Authorized disbursements from the special fund.** ~~(a)~~ Disbursements
 229.2 from the special fund may not be made for any purpose other than one of the following:
 229.3 (1) for the payment of service pensions to retired members of the relief association if
 229.4 authorized and paid under law and the bylaws governing the relief association;
 229.5 (2) for the purchase of an annuity for the applicable person under section 424A.015,
 229.6 subdivision 3, for the transfer of service pension or benefit amounts to the applicable
 229.7 person's individual retirement account under section 424A.015, subdivision 4, or to the
 229.8 applicable person's account in the Minnesota deferred compensation plan under section
 229.9 424A.015, subdivision 5;
 229.10 ~~(2)~~ (3) for the payment of temporary or permanent disability benefits to disabled
 229.11 members of the relief association if authorized and paid under law and specified in amount
 229.12 in the bylaws governing the relief association;
 229.13 ~~(3)~~ (4) for the payment of survivor benefits ~~to surviving spouses and surviving~~
 229.14 ~~children, or if none, to designated beneficiaries, of deceased members of the relief~~
 229.15 ~~association, and if no survivors and if no designated beneficiary, or~~ for the payment of a
 229.16 death benefit to the estate of the deceased active or deferred firefighter, if authorized ~~by~~
 229.17 and paid under law and specified in amount in the bylaws governing the relief association;
 229.18 ~~(4)~~ (5) for the payment of the fees, dues and assessments to the Minnesota State
 229.19 Fire Department Association and to the Minnesota Area Relief Association Coalition in
 229.20 order to entitle relief association members to membership in and the benefits of these
 229.21 associations or organizations;
 229.22 ~~(5)~~ (6) for the payment of insurance premiums to the state Volunteer Firefighters
 229.23 Benefit Association, or an insurance company licensed by the state of Minnesota offering
 229.24 casualty insurance, in order to entitle relief association members to membership in and the
 229.25 benefits of the association or organization; and
 229.26 ~~(6)~~ (7) for the payment of administrative expenses of the relief association as
 229.27 authorized under section 69.80.
 229.28 ~~(b) For purposes of this chapter, for a monthly benefit volunteer fire relief association~~
 229.29 ~~or for a combination lump-sum and monthly benefit volunteer fire relief association where~~
 229.30 ~~a monthly benefit service pension has been elected by or a monthly benefit is payable with~~
 229.31 ~~respect to a firefighter, a designated beneficiary must be a natural person. For purposes of~~
 229.32 ~~this chapter, for a defined contribution volunteer fire relief association, for a lump-sum~~
 229.33 ~~volunteer fire relief association, or for a combination lump-sum and monthly benefit~~
 229.34 ~~volunteer fire relief association where a lump-sum service pension has been elected by~~
 229.35 ~~or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary~~
 229.36 ~~may be a trust created under chapter 501B.~~

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

230.2 Sec. 12. Minnesota Statutes 2009 Supplement, section 424A.05, is amended by adding
230.3 a subdivision to read:

230.4 **Subd. 3a. Corrections of erroneous special fund deposits.** Upon notification
230.5 of funds deposited in error in the special fund and after presentation of evidence that
230.6 the error occurred in good faith, the state auditor may require the relief association to
230.7 provide a written legal opinion concluding that the transfer of funds from the special
230.8 fund is consistent with federal and state law. Taking into consideration the evidence of
230.9 good faith presented and the legal opinion, if any, provided, the state auditor may order
230.10 the transfer from the special fund to the appropriate fund or account an amount equal
230.11 to the funds deposited in error.

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

230.13 Sec. 13. **REPEALER.**

230.14 **(a) Minnesota Statutes 2009 Supplement, section 424A.001, subdivision 6, is**
230.15 **repealed.**

230.16 **(b) Laws 2009, chapter 169, article 10, section 32, is repealed.**

230.17 **EFFECTIVE DATE.** Paragraph (a) of this section is effective the day following
230.18 final enactment. Paragraph (b) of this section is effective retroactively from July 1, 2009.

230.19 **ARTICLE 15**

230.20 **ONE PERSON/SMALL GROUP PENSION ISSUES**

230.21 Section 1. **PERA-GENERAL; PURCHASE OF OMITTED INVER GROVE**
230.22 **HEIGHTS SCHOOL DISTRICT OMITTED MEMBER CONTRIBUTIONS.**

230.23 **(a) Notwithstanding any provision of law to the contrary, an eligible person**
230.24 **described in paragraph (b) is entitled to purchase from the general employees retirement**
230.25 **plan of the Public Employees Retirement Association allowable service credit under**
230.26 **Minnesota Statutes, section 353.01, subdivision 16, for the period of omitted member**
230.27 **deductions described in paragraph (c).**

230.28 **(b) An eligible person is a person who:**

230.29 **(1) was born on April 17, 1948;**

230.30 **(2) is a current employee of Independent School District No. 199, Inver Grove**
230.31 **Heights;**

231.1 (3) is a current member of the general employees retirement plan of the Public
231.2 Employees Retirement Association;

231.3 (4) was employed by Independent School District No. 199, Inver Grove Heights,
231.4 on August 26, 1985; and

231.5 (5) was not reported by Independent School District No. 199, Inver Grove Heights,
231.6 for retirement coverage by and membership in the general employees retirement plan of
231.7 the Public Employees Retirement Association until September 1, 1986.

231.8 (c) The period of uncredited service authorized for purchase is the period of August
231.9 26, 1985, until August 31, 1986, during which no member contributions for the general
231.10 employees retirement plan of the Public Employees Retirement Association were
231.11 deducted from the eligible person's salary by Independent School District No. 199, Inver
231.12 Grove Heights.

231.13 (d) The purchase payment amount payable by the eligible person is four percent of
231.14 the eligible person's salary under Minnesota Statutes 1984, section 353.01, subdivision
231.15 10, from Independent School District No. 199, Inver Grove Heights, during the period of
231.16 August 26, 1985, until August 31, 1986, plus annual compound interest on that amount at
231.17 the rate of 8.5 percent from March 1, 1986, until the date on which payment is made to
231.18 the Public Employees Retirement Association. The purchase payment amount payable
231.19 by Independent School District No. 199, Inver Grove Heights, is the balance of the full
231.20 actuarial value prior service credit purchase payment amount determined under Minnesota
231.21 Statutes, section 356.551, as of the first day of the month next following the receipt of the
231.22 eligible person's payment that is remaining after deducting the purchase payment amount
231.23 payable by the eligible person.

231.24 (e) The school district purchase payment amount payable under paragraph (d) must
231.25 be made on or before the 15th of the month next following the receipt of the eligible
231.26 person's payment under paragraph (d). If the school district purchase payment amount is
231.27 not paid in a timely fashion, the amount due accrues compound monthly interest at the
231.28 rate of 0.71 percent per month from the first day of the month next following the receipt
231.29 of the eligible person's payment until the school district purchase payment amount is
231.30 received by the Public Employees Retirement Association. If the school district purchase
231.31 payment amount is not paid to the Public Employees Retirement Association 90 days
231.32 after the receipt of the eligible person's payment, the executive director shall notify the
231.33 commissioner of Minnesota Management and Budget, the commissioner of education, and
231.34 the commissioner of revenue of that unpaid obligation and the unpaid obligation must be
231.35 deducted from any state aid otherwise payable to the school district, plus interest.

232.1 (f) The eligible person must provide the executive director of the Public Employees
232.2 Retirement Association with any relevant requested information pertaining to this service
232.3 credit purchase.

232.4 (g) Authority to make a service credit purchase under this section expires on June
232.5 30, 2011, or upon the termination from public employment under Minnesota Statutes,
232.6 section 353.01, subdivision 11a, whichever occurs earlier.

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

232.8 **ARTICLE 16**

232.9 **MISCELLANEOUS PROVISIONS**

232.10 Section 1. Minnesota Statutes 2008, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

232.23 (5) for employees other than personnel employed by the Board of Trustees of the
232.24 Minnesota State Colleges and Universities and covered under the Higher Education
232.25 Supplemental Retirement Plan under chapter 354C, but including city managers covered
232.26 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
232.27 (a), or by the defined contribution plan of the Public Employees Retirement Association
232.28 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
232.29 provided for in a personnel policy of the public employer or in the collective bargaining
232.30 agreement between the public employer and the exclusive representative of public
232.31 employees in an appropriate unit or in the individual employment contract between a city
232.32 and a city manager, and if for each available investment all fees and historic rates of return
232.33 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an
232.34 easily comprehended document not to exceed two pages, in an amount matching employee
232.35 contributions on a dollar for dollar basis, but not to exceed an employer contribution of

233.1 one-half of the available elective deferral permitted per year per employee, under the
233.2 Internal Revenue Code:

233.3 (i) to the state of Minnesota deferred compensation plan under section 352.965;
233.4 (ii) in payment of the applicable portion of the contribution made to any investment
233.5 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has
233.6 complied with any applicable pension plan provisions of the Internal Revenue Code with
233.7 respect to the tax-sheltered annuity program during the preceding calendar year; or
233.8 (iii) any other deferred compensation plan offered by the employer under section
233.9 457 of the Internal Revenue Code;

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

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

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

233.27 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
233.28 pipefitters local pension fund for the employees of a governmental subdivision who are
233.29 covered by a collective bargaining agreement that provides for coverage by that fund and
233.30 that sets forth a fund contribution rate, but not to exceed an employer contribution of
233.31 \$5,000 per year per employee;

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

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

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

234.8 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
 234.9 deferred compensation program, if the employee makes a contribution, in an amount that
 234.10 does not exceed the total percentage of covered salary under section 353.27, subdivisions
 234.11 3 and 3a; or

234.12 (14) to the alternative retirement plans established by the Hennepin County Medical
 234.13 Center under section 383B.914, subdivision 5.

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

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

234.19 Delete the title and insert:

234.20 "A bill for an act
 234.21 relating to retirement; various retirement plans; increasing certain contribution
 234.22 rates; suspending certain post-retirement adjustments; reducing certain
 234.23 postretirement adjustment increase rates; reducing interest rates on refunds;
 234.24 reducing deferred annuity augmentation rates; eliminating interest on reemployed
 234.25 annuitant earnings limitation deferred accounts; increasing certain vesting
 234.26 requirements; increasing certain early retirement reduction rates; reducing
 234.27 certain benefit accrual rates; extending certain amortization periods; making
 234.28 changes of an administrative nature for retirement plans administered by the
 234.29 Minnesota State Retirement Association; revising insurance withholding for
 234.30 certain retired public employees; authorizing state patrol plan service credit for
 234.31 leave procedures; addressing plan coverage errors and omitted contributions;
 234.32 revising unlawful discharge annuity repayment requirements; requiring
 234.33 employment unit accommodation of daily valuation of investment accounts;
 234.34 eliminating administrative fee maximum for the unclassified state employees
 234.35 retirement program; making changes of an administrative nature in the general
 234.36 employees retirement plan of the Public Employees Retirement Association, the
 234.37 public employees police and fire retirement plan, and the defined contribution
 234.38 retirement plan; making various administrative modifications in the voluntary
 234.39 statewide lump-sum volunteer firefighter retirement plan of the Public Employees
 234.40 Retirement Association; revising purchase of salary credit procedures in certain
 234.41 partial salary situations; adding new partial salary credit purchase authority for
 234.42 partial paid medical leaves and budgetary leaves; redefining TRA allowable
 234.43 service credit; defining annual base salary, requiring base salary reporting by
 234.44 TRA-covered employing units; making changes of an administrative nature in
 234.45 the Minnesota State Colleges and Universities System individual retirement
 234.46 account plan; setting deadline dates for actuarial reporting; extending and

235.1 revising an early retirement incentive program; permitting the court-ordered
 235.2 revocation of an optional annuity election in certain marriage dissolutions;
 235.3 transfer of the administrative functions of the Minneapolis Employees
 235.4 Retirement Fund to the Public Employees Retirement Association; creation
 235.5 of MERF consolidation account within the Public Employees Retirement
 235.6 Association; appropriating money; making various technical corrections
 235.7 relating to volunteer fire relief associations; revising break-in-service return
 235.8 to firefighting authorizations; authorizing Minnesota deferred compensation
 235.9 plan service pension transfers; revising payout defaults in survivor benefits;
 235.10 authorizing corrections of certain special fund deposits; requiring a retirement
 235.11 fund investment authority study; authorizing certain bylaw amendments;
 235.12 amending Minnesota Statutes 2008, sections 3A.02, subdivision 4; 3A.07;
 235.13 11A.04; 11A.23, subdivision 4; 13D.01, subdivision 1; 43A.17, subdivision 9;
 235.14 43A.316, subdivision 8; 69.021, subdivision 10; 69.051, subdivision 3; 126C.41,
 235.15 subdivision 3; 256D.21; 352.01, subdivision 2a; 352.03, subdivision 4; 352.04,
 235.16 subdivision 9; 352.113, subdivision 1; 352.115, subdivisions 1, 10; 352.12,
 235.17 subdivision 2; 352.22, subdivisions 2, 3; 352.72, subdivisions 1, 2; 352.91, by
 235.18 adding a subdivision; 352.93, subdivisions 1, 2a, 3a; 352.931, subdivision 1;
 235.19 352.965, subdivisions 1, 2, 6; 352B.02, as amended; 352B.08, subdivisions 1, 2a;
 235.20 352B.11, subdivision 2b; 352B.30, subdivisions 1, 2; 352D.015, subdivisions
 235.21 4, 9; 352D.02, subdivisions 1, 1c, 2, 3; 352D.03; 352D.04, subdivisions 1, 2;
 235.22 352D.05, subdivisions 3, 4; 352D.06, subdivision 3; 352D.065, subdivision 3;
 235.23 352D.09, subdivisions 3, 7; 352F.07; 353.01, subdivisions 2b, 2d, by adding
 235.24 subdivisions; 353.0161, subdivision 2; 353.03, subdivision 1; 353.05; 353.27, as
 235.25 amended; 353.29, subdivision 1; 353.30, subdivision 1c; 353.32, subdivisions
 235.26 1, 1a; 353.34, subdivisions 1, 2, 3, 6; 353.37, subdivisions 1, 2, 3, 3a, 4, 5;
 235.27 353.46, subdivisions 2, 6; 353.64, subdivision 7; 353.651, subdivisions 1, 4;
 235.28 353.657, subdivisions 1, 2a; 353.71, subdivisions 1, 2, 4; 353.86, subdivisions
 235.29 1, 2; 353.87, subdivisions 1, 2; 353.88; 353D.01, subdivision 2; 353D.03,
 235.30 subdivision 1; 353D.04, subdivisions 1, 2; 353E.04, subdivisions 1, 4; 353E.07,
 235.31 subdivisions 1, 2; 353F.025, subdivisions 1, 2; 353F.03; 354.05, by adding
 235.32 a subdivision; 354.07, subdivision 5; 354.091; 354.42, subdivisions 3, 7, by
 235.33 adding subdivisions; 354.52, subdivision 6, by adding a subdivision; 354.66,
 235.34 subdivision 3; 354.71; 354A.011, subdivision 27; 354A.12, subdivisions 1, 3c,
 235.35 by adding a subdivision; 354A.27, subdivisions 5, 6, by adding a subdivision;
 235.36 354A.31, subdivision 1; 354A.35, subdivision 1; 354A.37, subdivisions 2, 3, 4;
 235.37 354A.39; 354B.25, subdivisions 1, 3; 354C.14; 355.095, subdivision 1; 356.214,
 235.38 subdivision 1; 356.215, subdivisions 3, 8; 356.24, subdivision 1; 356.30,
 235.39 subdivisions 1, 3; 356.302, subdivisions 1, 3, 4, 5, 7; 356.303, subdivisions
 235.40 2, 4; 356.315, subdivision 5; 356.351, subdivision 1; 356.407, subdivision 2;
 235.41 356.431, subdivision 1; 356.465, subdivision 3; 356.47, subdivision 3; 356.50,
 235.42 subdivision 4; 356.64; 356.65, subdivision 2; 356.91; 356.96, subdivisions 2,
 235.43 3, 7, 8; 356A.06, subdivision 8; 422A.101, subdivision 3; 422A.26; 473.511,
 235.44 subdivision 3; 473.606, subdivision 5; 475.52, subdivision 6; 490.123, by
 235.45 adding a subdivision; 518.58, subdivisions 3, 4; Minnesota Statutes 2009
 235.46 Supplement, sections 6.67; 69.011, subdivision 1; 69.031, subdivision 5; 69.772,
 235.47 subdivision 6; 69.773, subdivision 6; 352.01, subdivision 2b; 352.75, subdivision
 235.48 4; 352.95, subdivision 2; 352B.011, subdivision 3; 353.01, subdivisions 2,
 235.49 2a, 16; 353.06; 353.27, subdivisions 2, 3, 7; 353.33, subdivision 1; 353.371,
 235.50 subdivision 4; 353.65, subdivisions 2, 3; 353F.02, subdivision 4; 353G.05,
 235.51 subdivision 2; 353G.06, subdivision 1; 353G.08; 353G.09, subdivision 3;
 235.52 353G.11, subdivision 1, by adding a subdivision; 354.42, subdivision 2; 354.47,
 235.53 subdivision 1; 354.49, subdivision 2; 354.52, subdivision 4b; 354.55, subdivision
 235.54 11; 354A.12, subdivision 2a; 356.20, subdivision 2; 356.215, subdivision 11;
 235.55 356.32, subdivision 2; 356.351, subdivision 2; 356.401, subdivision 3; 356.415,
 235.56 subdivisions 1, 2, by adding a subdivision; 356.96, subdivisions 1, 5; 423A.02,
 235.57 subdivision 3; 424A.01, subdivisions 1, 6; 424A.015, by adding a subdivision;
 235.58 424A.016, subdivisions 4, 7; 424A.02, subdivisions 9, 10; 424A.05, subdivision

236.1 3, by adding a subdivision; 424A.08; 480.181, subdivision 2; Laws 2009, chapter
236.2 169, article 4, section 49; article 5, section 2; proposing coding for new law in
236.3 Minnesota Statutes, chapters 352B; 353; 353G; 356; repealing Minnesota Statutes
236.4 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a; 352.91, subdivision
236.5 5; 353.01, subdivision 40; 353.46, subdivision 1a; 353.88; 353D.03, subdivision
236.6 2; 353D.12; 354A.27, subdivision 1; 354C.15; 356.43; 422A.01, subdivisions 1,
236.7 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, 18; 422A.02; 422A.03; 422A.04;
236.8 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6, 8; 422A.06, subdivisions 1,
236.9 2, 3, 5, 6, 7; 422A.08, subdivision 1; 422A.09; 422A.10; 422A.101, subdivisions
236.10 1, 1a, 2, 2a; 422A.11; 422A.12; 422A.13; 422A.14, subdivision 1; 422A.15;
236.11 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9,
236.12 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, 7; 422A.19; 422A.20; 422A.21;
236.13 422A.22, subdivisions 1, 3, 4, 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8, 9, 10,
236.14 11, 12; 422A.231; 422A.24; 422A.25; Minnesota Statutes 2009 Supplement,
236.15 sections 422A.06, subdivision 8; 422A.08, subdivision 5; 424A.001, subdivision
236.16 6; Laws 2009, chapter 169, article 10, section 32."