

1.1 **2015 OMNIBUS RETIREMENT BILL**

1.2 moves to amend H.F. No. 1508; S.F. No. 1398, as follows:

1.3 Delete everything after the enacting clause and insert:

1.4 **"ARTICLE 1**

1.5 **INTEREST, SALARY, AND PAYROLL GROWTH ASSUMPTION CHANGES**

1.6 Section 1. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

1.7 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the
1.8 applicable following interest assumption:

1.9 (1) select and ultimate interest rate assumption

	ultimate interest rate assumption
1.10 plan	
1.11 general state employees retirement plan	8.5%
1.12 correctional state employees retirement plan	8.5
1.13 State Patrol retirement plan	8.5
1.14 legislators retirement plan, and for the	0
1.15 constitutional officers calculation of total plan	
1.16 liabilities	
1.17 judges retirement plan	8.5
1.18 general public employees retirement plan	8.5
1.19 public employees police and fire retirement plan	8.5
1.20 local government correctional service	8.5
1.21 retirement plan	
1.22 teachers retirement plan	8.5%
1.23 St. Paul teachers retirement plan	8.5

1.25 Except for the ~~legislators retirement plan and the constitutional officers calculation~~
1.26 ~~of total plan liabilities~~, The select preretirement interest rate assumption for the period
1.27 ~~after June 30, 2012~~, through June 30, 2017, is 8 percent.

1.28 (2) single rate interest rate assumption

2.1		interest rate
2.2	plan	assumption
2.3	<u>general state employees retirement plan</u>	<u>8%</u>
2.4	<u>correctional state employees retirement plan</u>	<u>8</u>
2.5	<u>State Patrol retirement plan</u>	<u>8</u>
2.6	<u>legislators retirement plan, and for the</u>	<u>0</u>
2.7	<u>constitutional officers calculation of total plan</u>	
2.8	<u>liabilities</u>	
2.9	<u>judges retirement plan</u>	<u>8</u>
2.10	<u>general public employees retirement plan</u>	<u>8</u>
2.11	<u>public employees police and fire retirement plan</u>	<u>8</u>
2.12	<u>local government correctional service retirement</u>	<u>8</u>
2.13	<u>plan</u>	
2.14	<u>St. Paul teachers retirement plan</u>	<u>8</u>
2.15	Bloomington Fire Department Relief Association	6
2.16	local monthly benefit volunteer firefighters relief	5
2.17	associations	

2.18 (b)(1) If funding stability has been attained, the valuation must use a postretirement
 2.19 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
 2.20 in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1,
 2.21 whichever applies.

2.22 (2) If funding stability has not been attained, the valuation must use a select
 2.23 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment
 2.24 rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415,
 2.25 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the
 2.26 approved actuary estimates that the plan will attain the defined funding stability measure,
 2.27 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal
 2.28 to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29,
 2.29 subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning
 2.30 when funding stability is projected to be attained.

2.31 (c) The actuarial valuation must use the applicable following single rate future salary
 2.32 increase assumption, the applicable following modified single rate future salary increase
 2.33 assumption, or the applicable following graded rate future salary increase assumption:

2.34 (1) single rate future salary increase assumption

2.35	plan	future salary increase assumption
2.36	legislators retirement plan	5%
2.37	judges retirement plan	<u>32.75</u>
2.38	Bloomington Fire Department Relief	4
2.39	Association	

3.1 (2) age-related future salary increase age-related select and ultimate future salary
 3.2 increase assumption or graded rate future salary increase assumption
 3.3 plan future salary increase assumption
 3.4 local government correctional service retirement plan assumption B
 3.5 St. Paul teachers retirement plan assumption A

3.6 For plans other than the St. Paul teachers
 3.7 retirement plan and the local government
 3.8 correctional service retirement plan, the
 3.9 select calculation is: during the designated
 3.10 select period, a designated percentage rate
 3.11 is multiplied by the result of the designated
 3.12 integer minus T, where T is the number of
 3.13 completed years of service, and is added
 3.14 to the applicable future salary increase
 3.15 assumption. The designated select period
 3.16 is ten years and the designated integer is
 3.17 ten for the local government correctional
 3.18 service retirement plan and 15 for the St.
 3.19 Paul Teachers Retirement Fund Association.
 3.20 The designated percentage rate is 0.2 percent
 3.21 for the St. Paul Teachers Retirement Fund
 3.22 Association.

3.23 The ultimate future salary increase assumption is:

3.24	age	A	B
3.25	16	5.9%	9% <u>8.75%</u>
3.26	17	5.9	<u>98.75</u>
3.27	18	5.9	<u>98.75</u>
3.28	19	5.9	<u>98.75</u>
3.29	20	5.9	<u>98.75</u>
3.30	21	5.9	8.75 <u>8.5</u>
3.31	22	5.9	8.5 <u>8.25</u>
3.32	23	5.85	8.25 <u>8</u>
3.33	24	5.8	<u>87.75</u>
3.34	25	5.75	7.75 <u>7.5</u>
3.35	26	5.7	7.5 <u>7.25</u>
3.36	27	5.65	7.25 <u>7</u>
3.37	28	5.6	<u>76.75</u>
3.38	29	5.55	6.75 <u>6.5</u>

4.1	30	5.5	<u>6.756.5</u>
4.2	31	5.45	<u>6.56.25</u>
4.3	32	5.4	<u>6.56.25</u>
4.4	33	5.35	<u>6.56.25</u>
4.5	34	5.3	<u>6.256</u>
4.6	35	5.25	<u>6.256</u>
4.7	36	5.2	<u>65.75</u>
4.8	37	5.15	<u>65.75</u>
4.9	38	5.1	<u>65.75</u>
4.10	39	5.05	<u>5.755.5</u>
4.11	40	5	<u>5.755.5</u>
4.12	41	4.95	<u>5.755.5</u>
4.13	42	4.9	<u>5.55.25</u>
4.14	43	4.85	<u>5.255</u>
4.15	44	4.8	<u>5.255</u>
4.16	45	4.75	<u>54.75</u>
4.17	46	4.7	<u>54.75</u>
4.18	47	4.65	<u>54.75</u>
4.19	48	4.6	<u>54.75</u>
4.20	49	4.55	<u>54.75</u>
4.21	50	4.5	<u>54.75</u>
4.22	51	4.45	<u>54.75</u>
4.23	52	4.4	<u>54.75</u>
4.24	53	4.35	<u>54.75</u>
4.25	54	4.3	<u>54.75</u>
4.26	55	4.25	<u>4.754.5</u>
4.27	56	4.2	<u>4.754.5</u>
4.28	57	4.15	<u>4.54.25</u>
4.29	58	4.1	<u>4.254</u>
4.30	59	4.05	<u>4.254</u>
4.31	60	4	<u>4.254</u>
4.32	61	4	<u>4.254</u>
4.33	62	4	<u>4.254</u>
4.34	63	4	<u>4.254</u>
4.35	64	4	<u>4.254</u>
4.36	65	4	<u>43.75</u>
4.37	66	4	<u>43.75</u>
4.38	67	4	<u>43.75</u>
4.39	68	4	<u>43.75</u>
4.40	69	4	<u>43.75</u>
4.41	70	4	<u>43.75</u>

4.42 (3) service-related ultimate future salary increase assumption

5.1	general state employees retirement plan of the						assumption A
5.2	Minnesota State Retirement System						
5.3	general employees retirement plan of the Public						assumption B
5.4	Employees Retirement Association						
5.5	Teachers Retirement Association						assumption C
5.6	public employees police and fire retirement plan						assumption D
5.7	State Patrol retirement plan						assumption E
5.8	correctional state employees retirement plan of the						assumption F
5.9	Minnesota State Retirement System						
5.10	service						
5.11	length	A	B	C	D	E	F
5.12	1	10.5% <u>10.25%</u>	12.03% <u>11.78%</u>	12%	13% <u>12.75%</u>	8% <u>7.75%</u>	6% <u>5.75%</u>
5.13	2	<u>8.17.85</u>	<u>8.98.65</u>	9	<u>11.10.75</u>	<u>7.57.25</u>	<u>5.855.6</u>
5.14	3	<u>6.96.65</u>	<u>7.467.21</u>	8	<u>98.75</u>	<u>76.75</u>	<u>5.75.45</u>
5.15	4	<u>6.25.95</u>	<u>6.586.33</u>	7.5	<u>87.75</u>	<u>6.756.5</u>	<u>5.555.3</u>
5.16	5	<u>5.75.45</u>	<u>5.975.72</u>	7.25	<u>6.56.25</u>	<u>6.56.25</u>	<u>5.45.15</u>
5.17	6	<u>5.35.05</u>	<u>5.525.27</u>	7	<u>6.15.85</u>	<u>6.256</u>	<u>5.255</u>
5.18	7	<u>54.75</u>	<u>5.164.91</u>	6.85	<u>5.85.55</u>	<u>65.75</u>	<u>5.14.85</u>
5.19	8	<u>4.74.45</u>	<u>4.874.62</u>	6.7	<u>5.65.35</u>	<u>5.855.6</u>	<u>4.954.7</u>
5.20	9	<u>4.54.25</u>	<u>4.634.38</u>	6.55	<u>5.45.15</u>	<u>5.75.45</u>	<u>4.84.55</u>
5.21	10	<u>4.44.15</u>	<u>4.424.17</u>	6.4	<u>5.35.05</u>	<u>5.555.3</u>	<u>4.654.4</u>
5.22	11	<u>4.23.95</u>	<u>4.243.99</u>	6.25	<u>5.24.95</u>	<u>5.45.15</u>	<u>4.554.3</u>
5.23	12	<u>4.13.85</u>	<u>4.083.83</u>	6	<u>5.14.85</u>	<u>5.255</u>	<u>4.454.2</u>
5.24	13	<u>43.75</u>	<u>3.943.69</u>	5.75	<u>54.75</u>	<u>5.14.85</u>	<u>4.354.1</u>
5.25	14	<u>3.83.55</u>	<u>3.823.57</u>	5.5	<u>4.94.65</u>	<u>4.954.7</u>	<u>4.254</u>
5.26	15	<u>3.73.45</u>	<u>3.73.45</u>	5.25	<u>4.84.55</u>	<u>4.84.55</u>	<u>4.153.9</u>
5.27	16	<u>3.63.35</u>	<u>3.63.35</u>	5	<u>4.84.55</u>	<u>4.654.4</u>	<u>4.053.8</u>
5.28	17	<u>3.53.25</u>	<u>3.513.26</u>	4.75	<u>4.84.55</u>	<u>4.54.25</u>	<u>3.953.7</u>
5.29	18	<u>3.53.25</u>	<u>3.53.25</u>	4.5	<u>4.84.55</u>	<u>4.354.1</u>	<u>3.853.6</u>
5.30	19	<u>3.53.25</u>	<u>3.53.25</u>	4.25	<u>4.84.55</u>	<u>4.23.95</u>	<u>3.753.5</u>
5.31	20	<u>3.53.25</u>	<u>3.53.25</u>	4	<u>4.84.55</u>	<u>4.053.8</u>	<u>3.753.5</u>
5.32	21	<u>3.53.25</u>	<u>3.53.25</u>	3.9	<u>4.74.45</u>	<u>43.75</u>	<u>3.753.5</u>
5.33	22	<u>3.53.25</u>	<u>3.53.25</u>	3.8	<u>4.64.35</u>	<u>43.75</u>	<u>3.753.5</u>
5.34	23	<u>3.53.25</u>	<u>3.53.25</u>	3.7	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.35	24	<u>3.53.25</u>	<u>3.53.25</u>	3.6	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.36	25	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.37	26	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.38	27	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.39	28	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.40	29	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.41	30 or more	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>

5.42 (d) The actuarial valuation must use the applicable following payroll growth
 5.43 assumption for calculating the amortization requirement for the unfunded actuarial

6.1 accrued liability where the amortization retirement is calculated as a level percentage
6.2 of an increasing payroll:

6.3	plan	payroll growth assumption
6.4	general state employees retirement plan of the	3.75% <u>3.5%</u>
6.5	Minnesota State Retirement System	
6.6	correctional state employees retirement plan	3.75 <u>3.5</u>
6.7	State Patrol retirement plan	3.75 <u>3.5</u>
6.8	judges retirement plan	<u>3.75</u>
6.9	general employees retirement plan of the Public	3.75 <u>3.5</u>
6.10	Employees Retirement Association	
6.11	public employees police and fire retirement plan	3.75 <u>3.5</u>
6.12	local government correctional service retirement plan	3.75 <u>3.5</u>
6.13	teachers retirement plan	3.75
6.14	St. Paul teachers retirement plan	4

6.15 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
6.16 different salary assumption or a different payroll increase assumption:

- 6.17 (1) has been proposed by the governing board of the applicable retirement plan;
6.18 (2) is accompanied by the concurring recommendation of the actuary retained under
6.19 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
6.20 most recent actuarial valuation report if section 356.214 does not apply; and
6.21 (3) has been approved or deemed approved under subdivision 18.

6.22 **EFFECTIVE DATE.** This section is effective June 30, 2015, and applies to
6.23 actuarial valuations prepared for an actuarial valuation date after that date.

6.24 ARTICLE 2

6.25 CONFORMING CHANGES IN REFUND REPAYMENT PROVISIONS 6.26 RELATED TO INTEREST ASSUMPTION CHANGE

6.27 Section 1. Minnesota Statutes 2014, section 3A.03, subdivision 2, is amended to read:

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

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

6.35 (c) If the former member of the legislature again becomes a member of the legislature
6.36 after having taken a refund as provided in paragraph (a), the member is a member of the
6.37 unclassified employees retirement program of the Minnesota State Retirement System.

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

7.5 (e) No person may be required to apply for or to accept a refund. The applicable rate
7.6 is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015.

7.7 Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 13a, is amended to read:

7.8 Subd. 13a. **Reduced salary during period of workers' compensation.** An
7.9 employee on leave of absence receiving temporary workers' compensation payments and a
7.10 reduced salary or no salary from the employer who is entitled to allowable service credit
7.11 for the period of absence, may make payment to the fund for the difference between salary
7.12 received, if any, and the salary the employee would normally receive if not on leave of
7.13 absence during the period. The employee shall pay an amount equal to the employee and
7.14 employer contribution rate under section 352.04, subdivisions 2 and 3, on the differential
7.15 salary amount for the period of the leave of absence.

7.16 The employing department, at its option, may pay the employer amount on behalf
7.17 of its employees. Payment made under this subdivision must include interest at the
7.18 applicable rate of 8.5 percent per year, and must be completed within one year of the
7.19 return from leave of absence. The applicable rate is 8.5 percent before July 1, 2015,
7.20 and 8 percent after June 30, 2015.

7.21 Sec. 3. Minnesota Statutes 2014, section 352.04, subdivision 8, is amended to read:

7.22 Subd. 8. **Department required to pay omitted salary deductions.** (a) If a
7.23 department fails to take deductions past due for a period of 60 days or less from an
7.24 employee's salary as provided in this section, those deductions must be taken on later
7.25 payroll abstracts.

7.26 (b) If a department fails to take deductions past due for a period in excess of 60
7.27 days from an employee's salary as provided in this section, the department, and not the
7.28 employee, must pay on later payroll abstracts the employee and employer contributions
7.29 and an amount equivalent to ~~8.5 percent~~ the applicable rate of the total amount due in lieu
7.30 of interest, or if the delay in payment exceeds one year, ~~8.5 percent~~ the applicable rate
7.31 compound annual interest. The applicable rate is 8.5 percent before July 1, 2015, and 8
7.32 percent after June 30, 2015.

7.33 (c) If a department fails to take deductions past due for a period of 60 days or less
7.34 and the employee is no longer in state service so that the required deductions cannot be

8.1 taken from the salary of the employee, the department must nevertheless pay the required
8.2 employer contributions. If any department fails to take deductions past due for a period in
8.3 excess of 60 days and the employee is no longer in state service, the omitted contributions
8.4 must be recovered under paragraph (b).

8.5 (d) If an employee from whose salary required deductions were past due for a period
8.6 of 60 days or less leaves state service before the payment of the omitted deductions and
8.7 subsequently returns to state service, the unpaid amount is considered the equivalent of a
8.8 refund. The employee accrues no right by reason of the unpaid amount, except that the
8.9 employee may pay the amount of omitted deductions as provided in section 352.23.

8.10 Sec. 4. Minnesota Statutes 2014, section 352.04, subdivision 9, is amended to read:

8.11 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from
8.12 the salary of an employee for the retirement fund in excess of required amounts must,
8.13 upon discovery and verification by the department making the deduction, be refunded to
8.14 the employee.

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

8.21 (c) If erroneous employee deductions and employer contributions are caused by an
8.22 error in plan coverage involving the plan and any other plans specified in section 356.99,
8.23 that section applies. If the employee should have been covered by the plan governed by
8.24 chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions
8.25 taken in error must be directly transferred to the applicable employee's account in the
8.26 correct retirement plan, with interest at the applicable rate of 0.71 percent per month,
8.27 compounded annually, from the first day of the month following the month in which
8.28 coverage should have commenced in the correct defined contribution plan until the end of
8.29 the month in which the transfer occurs. The applicable rate is 0.71 percent before July 1,
8.30 2015, and is 0.667 percent after June 30, 2015.

8.31 Sec. 5. Minnesota Statutes 2014, section 352.23, is amended to read:

8.32 **352.23 TERMINATION OF RIGHTS.**

8.33 When any employee accepts a refund as provided in section 352.22, all existing
8.34 service credits and all rights and benefits to which the employee was entitled before

9.1 accepting the refund terminate. They must not again be restored until the former employee
 9.2 acquires at least six months of allowable service credit after taking the last refund. In that
 9.3 event, the employee may repay all refunds previously taken from the retirement fund.
 9.4 Repayment of refunds entitles the employee only to credit for service covered by (1)
 9.5 salary deductions; (2) payments made in lieu of salary deductions; (3) payments made
 9.6 to obtain credit for service as permitted by laws in effect when payment was made; and
 9.7 (4) allowable service once credited while receiving temporary workers' compensation as
 9.8 provided in section 352.01, subdivision 11, clause (5). Payments under this section for
 9.9 repayment of refunds are to be paid with interest at ~~an annual~~ the applicable rate of 8.5
 9.10 ~~percent~~ compounded annually. The applicable rate is 8.5 percent before July 1, 2015, and
 9.11 8 percent after June 30, 2015. They may be paid in a lump sum or by payroll deduction
 9.12 in the manner provided in section 352.04. Payment may be made in a lump sum up to
 9.13 six months after termination from service.

9.14 Sec. 6. Minnesota Statutes 2014, section 352.271, is amended to read:

9.15 **352.271 METROPOLITAN TRANSIT COMMISSION-TRANSIT**
 9.16 **OPERATING DIVISION EMPLOYEES; CREDIT FOR MILITARY SERVICE.**

9.17 Any employee of the Metropolitan Transit Commission Operating Division who
 9.18 was on a leave of absence to enter military service on July 1, 1978, who has not taken a
 9.19 refund of employee contributions as authorized by article 12 of the Metropolitan Transit
 9.20 Commission-Transit Operating Division employees retirement fund document or section
 9.21 352.22, subdivision 2a, and who returns to service as an employee of the Metropolitan
 9.22 Transit Commission-Transit Operating Division upon discharge from military service
 9.23 as provided in section 192.262 is entitled to allowable service credit for the period of
 9.24 military service. If an employee has taken a refund of employee contributions, and would
 9.25 otherwise be entitled to allowable service credit under this section, the employee is
 9.26 entitled to allowable service credit for the period of military service upon repayment to
 9.27 the executive director of the system of the amount refunded plus interest at ~~an annual~~ the
 9.28 applicable rate of 8.5 percent compounded annually from the date on which the refund
 9.29 was taken to the date of repayment. The applicable rate is 8.5 percent before July 1, 2015,
 9.30 and 8 percent after June 30, 2015. No employee is entitled to allowable service credit for
 9.31 any voluntary extensions of military service at the instance of the employee beyond any
 9.32 initial period of enlistment, induction, or call to active duty.

9.33 Sec. 7. Minnesota Statutes 2014, section 352B.11, subdivision 4, is amended to read:

10.1 Subd. 4. **Reentry into state service.** When a former member, who has become
10.2 separated from state service that entitled the member to membership and has received a
10.3 refund of retirement payments, reenters the state service in a position that entitles the
10.4 member to membership, that member shall receive credit for the period of prior allowable
10.5 state service if the member repays into the fund the amount of the refund, plus interest
10.6 on it at ~~an annual~~ the applicable rate of 8.5 percent compounded annually, at any time
10.7 before subsequent retirement. The applicable rate is 8.5 percent before July 1, 2015, and 8
10.8 percent after June 30, 2015. Repayment may be made in installments or in a lump sum.

10.9 Sec. 8. Minnesota Statutes 2014, section 352D.05, subdivision 4, is amended to read:

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

10.12 (b) A participant in the unclassified program or an employee covered by the general
10.13 employees retirement plan who has withdrawn the value of the total shares may repay
10.14 the refund taken and thereupon restore the service credit, rights and benefits forfeited by
10.15 paying into the fund the amount refunded plus interest at ~~an annual~~ the applicable rate of
10.16 8.5 percent compounded annually from the date that the refund was taken until the date
10.17 that the refund is repaid. The applicable rate is 8.5 percent before July 1, 2015, and 8
10.18 percent after June 30, 2015. If the participant had withdrawn only the employee shares as
10.19 permitted under prior laws, repayment must be pro rata.

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

10.22 Sec. 9. Minnesota Statutes 2014, section 352D.12, is amended to read:

10.23 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

10.24 (a) An employee who is a participant in the unclassified program and who has prior
10.25 service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within
10.26 the time limits specified in this section, elect to transfer to the unclassified program prior
10.27 service contributions to one or more of those plans.

10.28 (b) For participants with prior service credit in a plan governed by chapter 352, 353,
10.29 354, 354A, or 422A, "prior service contributions" means the accumulated employee and
10.30 equal employer contributions with interest at ~~an annual~~ the applicable rate of 8.5 percent
10.31 compounded annually, based on fiscal year balances. The applicable rate is 8.5 percent
10.32 before July 1, 2015, and 8 percent after June 30, 2015.

10.33 (c) If a participant has taken a refund from a retirement plan listed in this section, the
10.34 participant may repay the refund to that plan, notwithstanding any restrictions on repayment

11.1 to that plan, plus ~~8.5 percent~~ the applicable interest compounded annually and have the
11.2 accumulated employee and equal employer contributions transferred to the unclassified
11.3 program with interest at ~~an annual~~ the applicable rate of ~~8.5 percent~~ compounded annually
11.4 based on fiscal year balances. The applicable rate is 8.5 percent before July 1, 2015, and 8
11.5 percent after June 30, 2015. If a person repays a refund and subsequently elects to have
11.6 the money transferred to the unclassified program, the repayment amount, including
11.7 interest, is added to the fiscal year balance in the year which the repayment was made.

11.8 (d) A participant electing to transfer prior service contributions credited to a
11.9 retirement plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this
11.10 section must complete a written application for the transfer and repay any refund within
11.11 one year of the commencement of the employee's participation in the unclassified program.

11.12 Sec. 10. Minnesota Statutes 2014, section 353.27, subdivision 7a, is amended to read:

11.13 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
11.14 deductions and employer contributions under this section, section 353.50, 353.65, or
11.15 353E.03 were erroneously transmitted to the association, but should have been transmitted
11.16 to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall
11.17 transfer the erroneous employee deductions and employer contributions to the appropriate
11.18 retirement fund or individual account, as applicable. The time limitations specified in
11.19 subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution
11.20 plan account must include interest at the applicable rate of ~~0.71 percent~~ per month,
11.21 compounded annually, from the first day of the month following the month in which
11.22 coverage should have commenced in the defined contribution plan until the end of the
11.23 month in which the transfer occurs. The applicable rate is 0.71 percent before July 1,
11.24 2015, and is 0.667 percent period after June 30, 2015.

11.25 (b) A potential transfer under paragraph (a) that is reasonably determined to cause
11.26 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
11.27 Code, as amended, must not be made by the executive director of the association. Within
11.28 30 days after being notified by the Public Employees Retirement Association of an
11.29 unmade potential transfer under this paragraph, the employer of the affected person
11.30 must transmit an amount representing the applicable salary deductions and employer
11.31 contributions, without interest, to the retirement fund of the appropriate Minnesota public
11.32 pension plan, or to the applicable individual account if the proper coverage is by a defined
11.33 contribution plan. The association must provide the employing unit a credit for the amount
11.34 of the erroneous salary deductions and employer contributions against future contributions
11.35 from the employer. If the employing unit receives a credit under this paragraph, the

12.1 employing unit is responsible for refunding to the applicable employee any amount that
12.2 had been erroneously deducted from the person's salary.

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

12.6 Sec. 11. Minnesota Statutes 2014, section 353.27, subdivision 12, is amended to read:

12.7 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of
12.8 required deductions for the general employees retirement plan, the public employees police
12.9 and fire retirement plan, or the local government correctional employees retirement plan
12.10 from the salary of an employee, the department head or designee shall immediately, upon
12.11 discovery, report the employee for membership and deduct the employee deductions under
12.12 subdivision 4 during the current pay period or during the pay period immediately following
12.13 the discovery of the omission. Payment for the omitted obligations may only be made in
12.14 accordance with reporting procedures and methods established by the executive director.

12.15 (b) When the entire omission period of an employee does not exceed 60 days, the
12.16 governmental subdivision may report and submit payment of the omitted employee
12.17 deductions and the omitted employer contributions through the reporting processes under
12.18 subdivision 4.

12.19 (c) When the omission period of an employee exceeds 60 days, the governmental
12.20 subdivision shall furnish to the association sufficient data and documentation upon which
12.21 the obligation for omitted employee and employer contributions can be calculated.
12.22 The omitted employee deductions must be deducted from the employee's subsequent
12.23 salary payment or payments and remitted to the association for deposit in the applicable
12.24 retirement fund. The employee shall pay omitted employee deductions due for the 60
12.25 days prior to the end of the last pay period in the omission period during which salary
12.26 was earned. The employer shall pay any remaining omitted employee deductions and any
12.27 omitted employer contributions, plus cumulative interest at ~~an~~ the applicable annual
12.28 ~~rate of 8.5 percent~~ compounded annually, from the date or dates each omitted employee
12.29 contribution was first payable. The applicable rate is 8.5 percent before July 1, 2015,
12.30 and 8 percent after June 30, 2015.

12.31 (d) An employer shall not hold an employee liable for omitted employee deductions
12.32 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
12.33 those employee deductions paid by the employer on behalf of the employee. Omitted
12.34 deductions due under paragraph (c) which are not paid by the employee constitute a
12.35 liability of the employer that failed to deduct the omitted deductions from the employee's

13.1 salary. The employer shall make payment with interest at ~~an~~ the applicable annual rate
13.2 ~~of 8.5 percent~~ compounded annually. The applicable rate is 8.5 percent before July 1,
13.3 2015, and 8 percent after June 30, 2015. Omitted employee deductions are no longer due
13.4 if an employee terminates public service before making payment of omitted employee
13.5 deductions to the association, but the employer remains liable to pay omitted employer
13.6 contributions plus interest at ~~an~~ the applicable annual rate ~~of 8.5 percent~~ compounded
13.7 annually from the date the contributions were first payable. The applicable rate is 8.5
13.8 percent before July 1, 2015, and 8 percent after June 30, 2015.

13.9 (e) The association may not commence action for the recovery of omitted employee
13.10 deductions and employer contributions after the expiration of three calendar years after
13.11 the calendar year in which the contributions and deductions were omitted. Except as
13.12 provided under paragraph (b), no payment may be made or accepted unless the association
13.13 has already commenced action for recovery of omitted deductions. An action for recovery
13.14 commences on the date of the mailing of any written correspondence from the association
13.15 requesting information from the governmental subdivision upon which to determine
13.16 whether or not omitted deductions occurred.

13.17 Sec. 12. Minnesota Statutes 2014, section 353.27, subdivision 12a, is amended to read:

13.18 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
13.19 who was a member of the general employees retirement plan of the Public Employees
13.20 Retirement Association, the public employees police and fire retirement plan, or the local
13.21 government correctional employees retirement plan and who has a period of employment
13.22 in which previously omitted employer contributions were made under subdivision 12
13.23 but for whom no, or only partial, omitted employee contributions have been made, or a
13.24 member who had prior coverage in the association for which previously omitted employer
13.25 contributions were made under subdivision 12 but who terminated service before required
13.26 omitted employee deductions could be withheld from salary, may pay the omitted
13.27 employee deductions for the period on which omitted employer contributions were
13.28 previously paid plus interest at ~~an~~ the applicable annual rate ~~of 8.5 percent~~ compounded
13.29 annually. The applicable rate is 8.5 percent before July 1, 2015, and 8 percent after
13.30 June 30, 2015. A terminated employee may pay the omitted employee deductions plus
13.31 interest within six months of an initial notification from the association of eligibility
13.32 to pay those omitted deductions. If a terminated employee is reemployed in a position
13.33 covered under a public pension fund under section 356.30, subdivision 3, and elects to
13.34 pay omitted employee deductions, payment must be made no later than six months after a
13.35 subsequent termination of public service.

14.1 Sec. 13. Minnesota Statutes 2014, section 353.28, subdivision 5, is amended to read:

14.2 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section
14.3 or section 353.27, subdivision 4, is payable with interest at ~~an~~ the applicable annual
14.4 compound rate of 8.5 percent from the date due until the date payment is received by the
14.5 association, with a minimum interest charge of \$10. The applicable rate is 8.5 percent
14.6 before July 1, 2015, and 8 percent after June 30, 2015.

14.7 Sec. 14. Minnesota Statutes 2014, section 353.35, subdivision 1, is amended to read:

14.8 Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any
14.9 former member accepts a refund, all existing service credits and all rights and benefits to
14.10 which the person was entitled prior to the acceptance of the refund must terminate.

14.11 (b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a
14.12 forfeiture of salary credit for the allowable service credit covered by the refund.

14.13 (c) The rights and benefits of a former member must not be restored until the person
14.14 returns to active service and acquires at least six months of allowable service credit after
14.15 taking the last refund and repays the refund or refunds taken and interest received under
14.16 section 353.34, subdivisions 1 and 2, plus interest at ~~an~~ the applicable annual rate of 8.5
14.17 percent compounded annually. The applicable rate is 8.5 percent before July 1, 2015, and
14.18 8 percent after June 30, 2015. If the person elects to restore service credit in a particular
14.19 fund from which the person has taken more than one refund, the person must repay all
14.20 refunds to that fund. All refunds must be repaid within six months of the last date of
14.21 termination of public service.

14.22 Sec. 15. Minnesota Statutes 2014, section 354A.093, subdivision 6, is amended to read:

14.23 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent
14.24 employee and employer contribution amounts payable under this section. Interest must
14.25 be computed at a the applicable rate of 8.5 percent compounded annually from the end
14.26 of each fiscal year of the leave or break in service to the end of the month in which
14.27 payment is received. The applicable rate is 8.5 percent before July 1, 2015, and 8 percent
14.28 after June 30, 2015.

14.29 Sec. 16. Minnesota Statutes 2014, section 354A.38, subdivision 3, is amended to read:

14.30 Subd. 3. **Computation of refund repayment amount.** If the coordinated member
14.31 elects to repay a refund under subdivision 2, the repayment to the fund must be in an
14.32 amount equal to refunds the member has accepted plus interest at the applicable rate
14.33 of 8.5 percent compounded annually from the date that the refund was accepted to the

15.1 date that the refund is repaid. The applicable rate is 8.5 percent before July 1, 2015,
15.2 and 8 percent after June 30, 2015.

15.3 Sec. 17. Minnesota Statutes 2014, section 354B.23, subdivision 5, is amended to read:

15.4 Subd. 5. **Omitted member deductions.** (a) If the employing unit that employs a
15.5 plan participant fails to deduct the member contribution from the participant's salary and a
15.6 period of less than 60 days from the date on which the deduction should have been made
15.7 has elapsed, the employing unit must obtain the omitted member deduction by an additional
15.8 payroll deduction during the pay period next following the discovery of the omission.

15.9 (b) If the employing unit of a plan participant fails to deduct the member contribution
15.10 from the participant's salary and that omission continues for at least 60 days from the
15.11 date on which the deduction should have been made, the employing unit must pay the
15.12 amount representing the omitted member contribution, and the full required employer
15.13 contribution, plus compound interest at ~~an~~ the applicable annual rate of 8.5 percent. The
15.14 applicable rate is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015. The
15.15 contributions and any interest must be made within one year of the date on which the
15.16 omission was discovered.

15.17 Sec. 18. Minnesota Statutes 2014, section 354C.12, subdivision 2, is amended to read:

15.18 Subd. 2. **Omitted deductions.** If the employer of personnel covered by the
15.19 supplemental retirement plan as provided in section 354C.11 fails to deduct the member
15.20 basic contribution from the covered employee's salary and a period of less than 60 days
15.21 from the date on which the deduction should have been made has elapsed, the employer
15.22 must obtain the omitted member deduction by an additional payroll deduction during the
15.23 pay period next following the discovery of the omission. If the employer fails to deduct the
15.24 member basic contribution from the covered employee's salary and that omission continues
15.25 for at least 60 days from the date on which the member basic contribution deduction
15.26 should have been made, the employer must pay the amount representing the omitted
15.27 member basic contribution, and the full required omitted employer basic contribution,
15.28 plus compound interest at ~~an~~ the applicable annual rate of 8.5 percent. The applicable rate
15.29 is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015. The contributions
15.30 must be made within one year of the date on which the omission was discovered.

15.31 Sec. 19. Minnesota Statutes 2014, section 356.44, is amended to read:

15.32 **356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.**

16.1 (a) Notwithstanding any provision of law to the contrary, a member of a pension
16.2 plan listed in section 356.30, subdivision 3, with at least two years of forfeited service
16.3 taken from a single pension plan, may repay a portion of all refunds. A partial refund
16.4 repayment must comply with this section.

16.5 (b) The minimum portion of a refund repayment is one-third of the total service
16.6 credit period of all refunds taken from a single plan.

16.7 (c) The cost of the partial refund repayment is the product of the cost of the total
16.8 repayment multiplied by the ratio of the restored service credit to the total forfeited service
16.9 credit. The total repayment amount includes interest at the applicable annual rate of ~~8.5~~
16.10 ~~percent~~, compounded annually, from the refund date to the date repayment is received.
16.11 The applicable rate is 8.5 percent for any period for the Teachers Retirement Association
16.12 and is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015, for any other
16.13 retirement plan listed in section 356.30, subdivision 3.

16.14 (d) The restored service credit must be allocated based on the relationship the
16.15 restored service bears to the total service credit period for all refunds taken from a single
16.16 pension plan.

16.17 (e) This section does not authorize a public pension plan member to repay a refund
16.18 if the law governing the plan does not authorize the repayment of a refund of member
16.19 contributions.

16.20 Sec. 20. Minnesota Statutes 2014, section 490.124, subdivision 12, is amended to read:

16.21 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund
16.22 in an amount that is equal to all of the member's employee contributions to the judges'
16.23 retirement fund plus interest computed under section 352.22, subdivision 2.

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

16.26 (c) A person who becomes a judge again after taking a refund under paragraph (a)
16.27 may reinstate the previously terminated allowable service credit, rights, and benefits by
16.28 repaying the total amount of the previously received refund. The refund repayment must
16.29 include interest on the total amount previously received at an the applicable annual rate of
16.30 ~~8.5 percent~~, compounded annually, from the date on which the refund was received until
16.31 the date on which the refund is repaid. The applicable rate is 8.5 percent before July 1,
16.32 2015, and 8 percent after June 30, 2015.

16.33 Sec. 21. **EFFECTIVE DATE.**

16.34 Sections 1 to 20 are effective July 1, 2015.

17.1 **ARTICLE 3**

17.2 **CONFORMING CHANGES IN LEAVE AND PRIOR SERVICE CREDIT**
 17.3 **PURCHASE PROVISIONS RELATED TO INTEREST ASSUMPTION CHANGE**

17.4 Section 1. Minnesota Statutes 2014, section 352.017, subdivision 2, is amended to read:

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

17.10 (b) If payment is received by the executive director within one year from the date
 17.11 the employee returned to work following the authorized leave, the payment amount is
 17.12 equal to the employee and employer contribution rates specified in law for the applicable
 17.13 plan at the end of the leave period multiplied by the employee's hourly rate of salary on
 17.14 the date of return from the leave of absence and by the days and months of the leave of
 17.15 absence for which the employee is eligible for allowable service credit. The payment must
 17.16 include compound interest at a the applicable monthly rate of 0.71 percent from the last
 17.17 day of the leave period until the last day of the month in which payment is received. The
 17.18 applicable rate is 0.71 percent before July 1, 2015, and is 0.667 percent after June 30,
 17.19 2015. If payment is received by the executive director after one year, the payment amount
 17.20 is the amount determined under section 356.551. Payment under this paragraph must be
 17.21 made before the date of termination from public employment covered under this chapter.

17.22 (c) If the employee terminates employment covered by this chapter during the leave
 17.23 or following the leave rather than returning to covered employment, payment must be
 17.24 received by the executive director within 30 days after the termination date. The payment
 17.25 amount is equal to the employee and employer contribution rates specified in law for the
 17.26 applicable plan on the day prior to the termination date, multiplied by the employee's
 17.27 hourly rate of salary on that date and by the days and months of the leave of absence
 17.28 prior to termination.

17.29 Sec. 2. Minnesota Statutes 2014, section 352.27, is amended to read:

17.30 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
 17.31 **SERVICE.**

17.32 (a) An employee who is absent from employment by reason of service in the
 17.33 uniformed services, as defined in United States Code, title 38, section 4303(13), and who
 17.34 returns to state service upon discharge from service in the uniformed service within the
 17.35 time frames required in United States Code, title 38, section 4312(e), may obtain service

18.1 credit for the period of the uniformed service as further specified in this section, provided
18.2 that the employee did not separate from uniformed service with a dishonorable or bad
18.3 conduct discharge or under other than honorable conditions.

18.4 (b) The employee may obtain credit by paying into the fund an equivalent employee
18.5 contribution based upon the contribution rate or rates in effect at the time that the
18.6 uniformed service was performed multiplied by the full and fractional years being
18.7 purchased and applied to the annual salary rate. The annual salary rate is the average
18.8 annual salary during the purchase period that the employee would have received if the
18.9 employee had continued to be employed in covered employment rather than to provide
18.10 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
18.11 salary rate is the employee's average salary rate during the 12-month period of covered
18.12 employment rendered immediately preceding the period of the uniformed service.

18.13 (c) The equivalent employer contribution and, if applicable, the equivalent additional
18.14 employer contribution provided in this chapter must be paid by the department employing
18.15 the employee from funds available to the department at the time and in the manner
18.16 provided in this chapter, using the employer and additional employer contribution rate or
18.17 rates in effect at the time that the uniformed service was performed, applied to the same
18.18 annual salary rate or rates used to compute the equivalent employee contribution.

18.19 (d) If the employee equivalent contributions provided in this section are not paid in
18.20 full, the employee's allowable service credit must be prorated by multiplying the full and
18.21 fractional number of years of uniformed service eligible for purchase by the ratio obtained
18.22 by dividing the total employee contribution received by the total employee contribution
18.23 otherwise required under this section.

18.24 (e) To receive service credit under this section, the contributions specified in this
18.25 section must be transmitted to the Minnesota State Retirement System during the period
18.26 which begins with the date on which the individual returns to state service and which has a
18.27 duration of three times the length of the uniformed service period, but not to exceed five
18.28 years. If the determined payment period is less than one year, the contributions required
18.29 under this section to receive service credit may be made within one year of the discharge
18.30 date.

18.31 (f) The amount of service credit obtainable under this section may not exceed five
18.32 years unless a longer purchase period is required under United States Code, title 38,
18.33 section 4312.

18.34 (g) The employing unit shall pay interest on all equivalent employee and employer
18.35 contribution amounts payable under this section. Interest must be computed at a the
18.36 applicable rate of ~~8.5 percent~~ compounded annually from the end of each fiscal year of the

19.1 leave or the break in service to the end of the month in which the payment is received. The
19.2 applicable rate is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015.

19.3 Sec. 3. Minnesota Statutes 2014, section 352.955, subdivision 3, is amended to read:

19.4 Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible
19.5 employee who is transferred to plan coverage and who elects to transfer past service
19.6 credit under this section must pay an additional member contribution for that prior service
19.7 period. The additional member contribution is the amount computed under paragraph
19.8 (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the
19.9 unfunded actuarial accrued liability attributable to the past service credit transfer.

19.10 (b) The executive director shall compute, for the most recent 12 months of service
19.11 credit eligible for transfer, or for the entire period eligible for transfer if less than 12
19.12 months, the difference between the employee contribution rate or rates for the general state
19.13 employees retirement plan and the employee contribution rate or rates for the correctional
19.14 state employees retirement plan applied to the eligible employee's salary during that
19.15 transfer period, plus compound interest at a the applicable monthly rate of 0.71 percent. The
19.16 applicable rate is 0.71 percent before July 1, 2015, and is 0.667 percent after June 30, 2015.

19.17 (c) The executive director shall compute, for any service credit being transferred
19.18 on behalf of the eligible employee and not included under paragraph (b), the difference
19.19 between the employee contribution rate or rates for the general state employees retirement
19.20 plan and the employee contribution rate or rates for the correctional state employees
19.21 retirement plan applied to the eligible employee's salary during that transfer period, plus
19.22 compound interest at a the applicable monthly rate of 0.71 percent. The applicable rate is
19.23 0.71 percent before July 1, 2015, and is 0.667 percent after June 30, 2015.

19.24 (d) The executive director shall compute an amount using the process specified in
19.25 paragraph (b), but based on differences in employer contribution rates between the general
19.26 state employees retirement plan and the correctional state employees retirement plan
19.27 rather than employee contribution rates.

19.28 (e) The executive director shall compute an amount using the process specified in
19.29 paragraph (c), but based on differences in employer contribution rates between the general
19.30 state employees retirement plan and the correctional state employees retirement plan
19.31 rather than employee contribution rates.

19.32 (f) The additional equivalent member contribution under this subdivision must be
19.33 paid in a lump sum. Payment must accompany the election to transfer the prior service
19.34 credit. No transfer election or additional equivalent member contribution payment may be
19.35 made by a person or accepted by the executive director after the one year anniversary date

20.1 of the effective date of the retirement coverage transfer, or the date on which the eligible
20.2 employee terminates state employment, whichever is earlier.

20.3 (g) If an eligible employee elects to transfer past service credit under this section
20.4 and pays the additional equivalent member contribution amount under paragraph (a), the
20.5 applicable department shall pay an additional equivalent employer contribution amount.
20.6 The additional employer contribution is the amount computed under paragraph (d), plus
20.7 the greater of the amount computed under paragraph (e), or 60 percent of the unfunded
20.8 actuarial accrued liability attributable to the past service credit transfer.

20.9 (h) The unfunded actuarial accrued liability attributable to the past service credit
20.10 transfer is the present value of the benefit obtained by the transfer of the service credit
20.11 to the correctional state employees retirement plan reduced by the amount of the asset
20.12 transfer under subdivision 4, by the amount of the member contribution equivalent
20.13 payment computed under paragraph (b), and by the amount of the employer contribution
20.14 equivalent payment computed under paragraph (d).

20.15 (i) The additional equivalent employer contribution under this subdivision must be
20.16 paid in a lump sum and must be paid within 30 days of the date on which the executive
20.17 director of the Minnesota State Retirement System certifies to the applicable department
20.18 that the employee paid the additional equivalent member contribution.

20.19 Sec. 4. Minnesota Statutes 2014, section 352B.013, subdivision 2, is amended to read:

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

20.25 (b) If payment is received by the executive director within one year from the date the
20.26 employee returned to work following the authorized leave, the payment amount is equal to
20.27 the employee and employer contribution rates specified in section 352B.02 at the end of
20.28 the leave period multiplied by the employee's hourly rate of salary on the date of return
20.29 from the leave of absence and by the days and months of the leave of absence for which
20.30 the employee is eligible for allowable service credit. The payment must include compound
20.31 interest at a the applicable monthly rate of ~~0.71 percent~~ from the last day of the leave
20.32 period until the last day of the month in which payment is received. The applicable rate is
20.33 0.71 percent before July 1, 2015, and is 0.667 percent after June 30, 2015. If payment
20.34 is received by the executive director after one year from the date the employee returned
20.35 to work following the authorized leave, the payment amount is the amount determined

21.1 under section 356.551. Payment under this paragraph must be made before the date of
21.2 termination from public employment covered under this chapter.

21.3 (c) If the employee terminates employment covered by this chapter during the leave
21.4 or following the leave rather than returning to covered employment, payment must be
21.5 received by the executive director within 30 days after the termination date. The payment
21.6 amount is equal to the employee and employer contribution rates specified in section
21.7 352B.02 on the day prior to the termination date, multiplied by the employee's hourly rate of
21.8 salary on that date and by the days and months of the leave of absence prior to termination.

21.9 Sec. 5. Minnesota Statutes 2014, section 352B.085, is amended to read:

21.10 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**
21.11 **ABSENCE.**

21.12 A member on leave of absence receiving temporary workers' compensation payments
21.13 and a reduced salary or no salary from the employer who is entitled to allowable service
21.14 credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may
21.15 make payment to the fund for the difference between salary received, if any, and the salary
21.16 that the member would normally receive if the member was not on leave of absence
21.17 during the period. The member shall pay an amount equal to the member and employer
21.18 contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential
21.19 salary amount for the period of the leave of absence. The employing department, at its
21.20 option, may pay the employer amount on behalf of the member. Payment made under
21.21 this subdivision must include interest at the applicable rate of 8.5 percent per year, and
21.22 must be completed within one year of the member's return from the leave of absence. The
21.23 applicable rate is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015.

21.24 Sec. 6. Minnesota Statutes 2014, section 352B.086, is amended to read:

21.25 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

21.26 (a) A member who is absent from employment by reason of service in the uniformed
21.27 services, as defined in United States Code, title 38, section 4303(13), and who returns to
21.28 state employment in a position covered by the plan upon discharge from service in the
21.29 uniformed services within the time frame required in United States Code, title 38, section
21.30 4312(e), may obtain service credit for the period of the uniformed service, provided that
21.31 the member did not separate from uniformed service with a dishonorable or bad conduct
21.32 discharge or under other than honorable conditions.

21.33 (b) The member may obtain credit by paying into the fund an equivalent member
21.34 contribution based on the member contribution rate or rates in effect at the time that

22.1 the uniformed service was performed multiplied by the full and fractional years being
22.2 purchased and applied to the annual salary rate. The annual salary rate is the average
22.3 annual salary during the purchase period that the member would have received if the
22.4 member had continued to provide employment services to the state rather than to provide
22.5 uniformed service, or if the determination of that rate is not reasonably certain, the annual
22.6 salary rate is the member's average salary rate during the 12-month period of covered
22.7 employment rendered immediately preceding the purchase period.

22.8 (c) The equivalent employer contribution and, if applicable, the equivalent employer
22.9 additional contribution, must be paid by the employing unit, using the employer and
22.10 employer additional contribution rate or rates in effect at the time that the uniformed
22.11 service was performed, applied to the same annual salary rate or rates used to compute the
22.12 equivalent member contribution.

22.13 (d) If the member equivalent contributions provided for in this section are not paid
22.14 in full, the member's allowable service credit must be prorated by multiplying the full and
22.15 fractional number of years of uniformed service eligible for purchase by the ratio obtained
22.16 by dividing the total member contributions received by the total member contributions
22.17 otherwise required under this section.

22.18 (e) To receive allowable service credit under this section, the contributions specified
22.19 in this section must be transmitted to the fund during the period which begins with the
22.20 date on which the individual returns to state employment covered by the plan and which
22.21 has a duration of three times the length of the uniformed service period, but not to exceed
22.22 five years. If the determined payment period is calculated to be less than one year, the
22.23 contributions required under this section to receive service credit must be transmitted to
22.24 the fund within one year from the discharge date.

22.25 (f) The amount of allowable service credit obtainable under this section may not
22.26 exceed five years, unless a longer purchase period is required under United States Code,
22.27 title 38, section 4312.

22.28 (g) The employing unit shall pay interest on all equivalent member and employer
22.29 contribution amounts payable under this section. Interest must be computed at a the
22.30 applicable rate of 8.5 percent compounded annually from the end of each fiscal year of
22.31 the leave or break in service to the end of the month in which payment is received. The
22.32 applicable rate is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015.

22.33 Sec. 7. Minnesota Statutes 2014, section 352D.11, subdivision 2, is amended to read:

22.34 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit
22.35 may make the purchase by paying to the state retirement system an amount equal to

23.1 the current employee contribution rate in effect for the state retirement system applied
23.2 to the current or final salary rate multiplied by the months and days of prior temporary,
23.3 intermittent, or contract legislative service. Payment shall be made in one lump sum
23.4 unless the executive director of the state retirement system agrees to accept payment in
23.5 installments over a period of not more than three years from the date of the agreement.
23.6 Installment payments shall be charged interest at ~~an annual~~ the applicable rate of 8.5
23.7 ~~percent~~ percent compounded annually. The applicable rate is 8.5 percent before July 1, 2015,
23.8 and 8 percent after June 30, 2015.

23.9 Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

23.12 (1) service during years of actual membership in the course of which employee
23.13 deductions were withheld from salary and contributions were made at the applicable rates
23.14 under section 353.27, 353.65, or 353E.03;

23.15 (2) periods of service covered by payments in lieu of salary deductions under
23.16 sections 353.27, subdivision 12, and 353.35;

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

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

23.22 (5) a period of authorized personal, parental, or medical leave of absence without
23.23 pay, including a leave of absence covered under the federal Family Medical Leave Act,
23.24 that does not exceed one year, and for which a member obtained service credit for each
23.25 month in the leave period by payment under section 353.0161 to the fund made in place of
23.26 salary deductions. An employee must return to public service and render a minimum of
23.27 three months of allowable service in order to be eligible to make payment under section
23.28 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
23.29 employee must be granted allowable service credit for the purchased period;

23.30 (6) a periodic, repetitive leave that is offered to all employees of a governmental
23.31 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
23.32 as certified to the association by the employer. A participating member obtains service
23.33 credit by making employee contributions in an amount or amounts based on the member's
23.34 average salary, excluding overtime pay, that would have been paid if the leave had not
23.35 been taken. The employer shall pay the employer and additional employer contributions

24.1 on behalf of the participating member. The employee and the employer are responsible
24.2 to pay interest on their respective shares at the applicable rate of 8.5 percent a year,
24.3 compounded annually, from the end of the normal cycle until full payment is made. The
24.4 applicable rate is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015. An
24.5 employer shall also make the employer and additional employer contributions, plus ~~8.5~~
24.6 ~~percent~~ the applicable interest rate, compounded annually, on behalf of an employee
24.7 who makes employee contributions but terminates public service. The applicable rate
24.8 is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015. The employee
24.9 contributions must be made within one year after the end of the annual normal working
24.10 cycle or within 30 days after termination of public service, whichever is sooner. The
24.11 executive director shall prescribe the manner and forms to be used by a governmental
24.12 subdivision in administering a periodic, repetitive leave. Upon payment, the member must
24.13 be granted allowable service credit for the purchased period;

24.14 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
24.15 months allowable service per authorized temporary or seasonal layoff in one calendar year.
24.16 An employee who has received the maximum service credit allowed for an authorized
24.17 temporary or seasonal layoff must return to public service and must obtain a minimum of
24.18 three months of allowable service subsequent to the layoff in order to receive allowable
24.19 service for a subsequent authorized temporary or seasonal layoff;

24.20 (8) a period during which a member is absent from employment by a governmental
24.21 subdivision by reason of service in the uniformed services, as defined in United States
24.22 Code, title 38, section 4303(13), if the member returns to public service with the same
24.23 governmental subdivision upon discharge from service in the uniformed service within the
24.24 time frames required under United States Code, title 38, section 4312(e), provided that
24.25 the member did not separate from uniformed service with a dishonorable or bad conduct
24.26 discharge or under other than honorable conditions. The service must be credited if the
24.27 member pays into the fund equivalent employee contributions based upon the contribution
24.28 rate or rates in effect at the time that the uniformed service was performed multiplied
24.29 by the full and fractional years being purchased and applied to the annual salary rate.
24.30 The annual salary rate is the average annual salary during the purchase period that the
24.31 member would have received if the member had continued to be employed in covered
24.32 employment rather than to provide uniformed service, or, if the determination of that
24.33 rate is not reasonably certain, the annual salary rate is the member's average salary rate
24.34 during the 12-month period of covered employment rendered immediately preceding the
24.35 period of the uniformed service. Payment of the member equivalent contributions must
24.36 be made during a period that begins with the date on which the individual returns to

25.1 public employment and that is three times the length of the military leave period, or
25.2 within five years of the date of discharge from the military service, whichever is less. If
25.3 the determined payment period is less than one year, the contributions required under
25.4 this clause to receive service credit may be made within one year of the discharge date.
25.5 Payment may not be accepted following 30 days after termination of public service under
25.6 subdivision 11a. If the member equivalent contributions provided for in this clause are
25.7 not paid in full, the member's allowable service credit must be prorated by multiplying
25.8 the full and fractional number of years of uniformed service eligible for purchase by the
25.9 ratio obtained by dividing the total member contributions received by the total member
25.10 contributions otherwise required under this clause. The equivalent employer contribution,
25.11 and, if applicable, the equivalent additional employer contribution must be paid by the
25.12 governmental subdivision employing the member if the member makes the equivalent
25.13 employee contributions. The employer payments must be made from funds available to
25.14 the employing unit, using the employer and additional employer contribution rate or
25.15 rates in effect at the time that the uniformed service was performed, applied to the same
25.16 annual salary rate or rates used to compute the equivalent member contribution. The
25.17 governmental subdivision involved may appropriate money for those payments. The
25.18 amount of service credit obtainable under this section may not exceed five years unless a
25.19 longer purchase period is required under United States Code, title 38, section 4312. The
25.20 employing unit shall pay interest on all equivalent member and employer contribution
25.21 amounts payable under this clause. Interest must be computed at a the applicable rate of
25.22 ~~8.5 percent~~ compounded annually from the end of each fiscal year of the leave or the break
25.23 in service to the end of the month in which the payment is received. The applicable rate
25.24 is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015. Upon payment, the
25.25 employee must be granted allowable service credit for the purchased period; or

25.26 (9) a period specified under section 353.0162.

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

25.32 (c) No member may receive more than 12 months of allowable service credit in a
25.33 year either for vesting purposes or for benefit calculation purposes. For an active member
25.34 who was an active member of the former Minneapolis Firefighters Relief Association
25.35 on December 29, 2011, "allowable service" is the period of service credited by the
25.36 Minneapolis Firefighters Relief Association as reflected in the transferred records of the

26.1 association up to December 30, 2011, and the period of service credited under paragraph
26.2 (a), clause (1), after December 30, 2011. For an active member who was an active member
26.3 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable
26.4 service" is the period of service credited by the Minneapolis Police Relief Association as
26.5 reflected in the transferred records of the association up to December 30, 2011, and the
26.6 period of service credited under paragraph (a), clause (1), after December 30, 2011.

26.7 (d) MS 2002 [Expired]

26.8 Sec. 9. Minnesota Statutes 2014, section 353.0161, subdivision 2, is amended to read:

26.9 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
26.10 subdivision 1 may purchase credit for allowable service in that plan for a period specified
26.11 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
26.12 whichever applies. The employing unit, at its option, may pay the employer portion of the
26.13 amount specified in paragraph (b) on behalf of its employees.

26.14 (b) If payment is received by the executive director within one year from the date the
26.15 member returned to work following the authorized leave, or within 30 days after the date
26.16 of termination of public service if the member did not return to work, the payment amount
26.17 is equal to the employee and employer contribution rates specified in law for the applicable
26.18 plan at the end of the leave period, or at termination of public service, whichever is earlier,
26.19 multiplied by the employee's average monthly salary, excluding overtime, upon which
26.20 deductions were paid during the six months, or portion thereof, before the commencement
26.21 of the leave of absence and by the number of months of the leave of absence for which
26.22 the employee wants allowable service credit. Payments made under this paragraph must
26.23 include compound interest at a the applicable monthly rate of 0.71 percent from the last
26.24 day of the leave period until the last day of the month in which payment is received. The
26.25 applicable rate is 0.71 percent before July 1, 2015, and is 0.667 percent after June 30, 2015.

26.26 (c) If payment is received by the executive director after one year, the payment
26.27 amount is the amount determined under section 356.551. Payment under this paragraph
26.28 must be made before the date the person terminates public service under section 353.01,
26.29 subdivision 11a.

26.30 Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

26.31 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

26.32 (a) A member may purchase additional salary credit for a period specified in this
26.33 section.

27.1 (b) The applicable period is a period during which the member is receiving a reduced
27.2 salary from the employer while the member is:

27.3 (1) receiving temporary workers' compensation payments related to the member's
27.4 service to the public employer;

27.5 (2) on an authorized medical leave of absence; or

27.6 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
27.7 savings program offered or mandated by a governmental subdivision.

27.8 (c) The differential salary amount is the difference between the average monthly
27.9 salary received by the member during the period of reduced salary under this section and
27.10 the average monthly salary of the member, excluding overtime, on which contributions
27.11 to the applicable plan were made during the period of the last six months of covered
27.12 employment occurring immediately before the period of reduced salary, applied to the
27.13 member's normal employment period, measured in hours or otherwise, as applicable.

27.14 (d) To receive eligible salary credit, the member shall pay an amount equal to:

27.15 (1) the applicable employee contribution rate under section 353.27, subdivision
27.16 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
27.17 differential salary amount;

27.18 (2) plus an employer equivalent payment equal to the applicable employer
27.19 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,
27.20 subdivision 2, as applicable, multiplied by the differential salary amount;

27.21 (3) plus, if applicable, an equivalent employer additional amount equal to the
27.22 additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the
27.23 differential salary amount.

27.24 (e) The employer, by appropriate action of its governing body and documented in its
27.25 official records, may pay the employer equivalent contributions and, as applicable, the
27.26 equivalent employer additional contributions on behalf of the member.

27.27 (f) Payment under this section must include interest on the contribution amount or
27.28 amounts, whichever applies, at ~~an 8.5 percent~~ the applicable annual rate, prorated for
27.29 applicable months from the date on which the period of reduced salary specified under
27.30 this section terminates to the date on which the payment or payments are received by the
27.31 executive director. The applicable rate is 8.5 percent before July 1, 2015, and 8 percent
27.32 after June 30, 2015. Payment under this section must be completed within the earlier
27.33 of 30 days from termination of public service by the employee under section 353.01,
27.34 subdivision 11a, or one year after the termination of the period specified in paragraph
27.35 (b), as further restricted under this section.

28.1 (g) The period for which additional allowable salary credit may be purchased is
28.2 limited to the period during which the person receives temporary workers' compensation
28.3 payments or for those business years in which the governmental subdivision offers or
28.4 mandates a budget or salary savings program, as certified to the executive director by a
28.5 resolution of the governing body of the governmental subdivision. For an authorized
28.6 medical leave of absence, the period for which allowable salary credit may be purchased
28.7 may not exceed 12 consecutive months of authorized medical leave.

28.8 (h) To purchase salary credit for a subsequent period of temporary workers'
28.9 compensation benefits or subsequent authorized medical leave of absence, the member
28.10 must return to public service and render a minimum of three months of allowable service.

28.11 Sec. 11. Minnesota Statutes 2014, section 354A.096, is amended to read:

28.12 **354A.096 MEDICAL LEAVE.**

28.13 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
28.14 Association who is on an authorized medical leave of absence and subsequently returns
28.15 to teaching service is entitled to receive allowable service credit, not to exceed one year,
28.16 for the period of leave, upon making the prescribed payment to the fund. This payment
28.17 must include the required employee and employer contributions at the rates specified in
28.18 section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time
28.19 monthly salary rate on the date the leave of absence commenced plus annual interest at the
28.20 applicable rate of 8.5 percent per year from the end of the fiscal year during which the
28.21 leave terminates to the end of the month during which payment is made. The applicable
28.22 rate is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015. The member
28.23 must pay the total amount required unless the employing unit, at its option, pays the
28.24 employer contributions. The total amount required must be paid by the end of the fiscal
28.25 year following the fiscal year in which the leave of absence terminated or before the
28.26 member retires, whichever is earlier. Payment must be accompanied by a copy of the
28.27 resolution or action of the employing authority granting the leave and the employing
28.28 authority, upon granting the leave, must certify the leave to the association in a manner
28.29 specified by the executive director. A member may not receive more than one year of
28.30 allowable service credit during any fiscal year by making payment under this section. A
28.31 member may not receive disability benefits under section 354A.36 and receive allowable
28.32 service credit under this section for the same period of time.

28.33 Sec. 12. Minnesota Statutes 2014, section 354A.108, is amended to read:

29.1 **354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS'**
29.2 **COMPENSATION.**

29.3 (a) A member of the Duluth Teachers Retirement Fund Association who is receiving
29.4 temporary workers' compensation payments related to the member's teaching service
29.5 and who either is receiving a reduced salary from the employer or is receiving no salary
29.6 from the employer is entitled to receive allowable service credit for the period of time
29.7 that the member is receiving the workers' compensation payments upon making the
29.8 required payment amount.

29.9 (b) The required amount payable by the member must be calculated first by
29.10 determining the differential salary amount, which is the difference between the salary
29.11 received, if any, during the period of time that the member is collecting workers'
29.12 compensation payments, and the salary that the member received for an identical length
29.13 period immediately before collecting the workers' compensation payments. The member
29.14 shall pay an amount equal to the employee contribution rate under section 354A.12,
29.15 subdivision 1, multiplied by the differential salary amount.

29.16 (c) If the member makes the employee payment under this section, the employing
29.17 unit shall make an employer payment to the Duluth Teachers Retirement Fund Association
29.18 equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied
29.19 by the differential salary amount.

29.20 (d) Payments made under this subdivision are payable without interest if paid by
29.21 June 30 of the year during which the workers' compensation payments are received by the
29.22 member. If paid after June 30, payments made under this subdivision must include interest
29.23 at the applicable rate of 8.5 percent per year. The applicable rate is 8.5 percent before July
29.24 1, 2015, and 8 percent after June 30, 2015. Payment under this section must be completed
29.25 within one year of the termination of the workers' compensation payments to the member.

29.26 Sec. 13. Minnesota Statutes 2014, section 356.195, subdivision 2, is amended to read:

29.27 Subd. 2. **Purchase procedure for strike periods.** (a) An employee covered by a
29.28 plan specified in subdivision 1 may purchase allowable service credit in the applicable
29.29 plan for any period of time during which the employee was on a public employee strike
29.30 without pay, not to exceed a period of one year, if the employee makes a payment in
29.31 lieu of salary deductions as specified in paragraph (b) or (c), whichever applies. The
29.32 employing unit, at its option, may pay the employer portion of the amount specified in
29.33 paragraph (b) on behalf of its employees.

29.34 (b) If payment is received by the applicable pension plan executive director within
29.35 one year from the end of the strike, the payment amount is equal to the applicable

30.1 employee and employer contribution rates specified in law for the applicable plan during
30.2 the strike period, applied to the employee's rate of salary in effect at the conclusion of the
30.3 strike for the period of the strike without pay, plus compound interest at a the applicable
30.4 monthly rate of 0.71 percent from the last day of the strike period until the date payment is
30.5 received. The applicable rate is 0.71 percent for any period for the Teachers Retirement
30.6 Association and is 0.71 percent before July 1, 2015, and is 0.667 percent after June 30,
30.7 2015, for any other retirement plan listed in section 356.30, subdivision 3.

30.8 (c) If payment is received by the applicable pension fund director after one year and
30.9 before five years from the end of the strike, the payment amount is the amount determined
30.10 under section 356.551.

30.11 (d) Payments may not be made more than five years after the end of the strike.

30.12 Sec. 14. Minnesota Statutes 2014, section 356.50, subdivision 2, is amended to read:

30.13 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan
30.14 allowable service credit, the eligible person under subdivision 1 shall pay the required
30.15 member contribution amount. The required member contribution amount is the member
30.16 contribution rate or rates in effect for the pension plan during the period of service covered
30.17 by the back pay award, applied to the unpaid gross salary amounts of the back pay award
30.18 including unemployment insurance, workers' compensation, or wages from other sources
30.19 which reduced the back award. No contributions may be made under this clause for
30.20 compensation covered by a public pension plan listed in section 356.30, subdivision 3,
30.21 for employment during the removal period. The person shall pay the required member
30.22 contribution amount within 60 days of the date of receipt of the back pay award or within
30.23 60 days of a billing from the retirement fund, whichever is later.

30.24 (b) The public employer who wrongfully discharged the public employee must pay
30.25 an employer contribution on the back pay award. The employer contribution must be
30.26 based on the employer contribution rate or rates in effect for the pension plan during the
30.27 period of service covered by the back pay award, applied to the salary amount on which
30.28 the member contribution amount was determined under paragraph (a). Interest on both the
30.29 required member and employer contribution amount must be paid by the employer at the
30.30 applicable annual compound rate of 8.5 percent per year, expressed monthly, between the
30.31 date the contribution amount would have been paid to the date of actual payment. The
30.32 applicable rate is 8.5 percent for any period for the Teachers Retirement Association
30.33 and is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015, for any other
30.34 retirement plan listed in section 356.30, subdivision 3. The employer payment must be
30.35 made within 30 days of the payment under paragraph (a).

31.1 Sec. 15. Minnesota Statutes 2014, section 356.551, subdivision 2, is amended to read:

31.2 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in
31.3 paragraph (c) applies, the prior service credit purchase amount is an amount equal to the
31.4 actuarial present value, on the date of payment, as calculated by the chief administrative
31.5 officer of the pension plan and reviewed by the actuary retained under section 356.214,
31.6 of the amount of the additional retirement annuity obtained by the acquisition of the
31.7 additional service credit in this section.

31.8 (b) Calculation of this amount must be made using the preretirement interest rate
31.9 applicable to the public pension plan specified in section 356.215, subdivision 8, and
31.10 the mortality table adopted for the public pension plan. The calculation must assume
31.11 continuous future service in the public pension plan until, and retirement at, the age at
31.12 which the minimum requirements of the fund for normal retirement or retirement with an
31.13 annuity unreduced for retirement at an early age, including section 356.30, are met with
31.14 the additional service credit purchased. The calculation must also assume a full-time
31.15 equivalent salary, or actual salary, whichever is greater, and a future salary history that
31.16 includes annual salary increases at the applicable salary increase rate for the plan specified
31.17 in section 356.215, subdivision 4d.

31.18 (c) The prior service credit purchase amount may not be less than the amount
31.19 determined by applying, for each year or fraction of a year being purchased, the sum
31.20 of the employee contribution rate, the employer contribution rate, and the additional
31.21 employer contribution rate, if any, applicable during that period, to the person's annual
31.22 salary during that period, or fractional portion of a year's salary, if applicable, plus interest
31.23 at the applicable annual rate of 8.5 percent compounded annually from the end of the year
31.24 in which contributions would otherwise have been made to the date on which the payment
31.25 is received. The applicable rate is 8.5 percent for any period for the Teachers Retirement
31.26 Association and is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015, for
31.27 any other retirement plan listed in section 356.30, subdivision 3.

31.28 (d) Unless otherwise provided by statutes governing a specific plan, payment must
31.29 be made in one lump sum within one year of the prior service credit authorization or prior
31.30 to the member's effective date of retirement, whichever is earlier. Payment of the amount
31.31 calculated under this section must be made by the applicable eligible person.

31.32 (e) However, the current employer or the prior employer may, at its discretion, pay
31.33 all or any portion of the payment amount that exceeds an amount equal to the employee
31.34 contribution rates in effect during the period or periods of prior service applied to the
31.35 actual salary rates in effect during the period or periods of prior service, plus interest at the
31.36 rate of 8.5 percent a year compounded annually from the date on which the contributions

32.1 would otherwise have been made to the date on which the payment is made. If the
32.2 employer agrees to payments under this subdivision, the purchaser must make the
32.3 employee payments required under this subdivision within 90 days of the prior service
32.4 credit authorization. If that employee payment is made, the employer payment under this
32.5 subdivision must be remitted to the chief administrative officer of the public pension plan
32.6 within 60 days of receipt by the chief administrative officer of the employee payments
32.7 specified under this subdivision.

32.8 Sec. 16. Minnesota Statutes 2014, section 490.121, subdivision 4, is amended to read:

32.9 Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month,
32.10 subject to the service credit limit in subdivision 22, served as a judge at any time, during
32.11 which the judge received compensation for that service from the state, municipality,
32.12 or county, whichever applies, and for which the judge made any required member
32.13 contribution. It also includes any month served as a referee in probate for all referees in
32.14 probate who were in office before January 1, 1974.

32.15 (b) "Allowable service" also means a period of authorized leave of absence for
32.16 which the judge has made a payment in lieu of contributions, not in an amount in excess
32.17 of the service credit limit under subdivision 22. To obtain the service credit, the judge
32.18 shall pay an amount equal to the normal cost of the judges retirement plan on the date of
32.19 return from the leave of absence, as determined in the most recent actuarial report for the
32.20 plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the
32.21 judge's average monthly salary rate during the authorized leave of absence and multiplied
32.22 by the number of months of the authorized leave of absence, plus annual compound
32.23 interest at the applicable rate of 8.5 percent from the date of the termination of the leave to
32.24 the date on which payment is made. The applicable rate is 8.5 percent before July 1, 2015,
32.25 and 8 percent after June 30, 2015. The payment must be made within one year of the date
32.26 on which the authorized leave of absence terminated. Service credit for an authorized
32.27 leave of absence is in addition to a uniformed service leave under section 490.1211.

32.28 (c) "Allowable service" does not mean service as a retired judge.

32.29 Sec. 17. Minnesota Statutes 2014, section 490.1211, is amended to read:

32.30 **490.1211 UNIFORMED SERVICE.**

32.31 (a) A judge who is absent from employment by reason of service in the uniformed
32.32 services, as defined in United States Code, title 38, section 4303(13), and who returns
32.33 to state employment as a judge upon discharge from service in the uniformed service
32.34 within the time frame required in United States Code, title 38, section 4312(e), may obtain

33.1 service credit for the period of the uniformed service, provided that the judge did not
33.2 separate from uniformed service with a dishonorable or bad conduct discharge or under
33.3 other than honorable conditions.

33.4 (b) The judge may obtain credit by paying into the fund equivalent member
33.5 contribution based on the contribution rate or rates in effect at the time that the uniformed
33.6 service was performed multiplied by the full and fractional years being purchased and
33.7 applied to the annual salary rate. The annual salary rate is the average annual salary
33.8 during the purchase period that the judge would have received if the judge had continued
33.9 to provide employment services to the state rather than to provide uniformed service, or
33.10 if the determination of that rate is not reasonably certain, the annual salary rate is the
33.11 judge's average salary rate during the 12-month period of judicial employment rendered
33.12 immediately preceding the purchase period.

33.13 (c) The equivalent employer contribution and, if applicable, the equivalent employer
33.14 additional contribution, must be paid by the employing unit, using the employer and
33.15 employer additional contribution rate or rates in effect at the time that the uniformed
33.16 service was performed, applied to the same annual salary rate or rates used to compute the
33.17 equivalent member contribution.

33.18 (d) If the member equivalent contributions provided for in this section are not paid
33.19 in full, the judge's allowable service credit must be prorated by multiplying the full and
33.20 fractional number of years of uniformed service eligible for purchase by the ratio obtained
33.21 by dividing the total member contributions received by the total member contributions
33.22 otherwise required under this section.

33.23 (e) To receive allowable service credit under this section, the contributions specified
33.24 in this section and section 490.121 must be transmitted to the fund during the period
33.25 which begins with the date on which the individual returns to judicial employment and
33.26 which has a duration of three times the length of the uniformed service period, but not
33.27 to exceed five years. If the determined payment period is calculated to be less than one
33.28 year, the contributions required under this section to receive service credit may be within
33.29 one year from the discharge date.

33.30 (f) The amount of allowable service credit obtainable under this section and section
33.31 490.121 may not exceed five years, unless a longer purchase period is required under
33.32 United States Code, title 38, section 4312.

33.33 (g) The state court administrator shall pay interest on all equivalent member and
33.34 employer contribution amounts payable under this section. Interest must be computed at a
33.35 the applicable rate of ~~8.5 percent~~ compounded annually from the end of each fiscal year of

34.1 the leave or break in service to the end of the month in which payment is received. The
34.2 applicable rate is 8.5 percent before July 1, 2015, and 8 percent after June 30, 2015.

34.3 Sec. 18. **EFFECTIVE DATE.**

34.4 Sections 1 to 17 are effective July 1, 2015.

34.5 **ARTICLE 4**

34.6 **POSTRETIREMENT ADJUSTMENT FINANCIAL SUSTAINABILITY**
34.7 **TRIGGER MODIFICATIONS**

34.8 Section 1. Minnesota Statutes 2014, section 354A.29, subdivision 7, is amended to read:

34.9 Subd. 7. **Eligibility for payment of postretirement adjustments.** (a) Annually,
34.10 after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association
34.11 must determine the amount of any postretirement adjustment using the procedures in this
34.12 subdivision and subdivision 8 or 9, whichever is applicable.

34.13 (b) On January 1, each ~~eligible~~ person who has been receiving an annuity or benefit
34.14 under the articles of incorporation, the bylaws, or this chapter ~~for at least three calendar~~
34.15 ~~months as of the end of the last day of the previous calendar year,~~ whose effective date
34.16 of benefit commencement occurred on or before July 1 of the calendar year immediately
34.17 before the adjustment, is eligible to receive a postretirement increase as specified in
34.18 subdivision 8 or 9.

34.19 **EFFECTIVE DATE.** This section is effective June 30, 2015.

34.20 Sec. 2. Minnesota Statutes 2014, section 354A.29, subdivision 8, is amended to read:

34.21 Subd. 8. **Calculation of postretirement adjustments; ~~transitional provision~~**
34.22 **percentage based.** (a) For purposes of computing postretirement adjustments for eligible
34.23 benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued
34.24 liability funding ratio based on the actuarial value of assets of the plan as determined by
34.25 the two most recent actuarial valuations prepared under sections 356.214 and 356.215
34.26 determines the postretirement increase, as follows:

34.27	Funding ratio	Postretirement increase
34.28	Less than 80 percent	1 percent
34.29	At least 80 percent but less than 90	
34.30	percent	2 percent

34.31 (b) The amount determined under paragraph (a) is the full postretirement increase to
34.32 be applied as a permanent increase to the regular payment of each eligible member on
34.33 January 1 of the next calendar year. For any eligible member whose effective date of
34.34 benefit commencement occurred ~~during~~ after January 1 of the calendar year immediately

35.1 before the postretirement increase is applied, the ~~full increase amount~~ determined under
35.2 paragraph (a) must be ~~prorated on the basis of whole calendar quarters in benefit payment~~
35.3 ~~status in the calendar year prior to the January 1 on which the postretirement increase is~~
35.4 ~~applied, calculated to the third decimal place~~ reduced by 50 percent.

35.5 (c) If the accrued liability funding ratio based on the actuarial value of assets is at
35.6 least 90 percent in two consecutive actuarial valuations, ~~this subdivision expires and~~
35.7 subsequent postretirement increases must be paid as specified in subdivision 9.

35.8 (d) If, following a postretirement increase under paragraph (a), the accrued liability
35.9 funding ratio, based on the actuarial value of assets, falls below 80 percent for two
35.10 consecutive actuarial valuations, the applicable postretirement increase must be reduced
35.11 to one percent until January 1 of the calendar year next following the date on which the
35.12 requirements for an increase under paragraph (a) are again satisfied.

35.13 **EFFECTIVE DATE.** This section is effective June 30, 2015.

35.14 Sec. 3. Minnesota Statutes 2014, section 354A.29, subdivision 9, is amended to read:

35.15 Subd. 9. **Calculation of postretirement adjustments.** (a) This subdivision applies
35.16 if the requirements of subdivision 8 has expired, paragraph (c), have been satisfied.

35.17 (b) A percentage adjustment must be ~~computed and~~ paid under this subdivision to
35.18 eligible persons under subdivision 7. ~~This adjustment is determined by reference to the~~
35.19 ~~Consumer Price Index for urban wage earners and clerical workers all items index as~~
35.20 ~~reported by the Bureau of Labor Statistics within the United States Department of Labor~~
35.21 ~~each year as part of the determination of annual cost-of-living adjustments to recipients of~~
35.22 ~~federal old-age, survivors, and disability insurance. For calculations of postretirement~~
35.23 ~~adjustments under paragraph (c), the term "average third quarter Consumer Price Index~~
35.24 ~~value" means the sum of the monthly index values as initially reported by the Bureau of~~
35.25 ~~Labor Statistics for the months of July, August, and September, divided by three.~~

35.26 (c) ~~Before January 1 of each year, the executive director must calculate the amount~~
35.27 ~~of the postretirement adjustment by dividing the most recent average third quarter index~~
35.28 ~~value by the same average third quarter index value from the previous year, subtract one~~
35.29 ~~from the resulting quotient, and express the result as a percentage amount, which must be~~
35.30 ~~rounded to the nearest one-tenth of one percent.~~

35.31 (d) (c) The amount calculated under paragraph (c) of 2.5 percent is the full
35.32 postretirement adjustment to be applied as a permanent increase to the regular payment of
35.33 each eligible member on January 1 of the next calendar year. For any eligible member
35.34 whose effective date of benefit commencement occurred during the after January 1
35.35 of the calendar year immediately before the postretirement adjustment is applied, the

36.1 ~~full increase postretirement adjustment amount must be prorated on the basis of whole~~
 36.2 ~~calendar quarters in benefit payment status in the calendar year prior to the January 1 on~~
 36.3 ~~which the postretirement adjustment is applied, calculated to the third decimal place~~
 36.4 ~~reduced by 50 percent.~~

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

36.6 **EFFECTIVE DATE.** This section is effective June 30, 2015.

36.7 Sec. 4. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

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

36.12 (1) a postretirement increase of 2.5 percent must be applied each year, effective
 36.13 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
 36.14 has been receiving an annuity or a benefit for at least 12 full months ~~prior to the January~~
 36.15 ~~1~~ increase as of the current June 30; and

36.16 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 36.17 benefit amount for at least one full month, but less than 12 full months as of the current
 36.18 June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month that the
 36.19 person has been receiving an annuity or benefit must be applied, ~~effective on January 1~~
 36.20 ~~following the calendar year in which the person has been retired for less than 12 months.~~

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

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

36.25 **EFFECTIVE DATE.** This section is effective June 30, 2015.

36.26 Sec. 5. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

36.27 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
 36.28 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
 36.29 benefit, or survivor benefit recipients of the legislators retirement plans, including
 36.30 constitutional officers as specified in chapter 3A, the general state employees retirement
 36.31 plan, the correctional state employees retirement plan, and the unclassified state employees
 36.32 retirement program, ~~and the judges retirement plan~~ are entitled to a postretirement
 36.33 adjustment annually on January 1, as follows:

37.1 (1) for each successive January 1 if the definition of funding stability under
37.2 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable
37.3 retirement plan, a postretirement increase of two percent must be applied each year,
37.4 effective on January 1, to the monthly annuity or benefit of each annuitant or benefit
37.5 recipient who has been receiving an annuity or a benefit for at least 18 full months before
37.6 the January 1 increase as of the current June 30; and

37.7 (2) for each successive January 1 if the definition of funding stability under
37.8 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable
37.9 retirement plan, for each annuitant or benefit recipient who has been receiving an annuity
37.10 or a benefit for at least six one full month, but less than 12 full months as of the current
37.11 June 30, an annual postretirement increase of 1/12 of two percent for each month that the
37.12 person has been receiving an annuity or benefit must be applied, effective January 1,
37.13 following the calendar year in which the person has been retired for at least six months,
37.14 but has been retired for less than 18 months.

37.15 (b) ~~The increases provided by this subdivision commence on January 1, 2011.~~
37.16 ~~Increases under this subdivision for the general state employees retirement plan, or the~~
37.17 ~~correctional state employees retirement plan, or the judges retirement plan terminate on~~
37.18 ~~December 31 of the calendar year in which two prior consecutive actuarial valuations~~
37.19 ~~prepared by the approved actuary under sections 356.214 and 356.215 and the standards for~~
37.20 ~~actuarial work promulgated by the Legislative Commission on Pensions and Retirement~~
37.21 ~~indicates that the market value of assets of the retirement plan equals or exceeds 90 percent~~
37.22 ~~of the actuarial accrued liability of the retirement plan and increases under subdivision 1~~
37.23 ~~recommence after that date. Increases under this subdivision for the legislators retirement~~
37.24 ~~plan or the elected state officers retirement plan, including the constitutional officers, and~~
37.25 ~~for the unclassified state employees retirement program terminate on December 31 of the~~
37.26 ~~calendar year in which the two prior consecutive actuarial valuation valuations prepared~~
37.27 ~~by the approved actuary under sections 356.214 and 356.215 and the standards for~~
37.28 ~~actuarial work promulgated by the Legislative Commission on Pensions and Retirement~~
37.29 ~~indicates that the market value of assets of the general state employees retirement plan~~
37.30 ~~equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and~~
37.31 ~~increases under subdivision 1 recommence after that date.~~

37.32 (c) After having met the definition of funding stability under paragraph (b), the
37.33 increase provided in paragraph (a), clauses (1) and (2), rather than an increase under
37.34 subdivision 1, for the general state employees retirement plan or the correctional state
37.35 employees retirement plan, is again to be applied in a subsequent year or years if the
37.36 market value of assets of the applicable plan equals or is less than:

38.1 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
 38.2 consecutive actuarial valuations; or

38.3 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
 38.4 recent actuarial valuation.

38.5 After having met the definition of funding stability under paragraph (b), the increase
 38.6 provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision
 38.7 1, for the legislators retirement plan, including the constitutional officers, and for the
 38.8 unclassified state employees retirement program, is again to be applied in a subsequent
 38.9 year or years if the market value of assets of the general state employees retirement plan
 38.10 equals or is less than:

38.11 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
 38.12 consecutive actuarial valuations; or

38.13 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
 38.14 recent actuarial valuation.

38.15 ~~(e)~~ (d) An increase in annuity or benefit payments under this subdivision must be
 38.16 made automatically unless written notice is filed by the annuitant or benefit recipient
 38.17 with the executive director of the applicable covered retirement plan requesting that the
 38.18 increase not be made.

38.19 **EFFECTIVE DATE.** This section is effective June 30, 2015.

38.20 Sec. 6. Minnesota Statutes 2014, section 356.415, subdivision 1c, is amended to read:

38.21 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a)
 38.22 Retirement annuity, disability benefit, or survivor benefit recipients of the public
 38.23 employees police and fire retirement plan are entitled to a postretirement adjustment
 38.24 annually on January 1, ~~until~~ if the definition of funding stability is restored under
 38.25 paragraph (c) has not been met, as follows:

38.26 (1) for each annuitant or benefit recipient whose annuity or benefit effective date is
 38.27 on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12
 38.28 full months as of the immediate preceding June 30, an amount equal to one percent in
 38.29 each year; or

38.30 (2) for each annuitant or benefit recipient whose annuity or benefit effective date
 38.31 is on or before June 1, 2014, who has been receiving the annuity or benefit for at least
 38.32 one full month, but ~~not~~ not less than 12 months, as of the immediate preceding June 30, an
 38.33 amount equal to 1/12 of one percent for each month of annuity or benefit receipt; and

38.34 (3) for each annuitant or benefit recipient whose annuity or benefit effective date is
 38.35 after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who will

39.1 have been receiving an annuity or benefit for at least 36 full months as of the immediate
39.2 preceding June 30, an amount equal to one percent; or

39.3 (4) for each annuitant or benefit recipient whose annuity or benefit effective date is
39.4 after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who
39.5 has been receiving the annuity or benefit for at least 25 full months, but less than 36
39.6 months as of the immediate preceding June 30, an amount equal to 1/12 of one percent for
39.7 each full month of annuity or benefit receipt during the fiscal year in which the annuity
39.8 or benefit was effective.

39.9 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the public
39.10 employees police and fire retirement plan are entitled to a postretirement adjustment
39.11 annually on each January 1 following the restoration of funding stability as defined under
39.12 paragraph (c) and during the continuation of funding stability as defined under paragraph
39.13 (c), as follows:

39.14 (1) for each annuitant or benefit recipient who has been receiving the annuity or
39.15 benefit for at least 36 full months as of the immediate preceding June 30, an amount
39.16 equal to ~~the percentage increase in the Consumer Price Index for urban wage earners and~~
39.17 ~~clerical workers all items index published by the Bureau of Labor Statistics of the United~~
39.18 ~~States Department of Labor between the immediate preceding June 30 and the June 30~~
39.19 ~~occurring 12 months previous, but not to exceed 2.5 percent; and~~

39.20 (2) for each annuitant or benefit recipient who has been receiving the annuity
39.21 or benefit for at least 25 full months, but less than 36 full months, as of the immediate
39.22 preceding June 30, an amount equal to 1/12 of ~~the percentage increase in the Consumer~~
39.23 ~~Price Index for urban wage earners and clerical workers all items index published by~~
39.24 ~~the Bureau of Labor Statistics of the United States Department of Labor between the~~
39.25 ~~immediate preceding June 30 and the June 30 occurring 12 months previous for each full~~
39.26 ~~month of annuity or benefit receipt during the fiscal year in which the annuity or benefit~~
39.27 ~~was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or~~
39.28 ~~benefit receipt during the fiscal year in which the annuity or benefit was effective.~~

39.29 (c) Funding stability is restored when the market value of assets of the public
39.30 employees police and fire retirement plan equals or exceeds 90 percent of the actuarial
39.31 accrued liabilities of the applicable plan in the two most recent consecutive actuarial
39.32 valuations prepared under section 356.215 and under the standards for actuarial work of
39.33 the Legislative Commission on Pensions and Retirement by the approved actuary retained
39.34 by the Public Employees Retirement Association under section 356.214.

39.35 (d) After having met the definition of funding stability under paragraph (c), a full
39.36 or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever

40.1 applies, rather than adjustments under paragraph (b), is again applied in a subsequent year
 40.2 or years if the market value of assets of the public employees police and fire retirement
 40.3 plan equals or is less than:

40.4 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
 40.5 consecutive actuarial valuations; or

40.6 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
 40.7 recent actuarial valuation.

40.8 (e) An increase in annuity or benefit payments under this section must be made
 40.9 automatically unless written notice is filed by the annuitant or benefit recipient with the
 40.10 executive director of the Public Employees Retirement Association requesting that the
 40.11 increase not be made.

40.12 **EFFECTIVE DATE.** This section is effective June 30, 2015.

40.13 Sec. 7. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

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

40.15 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
 40.16 Retirement Association are entitled to a postretirement adjustment annually on January
 40.17 1, as follows:

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

40.19 (2) for ~~January 1, 2013, and each successive January 1 until funding stability is~~
 40.20 restored, a postretirement increase of two percent must be applied each year, effective on
 40.21 January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient
 40.22 who has been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~prior to the~~
 40.23 ~~January 1 increase~~ as of the current June 30;

40.24 (3) ~~(2)~~ for ~~January 1, 2013, and each successive January 1 until funding stability~~
 40.25 is restored, for each annuitant or benefit recipient who has been receiving an annuity or
 40.26 a benefit for at least six one full month, but less than 12 full months ~~before the January~~
 40.27 ~~1 increase~~ as of the current June 30, an annual postretirement increase of 1/12 of two
 40.28 percent for each month the person has been receiving an annuity or benefit must be
 40.29 applied, ~~effective January 1, for which the person has been retired for at least six months~~
 40.30 ~~but less than 18 months~~;

40.31 (4) ~~(3)~~ for each January 1 following the restoration of funding stability, a
 40.32 postretirement increase of 2.5 percent must be applied each year, effective January 1, to
 40.33 the monthly annuity or benefit amount of each annuitant or benefit recipient who has
 40.34 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~prior to the January~~
 40.35 ~~1 increase~~ as of the current June 30; and

41.1 ~~(5)~~ (4) for each January 1 following the restoration of funding stability, for each
41.2 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six
41.3 one month, but less than 12 full months before the January 1 increase as of the current
41.4 June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the
41.5 person has been receiving an annuity or benefit must be applied, ~~effective January 1, for~~
41.6 ~~which the person has been retired for at least six months but less than 18 months.~~

41.7 (b) Funding stability is restored when the market value of assets of the Teachers
41.8 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities
41.9 of the Teachers Retirement Association in the two most recent prior actuarial valuations
41.10 prepared under section 356.215 and the standards for actuarial work by the approved
41.11 actuary retained by the Teachers Retirement Association under section 356.214.

41.12 (c) After having met the definition of funding stability under paragraph (b), the
41.13 increase provided in paragraph (a), clauses (1) and (2), rather than an increase under
41.14 subdivision 1, or the increase under paragraph (a), clauses (3) and (4), is again to be applied
41.15 in a subsequent year or years if the market value of assets of the plan equals or is less than:

41.16 (1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive
41.17 actuarial valuations; or

41.18 (2) 80 percent of the actuarial accrued liabilities of the plan for the most recent
41.19 actuarial valuation.

41.20 ~~(e)~~ (d) An increase in annuity or benefit payments under this section must be made
41.21 automatically unless written notice is filed by the annuitant or benefit recipient with the
41.22 executive director of the Teachers Retirement Association requesting that the increase
41.23 not be made.

41.24 ~~(d)~~ (e) The retirement annuity payable to a person who retires before becoming
41.25 eligible for Social Security benefits and who has elected the optional payment as provided
41.26 in section 354.35 must be treated as the sum of a period-certain retirement annuity
41.27 and a life retirement annuity for the purposes of any postretirement adjustment. The
41.28 period-certain retirement annuity plus the life retirement annuity must be the annuity
41.29 amount payable until age 62, 65, or normal retirement age, as selected by the member
41.30 at retirement, for an annuity amount payable under section 354.35. A postretirement
41.31 adjustment granted on the period-certain retirement annuity must terminate when the
41.32 period-certain retirement annuity terminates.

41.33 **EFFECTIVE DATE.** This section is effective June 30, 2015.

41.34 Sec. 8. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

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

42.2 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
42.3 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
42.4 definition of funding stability under paragraph (b) has not been met, as follows:

42.5 (1) a postretirement increase of one percent must be applied each year, effective on
42.6 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
42.7 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January~~
42.8 ~~1~~ increase as of the current June 30; and

42.9 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
42.10 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
42.11 30, an annual postretirement increase of 1/12 of one percent for each month that the
42.12 person has been receiving an annuity or benefit must be applied, ~~effective January 1,~~
42.13 ~~following the calendar year in which the person has been retired for at least six months,~~
42.14 ~~but has been retired for less than 18 months.~~

42.15 (b) ~~The increases provided by this subdivision commence on January 1, 2014.~~
42.16 Increases under paragraph (a) for the State Patrol retirement plan terminate on December
42.17 31 of the calendar year in which two prior consecutive actuarial valuations for the
42.18 plan prepared by the approved actuary under sections 356.214 and 356.215 and the
42.19 standards for actuarial work promulgated by the Legislative Commission on Pensions
42.20 and Retirement indicates that the market value of assets of the retirement plan equals or
42.21 exceeds 85 percent of the actuarial accrued liability of the retirement plan; however,
42.22 thereafter, increases under paragraph (a) become effective again on the December 31 of
42.23 the calendar year in which the actuarial valuation, or prior consecutive actuarial valuations
42.24 for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the
42.25 standards for actuarial work promulgated by the Legislative Commission on Pensions and
42.26 Retirement indicates that the market value of the assets of the retirement plan equals or is
42.27 less than 80 percent of the actuarial accrued liability of the retirement plan for two years,
42.28 or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan
42.29 for one year and increases under paragraph (c) recommence commence after that date.

42.30 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
42.31 Patrol retirement plan are entitled to a postretirement adjustment annually on January
42.32 1, as follows:

42.33 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
42.34 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
42.35 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January~~
42.36 ~~1~~ increase as of the current June 30; and

43.1 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 43.2 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
 43.3 30, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person
 43.4 has been receiving an annuity or benefit must be applied, ~~effective January 1, following~~
 43.5 ~~the calendar year in which the person has been retired for at least six months, but has been~~
 43.6 ~~retired for less than 18 months.~~

43.7 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
 43.8 December 31 of the calendar year in which two prior consecutive actuarial valuations
 43.9 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
 43.10 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
 43.11 indicates that the market value of assets of the retirement plan equals or exceeds 90
 43.12 percent of the actuarial accrued liability of the retirement plan and increases under
 43.13 subdivision 1 recommence after that date.

43.14 (e) An increase in annuity or benefit payments under this subdivision must be made
 43.15 automatically unless written notice is filed by the annuitant or benefit recipient with the
 43.16 executive director of the applicable covered retirement plan requesting that the increase
 43.17 not be made.

43.18 **EFFECTIVE DATE.** This section is effective June 30, 2015.

43.19 Sec. 9. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

43.20 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
 43.21 **System judges retirement plan.** (a) The increases provided under this subdivision begin
 43.22 on January 1, 2014, and are in lieu of increases under subdivision 1 or 1a for retirement
 43.23 annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

43.24 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the
 43.25 judges retirement plan are entitled to a postretirement adjustment annually on January
 43.26 1, as follows:

43.27 (1) a postretirement increase of 1.75 percent must be applied each year, effective on
 43.28 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has
 43.29 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January~~
 43.30 ~~1~~ increase as of the current June 30; and

43.31 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 43.32 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
 43.33 30, an annual postretirement increase of 1/12 of 1.75 percent for each month that the
 43.34 person has been receiving an annuity or benefit must be applied, ~~effective January 1,~~

44.1 following the calendar year in which the person has been retired for at least six months,
44.2 but has been retired for less than 18 months.

44.3 (c) Increases under this subdivision terminate on December 31 of the calendar year
44.4 in which two prior consecutive actuarial valuations prepared by the approved actuary
44.5 under sections 356.214 and 356.215 and the standards for actuarial work promulgated
44.6 by the Legislative Commission on Pensions and Retirement indicates that the market
44.7 value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial
44.8 accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is
44.9 applicable, begin on the January 1 next following that date.

44.10 (d) An increase in annuity or benefit payments under this subdivision must be made
44.11 automatically unless written notice is filed by the annuitant or benefit recipient with the
44.12 executive director of the applicable covered retirement plan requesting that the increase
44.13 not be made.

44.14 **EFFECTIVE DATE.** This section is effective June 30, 2015.

44.15 Sec. 10. **REPEALER.**

44.16 Minnesota Statutes 2014, section 354A.42, is repealed.

44.17 **EFFECTIVE DATE.** This section is effective June 30, 2015.

44.18 **ARTICLE 5**

44.19 **CONTRIBUTION STABILIZER PROVISION MODIFICATIONS**

44.20 Section 1. Minnesota Statutes 2014, section 352.045, is amended to read:

44.21 **352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER** 44.22 **CONTRIBUTIONS IN CERTAIN INSTANCES.**

44.23 Subdivision 1. **Application.** This section applies to the general state employees
44.24 retirement plan ~~and to established under this chapter,~~ the correctional state employees
44.25 retirement plan established under this chapter, and ~~to~~ the state patrol retirement plan
44.26 established under chapter 352B.

44.27 Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency
44.28 exists if, for ~~purposes of~~ the applicable plan, the total of the employee contributions, the
44.29 employer contributions, and any additional employer contributions, if applicable, exceeds
44.30 the total of the normal cost, the administrative expenses, and the amortization contribution
44.31 of the retirement plan as reported in the most recent actuarial valuation of the retirement
44.32 plan prepared by the approved actuary retained under section 356.214 and prepared under
44.33 section 356.215 and the standards for actuarial work of the Legislative Commission on

45.1 Pensions and Retirement. For purposes of this section, a contribution deficiency exists
45.2 if, for the applicable plan, the total employee contributions, employer contributions,
45.3 and any additional employer contributions are less than the total of the normal cost, the
45.4 administrative expenses, and the amortization contribution of the retirement plan as
45.5 reported in the most recent actuarial valuation of the retirement plan prepared by the
45.6 approved actuary retained under section 356.214 and prepared under section 356.215 and
45.7 the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

45.8 Subd. 3a. **Contribution rate revision; general state employees retirement plan.**

45.9 (a) Notwithstanding the contribution rates ~~stated in plan law~~ as specified in law governing
45.10 the applicable retirement plan, the board of directors of the Minnesota State Retirement
45.11 System may adjust the employee and employer contribution rates for the general state
45.12 employees retirement plan must be adjusted:

45.13 (1) if the regular actuarial valuation of the plan prepared under section 356.215
45.14 indicates that there is a contribution sufficiency greater than one percent of covered payroll
45.15 and that the sufficiency has existed for at least two consecutive years, the employee and
45.16 employer contribution rates must be decreased as determined under paragraph (b) to a
45.17 level such that the sufficiency is no greater than one percent of covered payroll based
45.18 on the most recent actuarial valuation; or

45.19 (2) if the regular actuarial valuation of the plan ~~under section 356.215~~ indicates that
45.20 there is a contribution deficiency under subdivision 2 equal to or greater than 0.5 one-half
45.21 of one percent of covered payroll and that the deficiency has existed for at least two
45.22 consecutive years, the employee and employer contribution rates must be increased as
45.23 determined under paragraph (c) to a level such that no deficiency exists based on the
45.24 most recent actuarial valuation.

45.25 (b) If the actuarially ~~required~~ determined contribution of the plan is less than the
45.26 total support provided by the combined employee and employer contribution rates by
45.27 more than one percent of covered payroll, the plan employee and employer contribution
45.28 rates ~~must~~ may be decreased incrementally over one or more years ~~by no more than~~
45.29 ~~0.25 percent of pay each for employee and employer contribution rates~~ to a level such
45.30 that there remains a contribution sufficiency of at least one percent of covered payroll.
45.31 ~~No contribution rate~~ Any decrease may be made until at least two years have elapsed
45.32 since any adjustment under this paragraph has been fully implemented in employee and
45.33 employer contribution rates must not result in total contributions that are less than the sum
45.34 of the normal cost and administrative expenses of the retirement plan.

45.35 (c) If the actuarially required contribution exceeds the total support provided by
45.36 the employee and employer contribution rates, the board of directors may increase the

46.1 employee and employer contribution rates ~~must be increased~~ equally to eliminate that
46.2 contribution deficiency. ~~If the contribution deficiency is:~~

46.3 (1) ~~less than two percent, the incremental increase may be up to 0.25 percent each~~
46.4 ~~for the employee and employer contribution rates;~~

46.5 (2) ~~greater than 1.99 percent and less than 4.01 percent, the incremental increase~~
46.6 ~~may be up to 0.5 percent each for the employee and employer contribution rates; or~~

46.7 (3) ~~greater than four percent, the incremental increase may be up to 0.75 percent~~
46.8 ~~each for the employee and employer contribution.~~

46.9 (d) To determine if an adjustment is to be made, the board of directors shall consult
46.10 with the approved actuary retained under section 356.214 and shall take into consideration
46.11 factors that include, but are not limited to, the contribution rates calculated based on the
46.12 actuarial value of assets and calculated based on the market value of assets; the funded
46.13 ratio calculated based on the actuarial value of assets; the funded ratio calculated based on
46.14 the market value of assets; the remaining number of years to the amortization target date;
46.15 the recent experience of the investment markets; and the results of the 30-year funding,
46.16 disbursements, and contribution projections prepared every other year as required under
46.17 the standards for actuarial work adopted by the Legislative Commission on Pensions
46.18 and Retirement.

46.19 (e) ~~Any recommended~~ adjustment to the contribution rates must be reported to
46.20 the chair and the executive director of the Legislative Commission on Pensions and
46.21 Retirement by January 15 following receipt of the most recent annual actuarial valuation
46.22 prepared under section 356.215. The report must include draft legislation to revise the
46.23 employee and employer contributions stated in plan law. If the Legislative Commission
46.24 on Pensions and Retirement does not recommend against the rate change or does not
46.25 recommend a modification in the rate change, the ~~recommended~~ adjustment becomes
46.26 effective on the first day of the first full payroll period in the fiscal year following receipt
46.27 of the most recent actuarial valuation that gave rise to the adjustment.

46.28 (e) (f) ~~A contribution sufficiency of up to one percent of covered payroll must be~~
46.29 ~~held in reserve to be used to offset any future actuarially required~~ determined contributions
46.30 that are more than the total combined employee and employer contributions.

46.31 (f) (g) ~~Before any reduction in contributions to eliminate a sufficiency in excess of~~
46.32 ~~one percent of covered pay may be recommended~~ made, the executive director must
46.33 review any need for a change in actuarial assumptions, as recommended by the approved
46.34 actuary retained under section 356.214 in the most recent experience study of the general
46.35 employees retirement plan prepared under section 356.215 and the standards for actuarial
46.36 work promulgated by the Legislative Commission on Pensions and Retirement that may

47.1 result in an increase in the actuarially ~~required~~ determined contribution and must report to
47.2 the Legislative Commission on Pensions and Retirement any ~~recommendation~~ decision
47.3 by the board to use the sufficiency exceeding one percent of covered payroll to offset the
47.4 impact of an actuarial assumption change recommended by the actuary retained under
47.5 section 356.214, subdivision 1, and reviewed by the actuary retained by the commission
47.6 under section 356.214, subdivision 4.

47.7 ~~(g)~~ (h) No contribution sufficiency in excess of one percent of covered pay may be
47.8 proposed to be used to increase benefits, and no benefit increase may be proposed that
47.9 would initiate an ~~automatic~~ adjustment to increase contributions under this subdivision.
47.10 Any proposed benefit improvement must include a recommendation, prepared by the
47.11 approved actuary retained under section 356.214, subdivision 1, and reviewed by the
47.12 actuary retained by the Legislative Commission on Pensions and Retirement as provided
47.13 under section 356.214, subdivision 4, on how the benefit modification will be funded.

47.14 Subd. 3b. **Contribution rate revision; correctional state employees retirement**
47.15 **plan and State Patrol retirement plan.** (a) Subdivision 3a applies to the correctional
47.16 state employees retirement plan under this chapter and to the State Patrol retirement
47.17 plan established under chapter 352B, except as ~~stated in this subdivision~~ specified in
47.18 paragraph (b) or (c).

47.19 (b) Any limitations on the amount of contribution rate changes stated in subdivision
47.20 3a apply only to the amount of the employee contribution revision. The employer
47.21 contribution for the correctional state employees retirement plan or the State Patrol
47.22 retirement plan, whichever is applicable, must be adjusted so that the employer
47.23 contribution is equal to 60 percent of the sum of employee plus employer contributions.

47.24 (c) For the State Patrol retirement plan, a contribution sufficiency of up to two
47.25 percent of covered payroll, rather than one percent, may be held in reserves without taking
47.26 action to reduce employee and employer contributions.

47.27 Sec. 2. Minnesota Statutes 2014, section 353.27, subdivision 3b, is amended to read:

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

47.29 (a) For purposes of this section:

47.30 (1) a contribution sufficiency exists if the total of the employee contribution under
47.31 subdivision 2, the employer contribution under subdivision 3, the additional employer
47.32 contribution under subdivision 3a, and any additional contribution previously imposed
47.33 under this subdivision exceeds the total of the normal cost, the administrative expenses,
47.34 and the amortization contribution of the general employees retirement plan as reported in
47.35 the most recent actuarial valuation of the retirement plan prepared by the actuary retained

48.1 under section 356.214 and prepared under section 356.215 and the standards for actuarial
48.2 work of the Legislative Commission on Pensions and Retirement; and

48.3 (2) a contribution deficiency exists if the total of the employee contributions under
48.4 subdivision 2, the employer contributions under subdivision 3, the additional employer
48.5 contribution under subdivision 3a, and any additional contribution previously imposed
48.6 under this subdivision is less than the total of the normal cost, the administrative expenses,
48.7 and the amortization contribution of the general employees retirement plan as reported in
48.8 the most recent actuarial valuation of the retirement plan prepared by the actuary retained
48.9 under section 356.214 and prepared under section 356.215 and the standards for actuarial
48.10 work of the Legislative Commission on Pensions and Retirement.

48.11 (b) Notwithstanding the contribution rate provision specified under subdivisions 2,
48.12 3, and 3a, the board of trustees of the Public Employees Retirement Association may
48.13 adjust the employee and employer contributions to the general employees retirement plan
48.14 under subdivisions 2 and 3 must be adjusted:

48.15 (1) if the regular actuarial valuation of the general employees retirement plan of
48.16 the Public Employees Retirement Association prepared under section 356.215 indicates
48.17 that there is a contribution sufficiency under paragraph (a) greater than one percent of
48.18 covered payroll ~~and that the sufficiency has existed for at least two consecutive years, the~~
48.19 ~~coordinated program employee and employer contribution rates must be decreased as~~
48.20 ~~determined under paragraph (e) to a level such that the sufficiency is no greater than one~~
48.21 ~~percent of covered payroll based on the most recent actuarial valuation; or~~

48.22 (2) ~~if the regular actuarial valuation of the general employees retirement plan of the~~
48.23 ~~Public Employees Retirement Association under section 356.215 indicates that there~~
48.24 ~~is a contribution deficiency under paragraph (a) equal to or greater than 0.5~~ one-half
48.25 of one percent of covered payroll and that the deficiency has existed for at least two
48.26 ~~consecutive years, the coordinated program employee and employer contribution rates~~
48.27 ~~must be increased as determined under paragraph (d) to a level such that no deficiency~~
48.28 ~~exists based on the most recent actuarial valuation.~~

48.29 (c) If the actuarially required determined contribution of the general employees
48.30 retirement plan is less than the total support provided by the combined employee and
48.31 employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of
48.32 covered payroll, the general employees retirement plan coordinated program employee
48.33 and employer contribution rates under subdivisions 2 and 3 ~~must~~ may be decreased
48.34 ~~incrementally over one or more years by no more than 0.25 percent of pay each for~~
48.35 ~~employee and employer matching contribution rates to a level such that there remains a~~
48.36 ~~contribution sufficiency of at least one percent of covered payroll. No contribution rate~~

49.1 ~~decrease may be made until at least two years have elapsed since any adjustment under~~
49.2 ~~this subdivision has been fully implemented. Any decrease in employee and employer~~
49.3 ~~contribution rates may not result in total contributions that are less than the total of the~~
49.4 ~~normal cost of the retirement plan and the administrative expenses of the retirement plan.~~

49.5 (d) If the actuarially required determined contribution exceeds the total support
49.6 provided by the combined employee and employer contribution rates under subdivisions
49.7 2, 3, and 3a, the board of trustees may increase the employee and matching employer
49.8 ~~contribution rates must be increased equally~~ to eliminate that contribution deficiency.
49.9 ~~If the contribution deficiency is:~~

49.10 (1) ~~less than two percent, the incremental increase may be up to 0.25 percent for the~~
49.11 ~~general employees retirement plan employee and matching employer contribution rates;~~

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

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

49.16 (e) ~~The general employees retirement plan contribution sufficiency or deficiency~~
49.17 ~~determination under paragraphs (a) to (d) must be made without the inclusion of the~~
49.18 ~~contributions to, the funded condition of, or the actuarial funding requirements of the~~
49.19 ~~MERF division. To determine if an adjustment is to be made, the board of trustees shall~~
49.20 ~~consult with the approved actuary retained under section 356.214 and shall take into~~
49.21 ~~consideration factors that include, but are not limited to, the contribution rates based on~~
49.22 ~~actuarial value of assets and contribution rates based on the market value of assets; the~~
49.23 ~~funded ratio based on the actuarial value of assets and based on the market value of assets;~~
49.24 ~~the number of years remaining to the amortization target date; the recent experience~~
49.25 ~~of the investment markets; and the results of the 30-year funding, disbursements, and~~
49.26 ~~contributions projections prepared every other year as required under the standards for~~
49.27 ~~actuarial work adopted by the Legislative Commission on Pensions and Retirement.~~

49.28 (f) Any ~~recommended~~ adjustment to the contribution rates must be reported to
49.29 the chair and the executive director of the Legislative Commission on Pensions and
49.30 Retirement by January 15 following the receipt of the most recent annual actuarial
49.31 valuation prepared under section 356.215. If the Legislative Commission on Pensions
49.32 and Retirement does not recommend against the rate change or does not recommend
49.33 a modification in the rate change, the recommended adjustment becomes effective for
49.34 any salary paid on or after the January 1 next following the legislative session in which
49.35 the Legislative Commission on Pensions and Retirement did not take any action to

50.1 disapprove or modify the Public Employees Retirement Association Board of Trustees'
50.2 ~~recommendation to adjust~~ adjustment to the employee and employer rates.

50.3 (g) A contribution sufficiency of up to one percent of covered payroll must be held
50.4 in reserve to be used to offset any future actuarially ~~required~~ determined contributions
50.5 that are more than the total combined employee and employer contributions under
50.6 subdivisions 2, 3, and 3a.

50.7 (h) Before any reduction in contributions to eliminate a sufficiency in excess of one
50.8 percent of covered pay may be ~~recommended~~ made, the executive director must review
50.9 any need for a change in actuarial assumptions, as recommended by the actuary retained
50.10 under section 356.214 in the most recent experience study of the general employees
50.11 retirement plan prepared under section 356.215 and the standards for actuarial work
50.12 promulgated by the Legislative Commission on Pensions and Retirement that may result
50.13 in an increase in the actuarially ~~required~~ determined contribution and must report to the
50.14 Legislative Commission on Pensions and Retirement any ~~recommendation~~ decision by the
50.15 board to use the sufficiency exceeding one percent of covered payroll to offset the impact
50.16 of an actuarial assumption change recommended by the actuary retained under section
50.17 356.214, subdivision 1, and reviewed by the actuary retained by the commission under
50.18 section 356.214, subdivision 4.

50.19 (i) No contribution sufficiency in excess of one percent of covered pay may be
50.20 proposed to be used to increase benefits, and no benefit increase may be proposed that
50.21 would initiate an ~~automatic~~ adjustment to increase contributions under this subdivision.
50.22 Any proposed benefit improvement must include a recommendation, prepared by the
50.23 approved actuary retained under section 356.214, subdivision 1, and reviewed by the
50.24 actuary retained by the Legislative Commission on Pensions and Retirement as provided
50.25 under section 356.214, subdivision 4, on how the benefit modification will be funded.

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

50.27 Sec. 3. Minnesota Statutes 2014, section 354.42, subdivision 4b, is amended to read:

50.28 Subd. 4b. **Contribution rate revision.** (a) Notwithstanding the contribution rate
50.29 provisions under subdivisions 2 and 3, the board of trustees of the Teachers Retirement
50.30 Association may adjust the employee and employer contribution rates ~~may be adjusted~~
50.31 ~~as follows:~~

50.32 (1) ~~if, after June 30, 2015,~~ the regular actuarial valuation of the plan under section
50.33 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or
50.34 greater than one percent of covered payroll ~~and the sufficiency has existed for at least two~~
50.35 ~~consecutive years, the employee and employer contribution rates for the plan may each be~~

51.1 ~~decreased to a level such that the sufficiency equals no more than one percent of covered~~
 51.2 ~~payroll based on the most recent actuarial valuation; or~~

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

51.7 ~~(i) 0.25 percent if the deficiency is less than two percent of covered payroll;~~

51.8 ~~(ii) 0.5 percent if the deficiency is equal to or greater than two percent of covered~~
 51.9 ~~payroll and less than or equal to four percent; and~~

51.10 ~~(iii) 0.75 percent if the deficiency is greater than four percent. Any decrease in~~
 51.11 ~~employee and employer contribution rates must not result in the total of contribution rates~~
 51.12 ~~that is less than the total of normal cost and administrative expenses.~~

51.13 ~~(b) To determine if an adjustment is to be made, the board of trustees shall consult~~
 51.14 ~~with the approved actuary retained under section 356.214 and shall take into consideration~~
 51.15 ~~factors that include, but are not limited to, the contribution rates based on actuarial value of~~
 51.16 ~~assets and contribution rates based on the market value of assets; the funded ratio based on~~
 51.17 ~~the actuarial value of assets and based on the market value of assets; the number of years~~
 51.18 ~~remaining to the amortization target date; the recent experience of the investment markets;~~
 51.19 ~~and the results of the 30-year funding, disbursements, and contributions projections~~
 51.20 ~~prepared every other year as required under the standards for actuarial work adopted by~~
 51.21 ~~the Legislative Commission on Pensions and Retirement.~~

51.22 ~~**EFFECTIVE DATE.** This section is effective July 1, 2015.~~

51.23 Sec. 4. Minnesota Statutes 2014, section 354.42, subdivision 4d, is amended to read:

51.24 Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease
 51.25 ~~made under subdivision 4b, as determined by the executive director of the Teachers~~
 51.26 ~~Retirement Association, must be reported to the chair and the executive director of the~~
 51.27 ~~Legislative Commission on Pensions and Retirement on or before the next February 1 and,~~
 51.28 ~~if the Legislative Commission on Pensions and Retirement does not recommend against the~~
 51.29 ~~rate change or does not recommend a modification in the rate change, is effective on the next~~
 51.30 ~~July 1 following the determination by the executive director that a contribution deficiency~~
 51.31 ~~or sufficiency exists based on the most recent actuarial valuation under section 356.215.~~

51.32 ~~**EFFECTIVE DATE.** This section is effective July 1, 2015.~~

52.1 **ARTICLE 6**

52.2 **POLICE AND FIREFIGHTER RETIREMENT SUPPLEMENTAL STATE AID**

52.3 Section 1. Minnesota Statutes 2014, section 423A.022, subdivision 5, is amended to
52.4 read:

52.5 Subd. 5. **Aid termination.** (a) The aid program for the State Patrol retirement
52.6 plan and for the public employees police and fire retirement plan under this section ends
52.7 on the December 1 next following the actuarial valuation date on which the assets of
52.8 the retirement plan on a market value basis equals or exceeds 90 percent of the total
52.9 actuarial accrued liabilities of the retirement plan as disclosed in an actuarial valuation
52.10 prepared under section 356.215 and the Standards for Actuarial Work promulgated by the
52.11 Legislative Commission on Pensions and Retirement, for the State Patrol retirement plan
52.12 or the public employees police and fire retirement plan, whichever occurs last.

52.13 (b) The aid for municipalities and nonprofit firefighting corporations associated with
52.14 volunteer firefighters relief associations under this section does not terminate.

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

52.16 **ARTICLE 7**

52.17 **STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN LUMP**
52.18 **SUM RETIREMENT DIVISION MODIFICATIONS**

52.19 Section 1. Minnesota Statutes 2014, section 353G.09, subdivision 3, is amended to read:

52.20 Subd. 3. **Alternative pension eligibility and computation.** (a) An active member
52.21 of the retirement plan is entitled to an alternative lump-sum service pension from the
52.22 retirement plan if the person:

52.23 (1) has separated from active service with the fire department for at least 30 days;

52.24 (2) has attained the age of at least 50 years or the age for receipt of a service pension
52.25 under the benefit plan of the applicable former volunteer firefighters relief association as
52.26 of the date immediately ~~prior to~~ before the election of the retirement coverage change,
52.27 whichever is later;

52.28 (3) has completed at least five years of active service with the fire department and at
52.29 least five years in total as a member of the applicable former volunteer firefighters relief
52.30 association or of the retirement plan, but has not rendered at least five years of good time
52.31 service credit as a member of the retirement plan; and

52.32 (4) applies in a manner prescribed by the executive director for the service pension.

52.33 (b) If retirement coverage ~~prior to~~ before statewide retirement plan coverage was
52.34 provided by a defined benefit plan volunteer firefighters relief association, the alternative
52.35 lump-sum service pension is the service pension amount specified in the bylaws of the

53.1 applicable former volunteer firefighters relief association either as of the date immediately
 53.2 ~~prior to~~ before the election of the retirement coverage change or as of the date immediately
 53.3 before the termination of firefighting services, whichever is earlier, multiplied by the total
 53.4 number of years of service as a member of that volunteer firefighters relief association
 53.5 and as a member of the retirement plan. If retirement coverage ~~prior to~~ before statewide
 53.6 retirement plan coverage was provided by a defined contribution plan volunteer firefighters
 53.7 relief association, the alternative lump-sum service pension is an amount equal to that
 53.8 portion of the person's account balance that the person was vested for as of the date
 53.9 immediately ~~prior to~~ before the date on which statewide retirement plan coverage was first
 53.10 provided to the person plus six percent annual compound interest from that date until the
 53.11 date immediately ~~prior to~~ before the date of retirement.

53.12 Sec. 2. Minnesota Statutes 2014, section 353G.11, subdivision 1, is amended to read:

53.13 Subdivision 1. **Service pension levels.** Except as provided in subdivision 1a, the
 53.14 retirement plan provides the following levels of service pension amounts per full year of
 53.15 good time service credit to be selected at the election of coverage, or, if fully funded,
 53.16 thereafter:

- 53.17 Level A \$500 per year of good time service credit
- 53.18 Level B \$600 per year of good time service credit
- 53.19 Level C \$700 per year of good time service credit
- 53.20 Level D \$800 per year of good time service credit
- 53.21 Level E \$900 per year of good time service credit
- 53.22 Level F \$1,000 per year of good time service credit
- 53.23 Level G \$1,250 per year of good time service credit
- 53.24 Level H \$1,500 per year of good time service credit
- 53.25 Level I \$2,000 per year of good time service credit
- 53.26 Level J \$2,500 per year of good time service credit
- 53.27 Level K \$3,000 per year of good time service credit
- 53.28 Level L \$3,500 per year of good time service credit
- 53.29 Level M \$4,000 per year of good time service credit
- 53.30 Level N \$4,500 per year of good time service credit
- 53.31 Level O \$5,000 per year of good time service credit
- 53.32 Level P \$5,500 per year of good time service credit
- 53.33 Level Q \$6,000 per year of good time service credit
- 53.34 Level R \$6,500 per year of good time service credit
- 53.35 Level S \$7,000 per year of good time service credit
- 53.36 Level T \$7,500 per year of good time service credit

- 53.37 (1) a minimum service pension level of \$500 per year;
- 53.38 (2) a maximum service pension level of \$7,500 per year; and

54.1 (3) 69 service pension levels between the minimum level and the maximum level
 54.2 in \$100 increments.

54.3 Sec. 3. Minnesota Statutes 2014, section 353G.11, subdivision 1a, is amended to read:

54.4 Subd. 1a. **Continuation of prior service pension levels.** (a) If a municipality or
 54.5 independent nonprofit firefighting corporation elects to be covered by the retirement plan
 54.6 prior to before January 1, 2010, and selects the \$750 per year of good time service credit
 54.7 service pension amount effective for January 1, 2010, that level continues for the volunteer
 54.8 firefighters of that municipality or independent nonprofit firefighting corporation until a
 54.9 different service pension amount is selected under subdivision 2 after January 1, 2010.

54.10 (b) If a municipality or independent nonprofit firefighting corporation elected to be
 54.11 covered by the retirement plan before January 1, 2015, and selected a service pension
 54.12 level under subdivision 1, other than a good time service credit service pension amount
 54.13 under subdivision 1, that level continues for the volunteer firefighters of the municipality
 54.14 or independent nonprofit firefighting corporation until a different service pension amount
 54.15 is selected under subdivision 2 after January 1, 2014.

54.16 Sec. 4. Minnesota Statutes 2014, section 353G.11, subdivision 2, is amended to read:

54.17 Subd. 2. **Level selection.** ~~At the time of~~ After the election to transfer of retirement
 54.18 coverage, or on April 30 thereafter to the retirement plan, the governing body or bodies of
 54.19 the entity or entities operating the fire department whose firefighters are covered by the
 54.20 retirement plan may request a cost estimate from the executive director of an increase in
 54.21 the service pension level applicable to the active firefighters of the fire department. Within
 54.22 ~~90~~ 120 days of the receipt of the cost estimate prepared by the executive director using a
 54.23 procedure certified as accurate by the approved actuary retained by the Public Employees
 54.24 Retirement Association, the governing body or bodies may approve the service pension
 54.25 level change, effective for January 1 of the following calendar year unless the governing
 54.26 body or bodies specify in the approved document an effective date as the January 1 of the
 54.27 second year following the level increase approval. If the approval occurs after April 30,
 54.28 the required municipal contribution for the following calendar year must be recalculated
 54.29 and the results reported to the municipality or municipalities. If not approved in a timely
 54.30 fashion, the service pension level change is considered to have been disapproved.

54.31 Sec. 5. Minnesota Statutes 2014, section 353G.11, subdivision 4, is amended to read:

55.1 Subd. 4. **Ancillary benefits.** Other than as provided under section 353G.115, no
 55.2 disability, death, funeral, or other ancillary benefit beyond a service pension or a survivor
 55.3 benefit is payable from the retirement plan.

55.4 Sec. 6. Minnesota Statutes 2014, section 353G.13, subdivision 1, is amended to read:

55.5 Subdivision 1. **Eligibility.** An active firefighter who is a member of the retirement
 55.6 plan who also renders firefighting service and has good time service credit in the
 55.7 retirement plan from another fire department, if the number of years of good time service
 55.8 credit in the plan from a combination of nonconcurrent periods totals at least five years,
 55.9 is eligible, upon complying with the other requirements of section 353G.09, to receive
 55.10 a service pension upon filing an application in the manner prescribed by the executive
 55.11 director, computed as provided in subdivision 2.

55.12 Sec. 7. Minnesota Statutes 2014, section 353G.13, subdivision 2, is amended to read:

55.13 Subd. 2. **Combined service pension computation.** The service pension payable to
 55.14 a firefighter who qualifies under subdivision 1 is the per year of good time service credit
 55.15 service pension amount in effect for each account in which the firefighter has one or more
 55.16 years of good time service credit as of the date on which the firefighter terminated active
 55.17 service with the fire department associated with the applicable account, multiplied by
 55.18 the number of years of good time service credit that the firefighter has in the applicable
 55.19 account and adjusted for the vesting percentage based on the total number of years of good
 55.20 time service covered in the applicable accounts.

55.21 Sec. 8. **EFFECTIVE DATE.**

55.22 Sections 1 to 7 are effective July 1, 2015.

55.23 ARTICLE 8

55.24 STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN MONTHLY 55.25 BENEFIT RETIREMENT DIVISION CREATION

55.26 Section 1. Minnesota Statutes 2014, section 11A.17, subdivision 2, is amended to read:

55.27 Subd. 2. **Assets.** (a) The assets of the supplemental investment fund consist of the
 55.28 money certified and transmitted to the state board from the participating public retirement
 55.29 plans and funds and from the voluntary statewide ~~lump-sum~~ volunteer firefighter
 55.30 retirement plan under section 353G.08.

55.31 (b) With the exception of the assets of the voluntary statewide ~~lump-sum~~ volunteer
 55.32 firefighter retirement fund, the assets must be used to purchase investment shares in
 55.33 the investment accounts as specified by the plan or fund. The assets of the voluntary

56.1 statewide ~~lump-sum~~ volunteer firefighter retirement fund must be invested in the volunteer
56.2 firefighter account.

56.3 (c) These accounts must be valued at least on a monthly basis but may be valued
56.4 more frequently as determined by the State Board of Investment.

56.5 Sec. 2. Minnesota Statutes 2014, section 353G.01, subdivision 6, is amended to read:

56.6 Subd. 6. **Fund.** "Fund" means the voluntary statewide ~~lump-sum~~ volunteer
56.7 firefighter retirement fund established under section 353G.02, subdivision 3.

56.8 Sec. 3. Minnesota Statutes 2014, section 353G.01, subdivision 7, is amended to read:

56.9 Subd. 7. **Good time service credit.** "Good time service credit" means the length of
56.10 service credit for an active firefighter that is reported by the applicable fire chief based
56.11 on the minimum firefighter activity standards of the fire department. The credit may be
56.12 ~~recognized~~ reported on an annual or monthly basis.

56.13 Sec. 4. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
56.14 to read:

56.15 Subd. 7a. **Lump-sum account.** "Lump-sum account" means that portion of the
56.16 retirement fund that contains the assets applicable to the lump-sum retirement division.

56.17 Sec. 5. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
56.18 to read:

56.19 Subd. 7b. **Lump-sum retirement division.** "Lump-sum retirement division" means
56.20 the division of the plan governed by section 353G.11.

56.21 Sec. 6. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
56.22 to read:

56.23 Subd. 8a. **Monthly benefit account.** "Monthly benefit account" means that portion
56.24 of the retirement fund that contains the assets applicable to the monthly benefit retirement
56.25 division.

56.26 Sec. 7. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
56.27 to read:

56.28 Subd. 8b. **Monthly benefit retirement division.** "Monthly benefit retirement
56.29 division" means the division of the plan governed by section 353G.113.

57.1 Sec. 8. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
57.2 to read:

57.3 Subd. 10a. **Retirement benefit plan document.** "Retirement benefit plan
57.4 document", for an account in the monthly benefit retirement division, means the articles of
57.5 incorporation and bylaws of the prior former volunteer firefighters relief association in
57.6 effect on the day before the date on which the retirement coverage transfer under section
57.7 353G.05 occurred or as provided in the most recent modification under section 353G.121.

57.8 Sec. 9. Minnesota Statutes 2014, section 353G.01, subdivision 11, is amended to read:

57.9 Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide
57.10 ~~lump-sum~~ volunteer firefighter retirement fund established under section 353G.02,
57.11 subdivision 3.

57.12 Sec. 10. Minnesota Statutes 2014, section 353G.01, subdivision 12, is amended to read:

57.13 Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan, either
57.14 the lump-sum retirement division or the monthly benefit retirement division, established
57.15 by this chapter.

57.16 Sec. 11. Minnesota Statutes 2014, section 353G.02, is amended to read:

57.17 **353G.02 PLAN AND FUND CREATION.**

57.18 Subdivision 1. **Retirement plan.** The voluntary statewide ~~lump-sum~~ volunteer
57.19 firefighter retirement plan, consisting of a lump-sum retirement division and a monthly
57.20 benefit retirement division, is created.

57.21 Subd. 2. **Administration.** The policy-making, management, and administrative
57.22 functions related to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement
57.23 plan and fund are vested in the board of trustees and the executive director of the Public
57.24 Employees Retirement Association. Their duties, authority, and responsibilities are as
57.25 provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken
57.26 in a manner consistent with chapter 356A.

57.27 Subd. 3. **Retirement fund.** (a) The voluntary statewide ~~lump-sum~~ volunteer
57.28 firefighter retirement fund, consisting of a lump-sum account and a monthly benefit
57.29 account, is created. The fund contains the assets attributable to the voluntary statewide
57.30 ~~lump-sum~~ volunteer firefighter retirement plan.

57.31 (b) The State Board of Investment shall invest those portions of the retirement
57.32 fund not required for immediate purposes in the voluntary statewide lump-sum volunteer

58.1 firefighter retirement plan in the statewide ~~lump-sum~~ volunteer firefighter account of the
58.2 Minnesota supplemental investment fund under section 11A.17.

58.3 (c) The commissioner of management and budget is the ex officio treasurer of the
58.4 voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund. The commissioner of
58.5 management and budget's general bond to the state covers all liability for actions taken as
58.6 the treasurer of the retirement fund.

58.7 (d) The revenues of the retirement plan beyond investment returns are governed by
58.8 section 353G.08 and must be deposited in the retirement fund. The disbursements of the
58.9 retirement plan are governed by section 353G.08. The commissioner of management and
58.10 budget shall transmit a detailed statement showing all credits to and disbursements from
58.11 the retirement fund to the executive director monthly.

58.12 Subd. 4. **Audit; actuarial valuation.** (a) The legislative auditor shall periodically
58.13 audit the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund.

58.14 (b) An actuarial valuation of the lump-sum retirement division of the voluntary
58.15 statewide ~~lump-sum~~ volunteer firefighter retirement plan may be performed periodically as
58.16 determined to be appropriate or useful by the board. An actuarial valuation of the monthly
58.17 benefit retirement division of the voluntary statewide volunteer firefighter retirement plan
58.18 must be performed as frequently as required by government sector generally accepted
58.19 accounting standards. An actuarial valuation must be performed by the approved
58.20 actuary retained under section 356.214 and must conform with section 356.215 and the
58.21 standards for actuarial work. An actuarial valuation must contain sufficient detail for each
58.22 participating employing entity to ascertain the actuarial condition of its account in the
58.23 fund and the contribution requirement towards its account.

58.24 Subd. 5. **Legal advisor; attorney general.** (a) The legal advisor of the board
58.25 and the executive director with respect to the voluntary statewide ~~lump-sum~~ volunteer
58.26 firefighter retirement plan is the attorney general.

58.27 (b) The board may sue, petition, be sued, or be petitioned under this chapter with
58.28 respect to the plan or the fund in the name of the board.

58.29 (c) The attorney general shall represent the board in all actions by the board or
58.30 against the board with respect to the plan or the fund.

58.31 (d) Venue of all actions related to the plan or fund is in the court for the first judicial
58.32 district unless the action is an appeal to the Court of Appeals under section 356.96.

58.33 Subd. 6. **Initial administrative expenses of the monthly benefit retirement**
58.34 **division; allocation of reimbursement.** (a) The administration expenses of Public
58.35 Employees Retirement Association incurred in the establishment of the monthly benefit
58.36 retirement division of the voluntary statewide volunteer firefighters retirement plan,

59.1 including any computer programming expenses and any actuarial consultant expenses, are
 59.2 payable from the assets of the initial monthly benefit volunteer firefighter relief association
 59.3 that elects to transfer its administration to the voluntary statewide volunteer firefighter
 59.4 retirement plan, following the transfer of assets.

59.5 (b) The administrative expenses in excess of \$33, 600 paid under paragraph (a) must
 59.6 be reimbursed by the next nine monthly benefit volunteer firefighter relief associations that
 59.7 transfer plan administration to the voluntary statewide volunteer firefighters retirement
 59.8 plan. The reimbursement charge for each of the nine is three-tenths of one percent of the
 59.9 market value of assets of the volunteer firefighter relief association as of December 31,
 59.10 2012. The reimbursement amounts, up to the amount of administrative expenses actually
 59.11 incurred under paragraph (a) in excess of \$33,600, must be credited to the account of the
 59.12 fire department associated with the former monthly benefit volunteer firefighter relief
 59.13 association that first transferred plan administration to the volunteer firefighter retirement
 59.14 plan.

59.15 Sec. 12. Minnesota Statutes 2014, section 353G.03, is amended to read:

59.16 **353G.03 VOLUNTARY STATEWIDE ~~LUMP-SUM~~ VOLUNTEER**
 59.17 **FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.**

59.18 Subdivision 1. **Establishment.** A Voluntary Statewide ~~Lump-Sum~~ Volunteer
 59.19 Firefighter Retirement Plan Advisory Board is created.

59.20 Subd. 2. **Function; purpose.** The advisory board shall meet periodically to provide
 59.21 advice to the board of trustees of the Public Employees Retirement Association about the
 59.22 retirement coverage needs of volunteer firefighters who are members of the retirement
 59.23 plan and about the legislative and administrative changes that would assist the retirement
 59.24 plan in accommodating volunteer firefighters who are not members of the retirement plan.

59.25 Subd. 3. **Composition.** (a) The advisory board consists of ~~seven~~ eight members.

59.26 (b) The advisory board members are:

59.27 (1) one representative of Minnesota townships, appointed by the Minnesota
 59.28 Association of Townships;

59.29 (2) two representatives of Minnesota cities, appointed by the League of Minnesota
 59.30 Cities;

59.31 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the
 59.32 Minnesota State Fire Chiefs Association;

59.33 (4) two representatives of Minnesota volunteer firefighters, all who are active
 59.34 volunteer firefighters, one of whom is covered by the lump-sum retirement division and

60.1 one of whom is covered by the monthly benefit retirement division, appointed by the
 60.2 Minnesota State Fire Chiefs Association;

60.3 (5) one representative of Minnesota volunteer firefighters who is covered by
 60.4 the lump-sum retirement division, appointed by the Minnesota State Fire Departments
 60.5 Association; and

60.6 ~~(5)~~(6) one representative of the Office of the State Auditor, designated by the state
 60.7 auditor.

60.8 Subd. 4. **Term.** ~~(a) The initial terms on the advisory board for the Minnesota~~
 60.9 ~~townships representative and the Minnesota fire chiefs representative are one year. The~~
 60.10 ~~initial terms on the advisory board for one of the Minnesota cities representatives and one~~
 60.11 ~~of the Minnesota active volunteer firefighter representatives are two years. The initial~~
 60.12 ~~terms on the advisory board for the other Minnesota cities representative and the other~~
 60.13 ~~Minnesota active volunteer firefighter representative are three years. The term for the~~
 60.14 Office of the State Auditor representative is determined by the state auditor.

60.15 (b) ~~Subsequent~~ Terms on the advisory board other than the Office of the State
 60.16 Auditor representative are three years.

60.17 Subd. 5. **Compensation of advisory board.** The compensation of members of the
 60.18 advisory board₂ other than the Office of the State Auditor representative₂ is governed by
 60.19 section 15.0575, subdivision 3.

60.20 Sec. 13. Minnesota Statutes 2014, section 353G.04, is amended to read:

60.21 **353G.04 INFORMATION FROM MUNICIPALITIES AND FIRE**
 60.22 **DEPARTMENTS.**

60.23 The chief executive officers of municipalities and fire departments with volunteer
 60.24 firefighters covered by the voluntary ~~lump-sum~~ statewide volunteer firefighter retirement
 60.25 plan shall provide all relevant information and records requested by the board, the
 60.26 executive director, and the State Board of Investment as required to perform their duties.

60.27 Sec. 14. Minnesota Statutes 2014, section 353G.05, is amended to read:

60.28 **353G.05 PLAN COVERAGE ELECTION.**

60.29 Subdivision 1. **Coverage.** Any municipality or independent nonprofit firefighting
 60.30 corporation may elect to have its volunteer firefighters covered by the lump-sum
 60.31 retirement division or the monthly benefit retirement division of the retirement plan₂
 60.32 whichever applies.

60.33 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of
 60.34 volunteer firefighters by the lump-sum retirement plan division is initiated by a request

61.1 to the executive director for a cost analysis of the prospective retirement coverage under
61.2 the lump-sum retirement division.

61.3 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer
61.4 firefighters relief association or a defined contribution volunteer firefighters' relief
61.5 association governed by chapter 424A, the cost analysis of the prospective retirement
61.6 coverage must be requested jointly by the secretary of the volunteer firefighters relief
61.7 association, following approval of the request by the board of the volunteer firefighters
61.8 relief association, and the chief administrative officer of the entity associated with the relief
61.9 association, following approval of the request by the governing body of the entity associated
61.10 with the relief association. If the relief association is associated with more than one
61.11 entity, the chief administrative officer of each associated entity must execute the request.
61.12 If the volunteer firefighters are not currently covered by a volunteer firefighters relief
61.13 association, the cost analysis of the prospective retirement coverage must be requested by
61.14 the chief administrative officer of the entity operating the fire department. The request
61.15 must be made in writing and must be made on a form prescribed by the executive director.

61.16 (c) The cost analysis of the prospective retirement coverage by the lump-sum
61.17 retirement division of the statewide retirement plan must be based on the service pension
61.18 amount under section 353G.11 closest to the service pension amount provided by the
61.19 volunteer firefighters relief association if the relief association is a lump-sum defined
61.20 benefit plan, or the amount equal to 95 percent of the most current average account
61.21 balance per relief association member if the relief association is a defined contribution
61.22 plan, or to the lowest service pension amount under section 353G.11 if there is no
61.23 volunteer firefighters relief association, rounded up, and any other service pension amount
61.24 designated by the requester or requesters. The cost analysis must be prepared using a
61.25 mathematical procedure certified as accurate by an approved actuary retained by the
61.26 Public Employees Retirement Association.

61.27 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
61.28 that has filed the information required under section 69.051 in a timely fashion, upon
61.29 request by the executive director, the state auditor shall provide the most recent data
61.30 available on the financial condition of the volunteer firefighters relief association, the most
61.31 recent firefighter demographic data available, and a copy of the current relief association
61.32 bylaws. If a cost analysis is requested, but no volunteer firefighters relief association
61.33 exists, the chief administrative officer of the entity operating the fire department shall
61.34 provide the demographic information on the volunteer firefighters serving as members
61.35 of the fire department requested by the executive director.

62.1 ~~(e) If a cost analysis is requested, the executive director of the State Board of~~
62.2 ~~Investment shall review the investment portfolio of the relief association, if applicable,~~
62.3 ~~for compliance with the applicable provisions of chapter 11A and for appropriateness~~
62.4 ~~for retention under the established investment objectives and investment policies of the~~
62.5 ~~State Board of Investment. If the prospective retirement coverage change is approved~~
62.6 ~~under paragraph (f), the State Board of Investment may require that the relief association~~
62.7 ~~liquidate any investment security or other asset which the executive director of the State~~
62.8 ~~Board of Investment has determined to be an ineligible or inappropriate investment for~~
62.9 ~~retention by the State Board of Investment. The security or asset liquidation must occur~~
62.10 ~~before the effective date of the transfer of retirement plan coverage. If requested to do so by~~
62.11 ~~the chief administrative officer of the relief association, the executive director of the State~~
62.12 ~~Board of Investment shall provide advice about the best means to conduct the liquidation.~~

62.13 ~~(f) Upon receipt of the cost analysis, the governing body of the municipality~~
62.14 ~~or independent nonprofit firefighting corporation associated with the fire department~~
62.15 ~~shall either approve or disapprove the retirement coverage change within 120 days. If~~
62.16 ~~the retirement coverage change is not acted upon within 120 days, it is deemed to be~~
62.17 ~~disapproved. If the retirement coverage change is approved by the applicable governing~~
62.18 ~~body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan~~
62.19 ~~is effective on the next following January 1.~~

62.20 Subd. 3. Election of coverage; monthly benefit. (a) The process for electing
62.21 coverage of volunteer firefighters by the monthly retirement division is initiated by a
62.22 request to the executive director for an actuarial cost analysis of the prospective retirement
62.23 coverage under the monthly benefit retirement division. This request must be made by
62.24 the secretary of the volunteer firefighters relief association and the chief administrative
62.25 officer of the entity associated with the relief association, both of which must first obtain
62.26 approval of the request from their respective municipal governing body or independent
62.27 nonprofit firefighting corporation. The request must be made in writing and must be made
62.28 on a form prescribed by the executive director.

62.29 (b) Coverage by the monthly benefit retirement division may only be elected if
62.30 the volunteer firefighters are covered by a monthly benefit volunteer firefighters relief
62.31 association governed by chapter 424A.

62.32 (c) The cost analysis under paragraph (a) must be prepared by the approved actuary
62.33 retained by the Public Employees Retirement Association. The cost analysis must be
62.34 based on:

62.35 (1) the service pension and other retirement benefit types and amounts in effect for
62.36 the volunteer firefighters relief association as of the date of the request and any other

63.1 amount or amounts designated by the requesters, as disclosed in a special actuarial
 63.2 valuation prepared under sections 356.215 and 356.216; and

63.3 (2) the standards for actuarial work, and the actuarial assumptions utilized in the
 63.4 most recent prior actuarial valuation, except that the applicable interest rate actuarial
 63.5 assumption is six percent.

63.6 (d) The secretary of the volunteer firefighters relief association making the request
 63.7 must supply the demographic and financial data necessary for the cost analysis to be
 63.8 prepared.

63.9 Subd. 4. **Invested assets review.** If a cost analysis is requested under subdivision 2
 63.10 or 3, the executive director of the State Board of Investment shall review the investment
 63.11 portfolio of the relief association, if applicable, for compliance with the applicable
 63.12 provisions of chapter 11A and for appropriateness for retention under the established
 63.13 investment objectives and investment policies of the State Board of Investment. If the
 63.14 prospective retirement coverage change is approved under subdivision 5, the State
 63.15 Board of Investment may require that the relief association liquidate any investment
 63.16 security or other asset which the executive director of the State Board of Investment has
 63.17 determined to be an ineligible or inappropriate investment for retention by the State Board
 63.18 of Investment. The security or asset liquidation must occur before the effective date of
 63.19 the transfer of retirement plan coverage. If requested to do so by the chief administrative
 63.20 officer of the relief association, the executive director of the State Board of Investment
 63.21 shall provide advice about the best means to conduct the liquidation.

63.22 Subd. 5. **Finalization; coverage transfer.** Upon receipt of the cost analysis
 63.23 requested under subdivision 2 or 3, the governing body of the municipality or independent
 63.24 nonprofit firefighting corporation associated with the fire department shall either approve
 63.25 or disapprove the retirement coverage change within 120 days. If the retirement coverage
 63.26 change is not acted upon within 120 days, it is deemed to be disapproved. If the retirement
 63.27 coverage change is approved by the applicable governing body, coverage by the voluntary
 63.28 statewide volunteer firefighter retirement plan is effective on the January 1 next following
 63.29 the approval date.

63.30 Sec. 15. Minnesota Statutes 2014, section 353G.06, is amended to read:

63.31 **353G.06 DISESTABLISHMENT OF PRIOR VOLUNTEER FIREFIGHTERS**
 63.32 **RELIEF ASSOCIATION SPECIAL FUND UPON RETIREMENT COVERAGE**
 63.33 **CHANGE.**

63.34 Subdivision 1. **Special fund disestablishment.** On the date December 31
 63.35 immediately prior to the effective date of the coverage change, the special fund of the

64.1 applicable volunteer firefighters relief association, if one exists, ceases to exist as a
64.2 pension fund of the association and legal title to the assets of the special fund transfers
64.3 to the State Board of Investment, with the undivided beneficial title to the assets of the
64.4 special fund remaining in the applicable volunteer firefighters as a group.

64.5 Subd. 2. **Other relief association changes.** In addition to the transfer and
64.6 disestablishment of the special fund under subdivision 1, notwithstanding any provisions
64.7 of chapter 424A or 424B to the contrary, upon the effective date of the change in
64.8 volunteer firefighter retirement coverage, if the relief association membership elects to
64.9 retain the relief association as a fraternal organization after the benefit coverage election,
64.10 the following changes must be implemented with respect to the applicable volunteer
64.11 firefighters relief association:

64.12 (1) the relief association board of trustees membership is reduced to five, comprised
64.13 of the fire chief of the fire department and four trustees elected by and from the relief
64.14 association membership;

64.15 (2) the relief association may only maintain a general fund, which continues to
64.16 be governed by section 424A.06;

64.17 (3) the relief association is not authorized to receive the proceeds of any state aid or
64.18 to receive any municipal funds; and

64.19 (4) the relief association may not pay any service pension or benefit that was not
64.20 authorized as a general fund disbursement under the articles of incorporation or bylaws of
64.21 the relief association in effect immediately prior to the plan coverage election process.

64.22 Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of
64.23 the volunteer firefighters relief association under this section, the voluntary statewide
64.24 ~~lump-sum~~ volunteer firefighter retirement plan is the successor in interest of the special
64.25 fund of the volunteer firefighters relief association for all claims against the special fund
64.26 other than a claim against the special fund, the volunteer firefighters relief association,
64.27 the municipality, the fire department, or any person connected with the volunteer
64.28 firefighters relief association in a fiduciary capacity under chapter 356A or common law
64.29 that was based on any act or acts which were not performed in good faith and which
64.30 constituted a breach of a fiduciary obligation. As the successor in interest of the special
64.31 fund of the volunteer firefighters relief association, the voluntary statewide ~~lump-sum~~
64.32 volunteer firefighter retirement plan may assert any applicable defense in any judicial
64.33 proceeding which the board of trustees of the volunteer firefighters relief association or the
64.34 municipality would have been entitled to assert.

64.35 Sec. 16. Minnesota Statutes 2014, section 353G.07, is amended to read:

65.1 **353G.07 CERTIFICATION OF GOOD TIME SERVICE CREDIT.**

65.2 (a) Annually, by March 31, the fire chief of the fire department with firefighters who
65.3 are active members of either the lump-sum retirement plan division or the monthly benefit
65.4 retirement division shall certify to the executive director the good time service credit for the
65.5 previous calendar year of each firefighter rendering active service with the fire department.

65.6 (b) The fire chief shall provide to each firefighter rendering active service with
65.7 the fire department notification of the amount of good time service credit rendered by
65.8 the firefighter for the calendar year. The good time service credit notification must be
65.9 provided to the firefighter 60 days before its certification to the executive director of the
65.10 Public Employees Retirement Association, along with an indication of the process for the
65.11 firefighter to challenge the fire chief's determination of good time service credit. If the
65.12 good time service credit amount is challenged in a timely fashion, the fire chief shall hold
65.13 a hearing on the challenge, accept and consider any additional pertinent information,
65.14 and make a final determination of good time service credit. The final determination of
65.15 good time service credit by the fire chief is not reviewable by the executive director of
65.16 the Public Employees Retirement Association or by the board of trustees of the Public
65.17 Employees Retirement Association.

65.18 (c) The good time service credit certification is an official public document. If a
65.19 false good time service credit certification is filed or if false information regarding good
65.20 time service credits is provided, section 353.19 applies.

65.21 (d) The good time service credit certification must be expressed as a percentage of a
65.22 full year of service during which an active firefighter rendered at least the minimum level
65.23 and quantity of fire suppression, emergency response, fire prevention, or fire education
65.24 duties required by the fire department under the rules and regulations applicable to the
65.25 fire department. No more than one year of good time service credit may be certified
65.26 for a calendar year.

65.27 (e) If a firefighter covered by the retirement plan leaves active firefighting service
65.28 to render active military service that is required to be ~~covered~~ governed by the federal
65.29 Uniformed Services Employment and Reemployment Rights Act, as amended, the person
65.30 must be certified as providing a full year of good time service credit in each year of the
65.31 military service, up to the applicable limit of the federal Uniformed Services Employment
65.32 and Reemployment Rights Act. If the firefighter does not return from the military service
65.33 in compliance with the federal Uniformed Services Employment and Reemployment
65.34 Rights Act, the good time service credits applicable to that military service credit period
65.35 are forfeited and cancel at the end of the calendar year in which the federal law time
65.36 limit occurs.

66.1 Sec. 17. Minnesota Statutes 2014, section 353G.08, is amended to read:

66.2 **353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

66.3 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)

66.4 Annually, the executive director shall determine the funding requirements of each account
66.5 in the lump-sum retirement division of the voluntary statewide ~~lump-sum~~ volunteer
66.6 firefighter retirement plan on or before August 1. The funding requirements ~~as directed~~
66.7 computed under this section; subdivision must be determined using a mathematical
66.8 procedure developed and certified as accurate by ~~an~~ the approved actuary retained by the
66.9 Public Employees Retirement Association and must be based on present value factors
66.10 using a six percent interest rate, without any decrement assumptions. The funding
66.11 requirements must be certified to the entity or entities associated with the fire department
66.12 whose active firefighters are covered by the retirement plan.

66.13 (b) The overall funding balance of each lump-sum account for the current calendar
66.14 year must be determined in the following manner:

66.15 (1) The total accrued liability for all active and deferred members of the account as
66.16 of December 31 of the current year must be calculated based on the good time service
66.17 credit of active and deferred members as of that date.

66.18 (2) The total present assets of the account projected to December 31 of the current
66.19 year, including receipts by and disbursements from the account anticipated to occur on or
66.20 before December 31, must be calculated. To the extent possible, the market value of assets
66.21 must be utilized in making this calculation.

66.22 (3) The amount of the total present assets calculated under clause (2) must be
66.23 subtracted from the amount of the total accrued liability calculated under clause (1). If the
66.24 amount of total present assets exceeds the amount of the total accrued liability, then the
66.25 account is considered to have a surplus over full funding. If the amount of the total present
66.26 assets is less than the amount of the total accrued liability, then the account is considered
66.27 to have a deficit from full funding. If the amount of total present assets is equal to the
66.28 amount of the total accrued liability, then the special fund is considered to be fully funded.

66.29 (c) The financial requirements of each lump-sum account for the following calendar
66.30 year must be determined in the following manner:

66.31 (1) The total accrued liability for all active and deferred members of the account
66.32 as of December 31 of the calendar year next following the current calendar year must be
66.33 calculated based on the good time service used in the calculation under paragraph (b),
66.34 clause (1), increased by one year.

66.35 (2) The increase in the total accrued liability of the account for the following calendar
66.36 year over the total accrued liability of the account for the current year must be calculated.

67.1 (3) The amount of anticipated future administrative expenses of the account must be
67.2 calculated by multiplying the dollar amount of the administrative expenses for the most
67.3 recent prior calendar year by the factor of 1.035.

67.4 (4) If the account is fully funded, the financial requirement of the account for the
67.5 following calendar year is the total of the amounts calculated under clauses (2) and (3).

67.6 (5) If the account has a deficit from full funding, the financial requirement of the
67.7 account for the following calendar year is the total of the amounts calculated under clauses
67.8 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full
67.9 funding of the account.

67.10 (6) If the account has a surplus over full funding, the financial requirement of
67.11 the account for the following calendar year is the financial requirement of the account
67.12 calculated as though the account was fully funded under clause (4) and, if the account has
67.13 also had a surplus over full funding during the prior two years, additionally reduced by an
67.14 amount equal to one-tenth of the amount of the surplus over full funding of the account.

67.15 (d) The required contribution of the entity or entities associated with the fire
67.16 department whose active firefighters are covered by the lump-sum retirement plan division
67.17 is the annual financial requirements of the lump-sum account of the retirement plan
67.18 under paragraph (c) reduced by the amount of any fire state aid payable under sections
67.19 69.011 to 69.051 or any police and firefighter retirement supplemental state aid payable
67.20 under section 423A.022 that is reasonably anticipated to be received by the retirement
67.21 plan attributable to the entity or entities during the following calendar year, and an
67.22 amount of interest on the assets projected to be received during the following calendar
67.23 year calculated at the rate of six percent per annum. The required contribution must be
67.24 allocated between the entities if more than one entity is involved. A reasonable amount
67.25 of anticipated fire state aid is an amount that does not exceed the fire state aid actually
67.26 received in the prior year multiplied by the factor 1.035.

67.27 (e) The required contribution calculated in paragraph (d) must be paid to the
67.28 retirement plan on or before December 31 of the year for which it was calculated. If
67.29 the contribution is not received by the retirement plan by December 31, it is payable
67.30 with interest at an annual compound rate of six percent from the date due until the date
67.31 payment is received by the retirement plan. If the entity does not pay the full amount of
67.32 the required contribution, the executive director shall collect the unpaid amount under
67.33 section 353.28, subdivision 6.

67.34 **Subd. 1a. Annual funding requirements; monthly benefit retirement division.**

67.35 **(a) Annually, the executive director shall determine the funding requirements of each**

68.1 monthly benefit account in the voluntary statewide volunteer firefighter retirement plan on
68.2 or before August 1.

68.3 (b) The executive director must determine the funding requirements of a monthly
68.4 benefit account under this subdivision from:

68.5 (1) the most recent actuarial valuation normal cost, administrative expense,
68.6 including the cost of a regular actuarial valuation, and amortization results for the account
68.7 determined by the approved actuary retained by the retirement association under sections
68.8 356.215 and 356.216; and

68.9 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial
68.10 assumption and other actuarial assumptions approved under section 356.215, subdivision
68.11 18:

68.12 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit
68.13 increase to be amortized over a period of 20 years from the date of the benefit change;

68.14 (ii) with that portion of any unfunded actuarial accrued liability attributable to an
68.15 assumption change or an actuarial method change to be amortized over a period of 20
68.16 years from the date of the assumption or method change;

68.17 (iii) with that portion of any unfunded actuarial accrued liability attributable to an
68.18 investment loss to be amortized over a period of ten years from the date of investment
68.19 loss; and

68.20 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized
68.21 over a period of five years from the date of the actuarial valuation.

68.22 (c) The required contributions of the entity or entities associated with the fire
68.23 department whose active firefighters are covered by the monthly benefit retirement
68.24 division are the annual financial requirements of the monthly benefit account of the
68.25 retirement plan under paragraph (b) reduced by the amount of any fire state aid payable
68.26 under sections 69.011 to 69.051, or any police and firefighter retirement supplemental state
68.27 aid payable under section 423A.022, that is reasonably anticipated to be received by the
68.28 retirement plan attributable to the entity or entities during the following calendar year.

68.29 The required contribution must be allocated between the entities if more than one entity
68.30 is involved. A reasonable amount of anticipated fire state aid is an amount that does not
68.31 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

68.32 (d) The required contribution calculated in paragraph (c) must be paid to the
68.33 retirement plan on or before December 31 of the year for which it was calculated. If
68.34 the contribution is not received by the retirement plan by December 31, it is payable
68.35 with interest at an annual compound rate of six percent from the date due until the date
68.36 payment is received by the retirement plan. If the entity does not pay the full amount of

69.1 the required contribution, the executive director shall collect the unpaid amount under
 69.2 section 353.28, subdivision 6.

69.3 Subd. 2. **Cash flow funding requirement.** If the executive director determines
 69.4 that ~~an~~ a lump-sum retirement or a monthly benefit retirement account in the voluntary
 69.5 statewide ~~lump-sum~~ volunteer firefighter retirement plan has insufficient assets to meet the
 69.6 service pensions ~~determined~~ expected to be payable from the account over the succeeding
 69.7 two years, the executive director shall certify the amount of the potential service pension
 69.8 shortfall to the municipality or municipalities and the municipality or municipalities shall
 69.9 make an additional employer contribution to the account within ten days of the certification.
 69.10 If more than one municipality is associated with the account, unless the municipalities agree
 69.11 to and implement a different allocation, the municipalities shall allocate the additional
 69.12 employer contribution one-half in proportion to the population of each municipality and
 69.13 one-half in proportion to the estimated market value of the property of each municipality.

69.14 Subd. 2a. **Additional municipal contributions authorized.** (a) At the discretion of
 69.15 the municipality or the independent nonprofit firefighting corporation associated with a fire
 69.16 department covered by a voluntary statewide ~~lump-sum~~ volunteer firefighter retirement
 69.17 plan account, the municipality or the corporation may make additional contributions
 69.18 to the applicable account.

69.19 (b) The executive director of the Public Employees Retirement Association
 69.20 may specify requirements as to the form, timing, and accompanying information for
 69.21 contributions made under this subdivision.

69.22 (c) Any contributions made under this subdivision must be included as total present
 69.23 assets of the account for the calculation of any subsequent annual funding requirements
 69.24 for the account under subdivision 1 or 1a or for the calculation of any cash flow funding
 69.25 requirement under subdivision 2.

69.26 Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement
 69.27 account or of a monthly benefit retirement account of the retirement fund may only be
 69.28 disbursed for:

- 69.29 (1) the administrative expenses of the retirement plan;
- 69.30 (2) the investment expenses of the retirement fund;
- 69.31 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
 69.32 353G.15;
- 69.33 (4) the survivor benefits payable under section 353G.12; and
- 69.34 (5) the disability benefit coverage insurance premiums under section 353G.115.

69.35 Sec. 18. Minnesota Statutes 2014, section 353G.09, is amended to read:

70.1 **353G.09 RETIREMENT BENEFIT ELIGIBILITY.**

70.2 Subdivision 1. **Entitlement.** Except as provided in subdivision 3, an active member
70.3 of the retirement plan is entitled to a ~~lump-sum~~ service pension from the retirement plan
70.4 if the person:

70.5 (1) has separated from active service with the fire department for at least 30 days;

70.6 (2) has attained the age of at least 50 years;

70.7 (3) has completed at least five years of good time service credit as a member of the
70.8 retirement plan if the person is a member of the lump-sum retirement division or has
70.9 completed at least the minimum number of years of good time service credit as a member
70.10 of the retirement plan specified in the retirement benefit plan document attributable to the
70.11 applicable fire department if the person is a member of the monthly benefit retirement
70.12 division; and

70.13 (4) applies in a manner prescribed by the executive director for the service pension.

70.14 Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** (a) If an
70.15 active member of the lump-sum retirement division has completed less than 20 years of
70.16 good time service credit as a member of the lump-sum retirement division of the plan, the
70.17 person's entitlement to a service pension is equal to the nonforfeitable percentage of the
70.18 applicable service pension amount, as follows:

	Completed years of good time service credit	Nonforfeitable percentage of the service pension
70.21	5	40 percent
70.22	6	44 percent
70.23	7	48 percent
70.24	8	52 percent
70.25	9	56 percent
70.26	10	60 percent
70.27	11	64 percent
70.28	12	68 percent
70.29	13	72 percent
70.30	14	76 percent
70.31	15	80 percent
70.32	16	84 percent
70.33	17	88 percent
70.34	18	92 percent
70.35	19	96 percent
70.36	20 and thereafter	100 percent

70.37 (b) If an active member of the monthly benefit retirement division has completed less
70.38 than 20 years of good time service credit as a member of the monthly benefit retirement

71.1 division of the plan, the person's entitlement to a service pension must be governed by the
 71.2 retirement benefit plan document attributable to the applicable fire department.

71.3 Subd. 3. **Alternative lump-sum pension eligibility and computation.** (a) An
 71.4 active member of the lump-sum retirement division of the retirement plan is entitled to an
 71.5 alternative lump-sum service pension from the retirement plan if the person:

71.6 (1) has separated from active service with the fire department for at least 30 days;

71.7 (2) has attained the age of at least 50 years or the age for receipt of a service pension
 71.8 under the benefit plan of the applicable former volunteer firefighters relief association as
 71.9 of the date immediately prior to the election of the retirement coverage change, whichever
 71.10 is later;

71.11 (3) has completed at least five years of active service with the fire department and
 71.12 at least five years in total as a member of the applicable former volunteer firefighters
 71.13 relief association or of the lump-sum retirement division of the retirement plan, but has
 71.14 not rendered at least five years of good time service credit as a member of the lump-sum
 71.15 retirement division of the plan; and

71.16 (4) applies in a manner prescribed by the executive director for the service pension.

71.17 (b) If retirement coverage prior to statewide retirement plan coverage was provided
 71.18 by a defined benefit lump-sum retirement plan volunteer firefighters relief association,
 71.19 the alternative lump-sum service pension is the service pension amount specified in the
 71.20 bylaws of the applicable former volunteer firefighters relief association either as of the
 71.21 date immediately ~~prior to~~ before the election of the retirement coverage change or as of
 71.22 the date immediately before the termination of firefighting services, whichever is earlier,
 71.23 multiplied by the total number of years of service as a member of that volunteer firefighters
 71.24 relief association and as a member of the retirement plan. If retirement coverage ~~prior to~~
 71.25 before statewide retirement plan coverage was provided by a defined contribution plan
 71.26 volunteer firefighters relief association, the alternative lump-sum service pension is an
 71.27 amount equal to the person's account balance as of the date immediately ~~prior to~~ before
 71.28 the date on which statewide retirement plan coverage was first provided to the person plus
 71.29 six percent annual compound interest from that date until the date immediately ~~prior~~
 71.30 ~~to~~ before the date of retirement.

71.31 Sec. 19. Minnesota Statutes 2014, section 353G.10, is amended to read:

71.32 **353G.10 DEFERRED SERVICE PENSION AMOUNT.**

71.33 A person who was an active member of a fire department covered by either the
 71.34 lump-sum retirement division or the monthly benefit retirement division of the retirement
 71.35 plan who has separated from active firefighting service for at least 30 days and who has

72.1 completed at least five years of good time service credit, but has not attained the age of 50
 72.2 years, is entitled to a deferred service pension on or after attaining the age of 50 years
 72.3 and applying in a manner specified by the executive director for the service pension. The
 72.4 service pension payable is the nonforfeitable percentage of the service pension under
 72.5 section 353G.09, subdivision 2, and is payable without any interest on or increase in the
 72.6 service pension over the period of deferral.

72.7 Sec. 20. Minnesota Statutes 2014, section 353G.11, is amended to read:

72.8 **353G.11 LUMP-SUM RETIREMENT DIVISION SERVICE PENSION**

72.9 **LEVELS.**

72.10 Subdivision 1. **Levels; lump-sum retirement division.** The lump-sum retirement
 72.11 division of the retirement plan provides the following levels of service pension amounts to
 72.12 be selected at the election of coverage, or, if fully funded, thereafter:

72.13	Level A	\$500 per year of good time service credit
72.14	Level B	\$600 per year of good time service credit
72.15	Level C	\$700 per year of good time service credit
72.16	Level D	\$800 per year of good time service credit
72.17	Level E	\$900 per year of good time service credit
72.18	Level F	\$1,000 per year of good time service credit
72.19	Level G	\$1,250 per year of good time service credit
72.20	Level H	\$1,500 per year of good time service credit
72.21	Level I	\$2,000 per year of good time service credit
72.22	Level J	\$2,500 per year of good time service credit
72.23	Level K	\$3,000 per year of good time service credit
72.24	Level L	\$3,500 per year of good time service credit
72.25	Level M	\$4,000 per year of good time service credit
72.26	Level N	\$4,500 per year of good time service credit
72.27	Level O	\$5,000 per year of good time service credit
72.28	Level P	\$5,500 per year of good time service credit
72.29	Level Q	\$6,000 per year of good time service credit
72.30	Level R	\$6,500 per year of good time service credit
72.31	Level S	\$7,000 per year of good time service credit
72.32	Level T	\$7,500 per year of good time service credit

72.33 Subd. 1a. **Continuation of prior lump-sum service pension levels.** If a
 72.34 municipality or independent nonprofit firefighting corporation ~~elects~~ elects to be covered
 72.35 by the lump-sum retirement division of the retirement plan ~~prior to~~ before January 1,
 72.36 2010, and ~~selects~~ selected the \$750 per year of good time service credit service pension
 72.37 amount effective for January 1, 2010, that level continues for the volunteer firefighters of

73.1 that municipality or independent nonprofit firefighting corporation until a different service
73.2 pension amount is selected under subdivision 2 after January 1, 2010.

73.3 Subd. 2. **Lump-sum retirement division level selection.** At the time of the election
73.4 to transfer retirement coverage to the lump-sum retirement division of the retirement plan,
73.5 or on April 30 thereafter, the governing body or bodies of the entity or entities operating
73.6 the fire department whose firefighters are covered by the retirement plan may request
73.7 a cost estimate from the executive director of an increase in the service pension level
73.8 applicable to the active firefighters of the fire department. Within 90 days of the receipt of
73.9 the cost estimate prepared by the executive director using a procedure certified as accurate
73.10 by the approved actuary retained by the Public Employees Retirement Association, the
73.11 governing body or bodies may approve the service pension level change, effective for the
73.12 following calendar year. If not approved in a timely fashion, the service pension level
73.13 change is considered to have been disapproved.

73.14 Subd. 3. **Supplemental benefit.** The lump-sum retirement account of the retirement
73.15 plan also shall pay a supplemental benefit as provided for in section 424A.10.

73.16 Subd. 4. **Ancillary benefits.** Except as provided in section 353G.115 or 353G.12,
73.17 no disability, death, funeral, or other ancillary benefit beyond a service pension or a
73.18 survivor benefit is payable from the lump-sum retirement account of the retirement plan.

73.19 Sec. 21. **[353G.112] MONTHLY BENEFIT RETIREMENT DIVISION SERVICE**
73.20 **PENSION LEVELS.**

73.21 The service pension amount for the firefighters of a fire department covered by the
73.22 monthly benefit retirement division of the retirement plan is the amount specified in the
73.23 retirement benefit plan document applicable to the fire department.

73.24 Sec. 22. Minnesota Statutes 2014, section 353G.115, is amended to read:

73.25 **353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**
73.26 **CASUALTY INSURANCE.**

73.27 (a) Except as provided in paragraph (b) or (c), no disability benefit is payable from
73.28 the statewide retirement plan.

73.29 (b) If the board approves the arrangement, disability coverage for the lump-sum
73.30 retirement division of the statewide retirement plan members may be provided through
73.31 a group disability insurance policy obtained from an insurance company licensed to do
73.32 business in this state. The lump-sum retirement account of the voluntary statewide
73.33 lump-sum volunteer firefighter retirement plan is authorized to pay the premium for the
73.34 disability insurance authorized by this paragraph. The proportional amount of the total

74.1 annual disability insurance premium must be added to the required contribution amount
74.2 determined under section 353G.08.

74.3 (c) The disability benefit coverage for the monthly benefit retirement division is
74.4 the disability service pension amount specified in the retirement benefit plan document
74.5 applicable to the fire department, applicable former volunteer firefighters relief association
74.6 in effect as of the last day before the date on which retirement coverage transferred to the
74.7 voluntary statewide volunteer firefighter retirement plan, subject to all conditions and
74.8 limitations in the disability service pension specified therein.

74.9 Sec. 23. Minnesota Statutes 2014, section 353G.12, subdivision 2, is amended to read:

74.10 Subd. 2. **Lump-sum retirement plan; survivor benefit amount.** The amount of
74.11 the survivor benefit for the lump-sum retirement division is the amount of the lump-sum
74.12 service pension that would have been payable to the member of the lump-sum retirement
74.13 plan division on the date of death if the member had been age 50 or older on that date.

74.14 Sec. 24. Minnesota Statutes 2014, section 353G.12, is amended by adding a
74.15 subdivision to read:

74.16 Subd. 3. **Monthly benefit retirement plan; survivor benefit amount.** The amount
74.17 of the survivor benefit for the monthly benefit retirement division is the survivor service
74.18 pension amount specified in the retirement benefit plan document applicable to the fire
74.19 department, subject to all conditions and limitations for the benefit specified therein.

74.20 Sec. 25. **[353G.121] MONTHLY BENEFIT RETIREMENT DIVISION;**
74.21 **POST-TRANSFER BENEFIT PLAN DOCUMENT MODIFICATIONS.**

74.22 (a) The fire chief of a fire department that has an active membership who are covered
74.23 by the monthly benefit retirement division of the statewide retirement plan may initiate the
74.24 process of modifying the retirement benefit plan document under this section.

74.25 (b) The modification procedure is initiated when the applicable fire chief files with
74.26 the executive director of the Public Employees Retirement Association a written summary
74.27 of the desired benefit plan document modification, the proposed benefit plan document
74.28 modification language, a written request for the preparation of an actuarial cost estimate
74.29 for the proposed benefit plan document modification, and payment of the estimated cost of
74.30 the actuarial cost estimate.

74.31 (c) Upon receipt of the modification request and related documents, the executive
74.32 director shall review the language of the proposed benefit plan document modification
74.33 and, if a clarification is needed in the submitted language, shall inform the fire chief

75.1 of the necessary clarification. Once the proposed benefit plan document modification
75.2 language has been clarified by the fire chief and resubmitted to the executive director, the
75.3 executive director shall arrange for the approved actuary retained by the Public Employees
75.4 Retirement Association to prepare a benefit plan document modification cost estimate
75.5 under the applicable provisions of section 356.215 and of the standards for actuarial work
75.6 adopted by the Legislative Commission on Pensions and Retirement. Upon completion of
75.7 the benefit plan document modification cost estimate, the executive director shall forward
75.8 the estimate to the fire chief who requested it and to the chief financial officer of the
75.9 municipality or entity with which the fire department is primarily associated.

75.10 (d) The fire chief, upon receipt of the cost estimate, shall circulate the cost estimate
75.11 with the active firefighters in the fire department and shall take reasonable steps to provide
75.12 the estimate results to any affected retired members of the fire department and their
75.13 beneficiaries. The chief financial officer of the municipality or entity associated with the
75.14 fire department shall present the proposed modification language and the cost estimate to
75.15 the governing body of the municipality or entity for its consideration at a public hearing
75.16 held for that purpose.

75.17 (e) If the governing body of the municipality or entity approves the modification
75.18 language, the chief administrative officer of the municipality or entity shall notify the
75.19 executive director of the Public Employees Retirement Association of that approval. The
75.20 benefit plan document modification is effective on the January 1 next following the date of
75.21 filing the approval with the Public Employees Retirement Association and the state auditor.

75.22 Sec. 26. Minnesota Statutes 2014, section 353G.13, is amended to read:

75.23 **353G.13 LUMP-SUM RETIREMENT DIVISION; PORTABILITY.**

75.24 Subdivision 1. **Eligibility.** An active firefighter who is a member of the lump-sum
75.25 retirement division of the retirement plan who also renders firefighting service and has
75.26 good time service credit in the lump-sum retirement division of the retirement plan from
75.27 another fire department, if the good time service credit in the plan from a combination of
75.28 periods totals at least five years, is eligible, upon complying with the other requirements of
75.29 section 353G.09, to receive a lump-sum service pension upon filing an application in the
75.30 manner prescribed by the executive director, computed as provided in subdivision 2.

75.31 Subd. 2. **Combined service pension computation.** The lump-sum service pension
75.32 payable to a firefighter who qualifies under subdivision 1 is the per year of good time
75.33 lump-sum service credit service pension amount in effect for each lump-sum retirement
75.34 account in which the firefighter has good time service credit as of the date on which the
75.35 firefighter terminated active service with the fire department associated with the applicable

76.1 account, multiplied by the number of years of good time service credit that the firefighter
76.2 has in the applicable account.

76.3 Subd. 3. **Payment.** A lump-sum service pension under this section must be paid
76.4 in a single payment, with the applicable portion of the total lump-sum service pension
76.5 payment amount deducted from each lump-sum retirement account.

76.6 Sec. 27. Minnesota Statutes 2014, section 353G.14, is amended to read:

76.7 **353G.14 PURCHASE OF ANNUITY CONTRACTS.**

76.8 The executive director may purchase an annuity contract on behalf of a retiring
76.9 firefighter retiring from the lump-sum retirement division of the statewide retirement
76.10 plan with a total premium payment in an amount equal to the lump-sum service pension
76.11 payable under section 353G.09 if the purchase was requested by the retiring firefighter in a
76.12 manner prescribed by the executive director. The annuity contract must be purchased from
76.13 an insurance carrier that is licensed to do business in this state. If purchased, the annuity
76.14 contract is in lieu of any service pension or other benefit from the lump-sum retirement
76.15 plan of the retirement plan. The annuity contract may be purchased at any time after the
76.16 volunteer firefighter discontinues active service, but the annuity contract must stipulate that
76.17 no annuity amounts are payable before the former volunteer firefighter attains the age of 50.

76.18 Sec. 28. Minnesota Statutes 2014, section 353G.15, is amended to read:

76.19 **353G.15 INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.**

76.20 Upon receipt of a determination that the voluntary statewide volunteer firefighter
76.21 retirement plan is a qualified pension plan under section 401(a) of the Internal Revenue
76.22 Code, as amended, the executive director, upon request, shall transfer ~~the~~ a lump-sum
76.23 service pension amount under sections 353G.08 and 353G.11 of a former volunteer
76.24 firefighter who has terminated active firefighting services covered by the lump-sum
76.25 retirement division of the statewide plan and who has attained the age of at least 50 years
76.26 to the person's individual retirement account under section 408(a) of the federal Internal
76.27 Revenue Code, as amended. The transfer request must be in a manner prescribed by the
76.28 executive director and must be filed by the former volunteer firefighter who has sufficient
76.29 service credit to be entitled to a service pension or, following the death of a participating
76.30 active firefighter, must be filed by the deceased firefighter's surviving spouse.

76.31 Sec. 29. Minnesota Statutes 2014, section 353G.16, is amended to read:

76.32 **353G.16 EXEMPTION FROM PROCESS.**

77.1 The provisions of section 356.401 apply to the voluntary statewide volunteer
77.2 firefighter retirement plan.

77.3 Sec. 30. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

77.4 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the
77.5 applicable following interest assumption:

77.6 (1) select and ultimate interest rate assumption	
77.7	ultimate interest
77.8 plan	rate assumption
77.9 general state employees retirement plan	8.5%
77.10 correctional state employees retirement plan	8.5
77.11 State Patrol retirement plan	8.5
77.12 legislators retirement plan, and for the	0
77.13 constitutional officers calculation of total plan	
77.14 liabilities	
77.15 judges retirement plan	8.5
77.16 general public employees retirement plan	8.5
77.17 public employees police and fire retirement plan	8.5
77.18 local government correctional service	8.5
77.19 retirement plan	
77.20 teachers retirement plan	8.5
77.21 St. Paul teachers retirement plan	8.5

77.22 Except for the legislators retirement plan and the constitutional officers calculation
77.23 of total plan liabilities, the select preretirement interest rate assumption for the period after
77.24 June 30, 2012, through June 30, 2017, is 8 percent.

77.25 (2) single rate interest rate assumption

77.26	interest rate
77.27 plan	assumption
77.28 Bloomington Fire Department Relief Association	6
77.29 local monthly benefit volunteer firefighters relief	5
77.30 associations	
77.31 <u>monthly benefit retirement plans in the statewide</u>	<u>6</u>
77.32 <u>volunteer firefighter retirement plan</u>	

77.33 (b)(1) If funding stability has been attained, the valuation must use a postretirement
77.34 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
77.35 in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1,
77.36 whichever applies.

77.37 (2) If funding stability has not been attained, the valuation must use a select
77.38 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment
77.39 rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415,
77.40 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the

78.1 approved actuary estimates that the plan will attain the defined funding stability measure,
 78.2 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal
 78.3 to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29,
 78.4 subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning
 78.5 when funding stability is projected to be attained.

78.6 (c) The actuarial valuation must use the applicable following single rate future salary
 78.7 increase assumption, the applicable following modified single rate future salary increase
 78.8 assumption, or the applicable following graded rate future salary increase assumption:

78.9 (1) single rate future salary increase assumption

plan	future salary increase assumption
78.10 legislators retirement plan	78.11 5%
78.12 judges retirement plan	78.13 3
78.13 Bloomington Fire Department Relief 78.14 Association	78.14 4

78.15 (2) age-related future salary increase age-related select and ultimate future salary
 78.16 increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
78.17 local government correctional service retirement plan	78.18 assumption B
78.19 St. Paul teachers retirement plan	78.19 assumption A

78.20 For plans other than the St. Paul teachers
 78.21 retirement plan and the local government
 78.22 correctional service retirement plan, the
 78.23 select calculation is: during the designated
 78.24 select period, a designated percentage rate
 78.25 is multiplied by the result of the designated
 78.26 integer minus T, where T is the number of
 78.27 completed years of service, and is added
 78.28 to the applicable future salary increase
 78.29 assumption. The designated select period
 78.30 is ten years and the designated integer is
 78.31 ten for the local government correctional
 78.32 service retirement plan and 15 for the St.
 78.33 Paul Teachers Retirement Fund Association.
 78.34 The designated percentage rate is 0.2 percent
 78.35 for the St. Paul Teachers Retirement Fund
 78.36 Association.

78.37 The ultimate future salary increase assumption is:

	age	A	B
79.1			
79.2	16	5.9%	9%
79.3	17	5.9	9
79.4	18	5.9	9
79.5	19	5.9	9
79.6	20	5.9	9
79.7	21	5.9	8.75
79.8	22	5.9	8.5
79.9	23	5.85	8.25
79.10	24	5.8	8
79.11	25	5.75	7.75
79.12	26	5.7	7.5
79.13	27	5.65	7.25
79.14	28	5.6	7
79.15	29	5.55	6.75
79.16	30	5.5	6.75
79.17	31	5.45	6.5
79.18	32	5.4	6.5
79.19	33	5.35	6.5
79.20	34	5.3	6.25
79.21	35	5.25	6.25
79.22	36	5.2	6
79.23	37	5.15	6
79.24	38	5.1	6
79.25	39	5.05	5.75
79.26	40	5	5.75
79.27	41	4.95	5.75
79.28	42	4.9	5.5
79.29	43	4.85	5.25
79.30	44	4.8	5.25
79.31	45	4.75	5
79.32	46	4.7	5
79.33	47	4.65	5
79.34	48	4.6	5
79.35	49	4.55	5
79.36	50	4.5	5
79.37	51	4.45	5
79.38	52	4.4	5
79.39	53	4.35	5
79.40	54	4.3	5
79.41	55	4.25	4.75
79.42	56	4.2	4.75
79.43	57	4.15	4.5

80.1	58	4.1	4.25
80.2	59	4.05	4.25
80.3	60	4	4.25
80.4	61	4	4.25
80.5	62	4	4.25
80.6	63	4	4.25
80.7	64	4	4.25
80.8	65	4	4
80.9	66	4	4
80.10	67	4	4
80.11	68	4	4
80.12	69	4	4
80.13	70	4	4

80.14 (3) service-related ultimate future salary increase assumption

80.15	general state employees retirement plan of the						assumption A
80.16	Minnesota State Retirement System						
80.17	general employees retirement plan of the Public						assumption B
80.18	Employees Retirement Association						
80.19	Teachers Retirement Association						assumption C
80.20	public employees police and fire retirement plan						assumption D
80.21	State Patrol retirement plan						assumption E
80.22	correctional state employees retirement plan of the						assumption F
80.23	Minnesota State Retirement System						

80.24	service						
80.25	length	A	B	C	D	E	F
80.26	1	10.5%	12.03%	12%	13%	8%	6%
80.27	2	8.1	8.9	9	11	7.5	5.85
80.28	3	6.9	7.46	8	9	7	5.7
80.29	4	6.2	6.58	7.5	8	6.75	5.55
80.30	5	5.7	5.97	7.25	6.5	6.5	5.4
80.31	6	5.3	5.52	7	6.1	6.25	5.25
80.32	7	5	5.16	6.85	5.8	6	5.1
80.33	8	4.7	4.87	6.7	5.6	5.85	4.95
80.34	9	4.5	4.63	6.55	5.4	5.7	4.8
80.35	10	4.4	4.42	6.4	5.3	5.55	4.65
80.36	11	4.2	4.24	6.25	5.2	5.4	4.55
80.37	12	4.1	4.08	6	5.1	5.25	4.45
80.38	13	4	3.94	5.75	5	5.1	4.35
80.39	14	3.8	3.82	5.5	4.9	4.95	4.25
80.40	15	3.7	3.7	5.25	4.8	4.8	4.15
80.41	16	3.6	3.6	5	4.8	4.65	4.05
80.42	17	3.5	3.51	4.75	4.8	4.5	3.95
80.43	18	3.5	3.5	4.5	4.8	4.35	3.85

81.1	19	3.5	3.5	4.25	4.8	4.2	3.75
81.2	20	3.5	3.5	4	4.8	4.05	3.75
81.3	21	3.5	3.5	3.9	4.7	4	3.75
81.4	22	3.5	3.5	3.8	4.6	4	3.75
81.5	23	3.5	3.5	3.7	4.5	4	3.75
81.6	24	3.5	3.5	3.6	4.5	4	3.75
81.7	25	3.5	3.5	3.5	4.5	4	3.75
81.8	26	3.5	3.5	3.5	4.5	4	3.75
81.9	27	3.5	3.5	3.5	4.5	4	3.75
81.10	28	3.5	3.5	3.5	4.5	4	3.75
81.11	29	3.5	3.5	3.5	4.5	4	3.75
81.12	30 or more	3.5	3.5	3.5	4.5	4	3.75

81.13 (d) The actuarial valuation must use the applicable following payroll growth
81.14 assumption for calculating the amortization requirement for the unfunded actuarial
81.15 accrued liability where the amortization retirement is calculated as a level percentage
81.16 of an increasing payroll:

81.17	plan	payroll growth assumption
81.18	general state employees retirement plan of the	3.75%
81.19	Minnesota State Retirement System	
81.20	correctional state employees retirement plan	3.75
81.21	State Patrol retirement plan	3.75
81.22	judges retirement plan	3
81.23	general employees retirement plan of the Public	3.75
81.24	Employees Retirement Association	
81.25	public employees police and fire retirement plan	3.75
81.26	local government correctional service retirement plan	3.75
81.27	teachers retirement plan	3.75
81.28	St. Paul teachers retirement plan	4

81.29 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
81.30 different salary assumption or a different payroll increase assumption:

- 81.31 (1) has been proposed by the governing board of the applicable retirement plan;
81.32 (2) is accompanied by the concurring recommendation of the actuary retained under
81.33 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
81.34 most recent actuarial valuation report if section 356.214 does not apply; and
81.35 (3) has been approved or deemed approved under subdivision 18.

81.36 **Sec. 31. EFFECTIVE DATE.**

81.37 (a) The amendments to subdivisions 1, 2, 4, and 5 of section 12 are effective July
81.38 1, 2015, and the amendment to subdivision 3 of section 12 is effective the July 1 next
81.39 following the day on which one or more volunteer firefighter relief associations providing

82.1 monthly service pensions in whole or in part transfer administration of the retirement plan
 82.2 to the Public Employees Retirement Association under Minnesota Statutes, chapter 353G.

82.3 (b) Section 30 is effective June 30, 2015.

82.4 (c) The balance of the sections are effective July 1, 2015.

82.5 **ARTICLE 9**

82.6 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION WORKING**
 82.7 **GROUP RECOMMENDATIONS**

82.8 Section 1. Minnesota Statutes 2014, section 69.051, subdivision 1a, is amended to read:

82.9 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
 82.10 association, as defined in section 424A.001, subdivision 4, that is not required to file a
 82.11 financial report and audit under subdivision 1 must prepare a detailed statement of the
 82.12 financial affairs for the preceding fiscal year of the relief association's special and general
 82.13 funds in the style and form prescribed by the state auditor. The detailed statement must
 82.14 show:

82.15 (1) the sources and amounts of all money received;

82.16 (2) all disbursements, accounts payable and accounts receivable;

82.17 (3) the amount of money remaining in the treasury;

82.18 (4) total assets, including a listing of all investments;

82.19 (5) the accrued liabilities; and

82.20 (6) all other items necessary to show accurately the revenues and expenditures and
 82.21 financial position of the relief association.

82.22 (b) The detailed financial statement of the special and general funds required under
 82.23 paragraph (a) must be certified by a certified public accountant or by the state auditor. ~~In~~
 82.24 ~~addition to certifying the financial condition of the special and general funds of the relief~~
 82.25 ~~association, the accountant or auditor conducting the examination shall give an opinion~~
 82.26 ~~as to the condition of the special and general funds of the relief association, and shall~~
 82.27 ~~comment upon any exceptions to the report~~ in accordance with agreed-upon procedures
 82.28 and forms prescribed by the state auditor. The accountant must have at least five years of
 82.29 public accounting, auditing, or similar experience, and must not be an active, inactive, or
 82.30 retired member of the relief association or the fire department.

82.31 (c) The detailed financial statement required under paragraph (a) must be
 82.32 countersigned by:

82.33 (1) the municipal clerk or clerk-treasurer of the municipality; or

82.34 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest
 82.35 municipality in population which contracts with the independent nonprofit firefighting

83.1 corporation if the relief association is a subsidiary of an independent nonprofit firefighting
83.2 corporation and by the secretary of the independent nonprofit firefighting corporation; or
83.3 (3) by the chief financial official of the county in which the volunteer firefighter
83.4 relief association is located or primarily located if the relief association is associated with
83.5 a fire department that is not located in or associated with an organized municipality.

83.6 (d) The volunteer firefighters' relief association board must file the detailed financial
83.7 statement required under paragraph (a) in the relief association office for public inspection
83.8 and present it to the governing body of the municipality within 45 days after the close of
83.9 the fiscal year, and must submit a copy of the certified detailed financial statement to the
83.10 state auditor within 90 days of the close of the fiscal year.

83.11 (e) A certified public accountant or auditor who performs the agreed-upon
83.12 procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

83.13 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to financial
83.14 statements prepared for calendar year 2015 and thereafter.

83.15 Sec. 2. Minnesota Statutes 2014, section 69.80, is amended to read:

83.16 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

83.17 (a) Notwithstanding any provision of law to the contrary, the payment of the
83.18 following necessary, reasonable and direct expenses of maintaining, protecting and
83.19 administering the special fund, when provided for in the bylaws of the association and
83.20 approved by the board of trustees, constitutes authorized administrative expenses of a
83.21 volunteer firefighters' relief association organized under any law of this state or the
83.22 Bloomington Fire Department Relief Association:

83.23 (1) office expense, including, but not limited to, rent, utilities, equipment, supplies,
83.24 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative
83.25 personnel;

83.26 (2) salaries of the officers of the association, or their designees, and salaries of the
83.27 members of the board of trustees of the association if the salary amounts are approved by
83.28 the governing body of the entity that is responsible for meeting any minimum obligation
83.29 under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to
83.30 42, and the itemized expenses of relief association officers and board members that are
83.31 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

83.32 (3) tuition, registration fees, organizational dues, and other authorized expenses
83.33 of the officers or members of the board of trustees incurred in attending educational
83.34 conferences, seminars, or classes relating to the administration of the relief association;

84.1 (4) audit, and audit-related services, and accounting and accounting-related services,
 84.2 actuarial, medical, legal, and investment and performance evaluation expenses;

84.3 (5) filing and application fees payable by the relief association to federal or other
 84.4 governmental entities;

84.5 (6) reimbursement to the officers and members of the board of trustees, or their
 84.6 designees, for reasonable and necessary expenses actually paid and incurred in the
 84.7 performance of their duties as officers or members of the board; and

84.8 (7) premiums on fiduciary liability insurance and official bonds for the officers,
 84.9 members of the board of trustees, and employees of the relief association.

84.10 (b) Any other expenses of the relief association must be paid from the general fund
 84.11 of the association, if one exists. If a relief association has only one fund, that fund is the
 84.12 special fund for purposes of this section. If a relief association has a special fund and
 84.13 a general fund, and any expense of the relief association that is directly related to the
 84.14 purposes for which both funds were established, the payment of that expense must be
 84.15 apportioned between the two funds on the basis of the benefits derived by each fund.

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

84.17 Sec. 3. Minnesota Statutes 2014, section 424A.001, is amended by adding a
 84.18 subdivision to read:

84.19 Subd. 12. **Membership start date.** Membership in a volunteer firefighters relief
 84.20 association begins upon the date of hire by a municipality, a joint powers board, or an
 84.21 independent nonprofit firefighting corporation with which the relief association is directly
 84.22 associated, unless otherwise specified in the relief association bylaws.

84.23 **EFFECTIVE DATE.** This section is effective January 1, 2016.

84.24 Sec. 4. Minnesota Statutes 2014, section 424A.002, subdivision 1, is amended to read:

84.25 Subdivision 1. **Authorization.** A municipal fire department or an independent
 84.26 nonprofit firefighting corporation, with approval by the applicable municipality or
 84.27 municipalities, may establish a new volunteer firefighters relief association or may retain
 84.28 an existing volunteer firefighters relief association. A municipal fire department or an
 84.29 independent nonprofit firefighting corporation may be associated with only one volunteer
 84.30 firefighters relief association at one time.

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

84.32 Sec. 5. Minnesota Statutes 2014, section 424A.016, subdivision 4, is amended to read:

85.1 Subd. 4. **Individual accounts.** (a) An individual account must be established for
85.2 each firefighter who is a member of the relief association.

85.3 (b) To each individual active member account must be credited an equal share of:

85.4 (1) any amounts of fire state aid and police and firefighter retirement supplemental
85.5 state aid received by the relief association;

85.6 (2) any amounts of municipal contributions to the relief association raised from
85.7 levies on real estate or from other available municipal revenue sources exclusive of fire
85.8 state aid; and

85.9 (3) any amounts equal to the share of the assets of the special fund to the credit of:

85.10 (i) any former member who terminated active service with the fire department to
85.11 which the relief association is associated before meeting the minimum service requirement
85.12 provided for in subdivision 2, paragraph (b), and has not returned to active service with
85.13 the fire department for a period no shorter than five years; or

85.14 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
85.15 the amounts credited to the individual member account under subdivision 2, paragraph
85.16 (b), and any applicable provision of the bylaws of the relief association. In addition, any
85.17 investment return on the assets of the special fund must be credited in proportion to the
85.18 share of the assets of the special fund to the credit of each individual active member
85.19 account. Administrative expenses of the relief association payable from the special
85.20 fund may be deducted from individual accounts in a manner specified in the bylaws of
85.21 the relief association.

85.22 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
85.23 any investment return on the assets of the special fund to the accounts of inactive members.

85.24 (d) Amounts to be credited to individual accounts must be allocated uniformly
85.25 for all years of active service and allocations must be made for all years of service,
85.26 except for caps on service credit if so provided in the bylaws of the relief association.

85.27 Amounts forfeited under paragraph (b), clause (3), before a resumption of active service
85.28 and membership under section 424A.01, subdivision 6, remain forfeited and may not be
85.29 reinstated upon the resumption of active service and membership. The allocation method
85.30 may utilize monthly proration for fractional years of service, as the bylaws or articles of
85.31 incorporation of the relief association so provide. The bylaws or articles of incorporation
85.32 may define a "month," but the definition must require a calendar month to have at least 16
85.33 days of active service. If the bylaws or articles of incorporation do not define a "month," a
85.34 "month" is a completed calendar month of active service measured from the member's
85.35 date of entry to the same date in the subsequent month.

86.1 (e) At the time of retirement under subdivision 2 and any applicable provision of the
86.2 bylaws of the relief association, a retiring member is entitled to that portion of the assets
86.3 of the special fund to the credit of the member in the individual member account which is
86.4 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief
86.5 association based on the number of years of service to the credit of the retiring member.

86.6 (f) Annually, the secretary of the relief association shall certify the individual
86.7 account allocations to the state auditor at the same time that the annual financial statement
86.8 or financial report and audit of the relief association, whichever applies, is due under
86.9 section 69.051.

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

86.11 Sec. 6. Minnesota Statutes 2014, section 424A.02, subdivision 3, is amended to read:

86.12 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August
86.13 1 as part of the certification of the financial requirements and minimum municipal
86.14 obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5,
86.15 as applicable, the secretary or some other official of the relief association designated in the
86.16 bylaws of each defined benefit relief association shall calculate and certify to the governing
86.17 body of the applicable municipality the average amount of available financing per active
86.18 covered firefighter for the most recent three-year period. The amount of available financing
86.19 includes any amounts of fire state aid and police and firefighter retirement supplemental
86.20 state aid received or receivable by the relief association, any amounts of municipal
86.21 contributions to the relief association raised from levies on real estate or from other
86.22 available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in
86.23 excess of the accrued liabilities of the relief association calculated under section 424A.092,
86.24 subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

86.25 (b) The maximum service pension which the defined benefit relief association has
86.26 authority to provide for in its bylaws for payment to a member retiring after the calculation
86.27 date when the minimum age and service requirements specified in subdivision 1 are met
86.28 must be determined using the table in paragraph (c) or (d), whichever applies.

86.29 (c) For a defined benefit relief association where the governing bylaws provide for
86.30 a monthly service pension to a retiring member, the maximum monthly service pension
86.31 amount per month for each year of service credited that may be provided for in the bylaws
86.32 is the greater of the service pension amount provided for in the bylaws on the date of the
86.33 calculation of the average amount of the available financing per active covered firefighter
86.34 or the maximum service pension figure corresponding to the average amount of available
86.35 financing per active covered firefighter:

87.1	Minimum Average Amount of Available	Maximum Service Pension Amount
87.2	Financing per Firefighter	Payable per Month for Each
87.3		Year of Service
87.4	\$...	\$.25
87.5	41	.50
87.6	81	1.00
87.7	122	1.50
87.8	162	2.00
87.9	203	2.50
87.10	243	3.00
87.11	284	3.50
87.12	324	4.00
87.13	365	4.50
87.14	405	5.00
87.15	486	6.00
87.16	567	7.00
87.17	648	8.00
87.18	729	9.00
87.19	810	10.00
87.20	891	11.00
87.21	972	12.00
87.22	1053	13.00
87.23	1134	14.00
87.24	1215	15.00
87.25	1296	16.00
87.26	1377	17.00
87.27	1458	18.00
87.28	1539	19.00
87.29	1620	20.00
87.30	1701	21.00
87.31	1782	22.00
87.32	1823	22.50
87.33	1863	23.00
87.34	1944	24.00
87.35	2025	25.00
87.36	2106	26.00
87.37	2187	27.00
87.38	2268	28.00
87.39	2349	29.00
87.40	2430	30.00
87.41	2511	31.00
87.42	2592	32.00
87.43	2673	33.00
87.44	2754	34.00

88.1	2834	35.00
88.2	2916	36.00
88.3	2997	37.00
88.4	3078	38.00
88.5	3159	39.00
88.6	3240	40.00
88.7	3321	41.00
88.8	3402	42.00
88.9	3483	43.00
88.10	3564	44.00
88.11	3645	45.00
88.12	3726	46.00
88.13	3807	47.00
88.14	3888	48.00
88.15	3969	49.00
88.16	4050	50.00
88.17	4131	51.00
88.18	4212	52.00
88.19	4293	53.00
88.20	4374	54.00
88.21	4455	55.00
88.22	4536	56.00
88.23	4617	57.00
88.24	4698	58.00
88.25	4779	59.00
88.26	4860	60.00
88.27	4941	61.00
88.28	5022	62.00
88.29	5103	63.00
88.30	5184	64.00
88.31	5265	65.00
88.32	5346	66.00
88.33	5427	67.00
88.34	5508	68.00
88.35	5589	69.00
88.36	5670	70.00
88.37	5751	71.00
88.38	5832	72.00
88.39	5913	73.00
88.40	5994	74.00
88.41	6075	75.00
88.42	6156	76.00
88.43	6237	77.00

89.1	6318	78.00
89.2	6399	79.00
89.3	6480	80.00
89.4	6561	81.00
89.5	6642	82.00
89.6	6723	83.00
89.7	6804	84.00
89.8	6885	85.00
89.9	6966	86.00
89.10	7047	87.00
89.11	7128	88.00
89.12	7209	89.00
89.13	7290	90.00
89.14	7371	91.00
89.15	7452	92.00
89.16	7533	93.00
89.17	7614	94.00
89.18	7695	95.00
89.19	7776	96.00
89.20	7857	97.00
89.21	7938	98.00
89.22	8019	99.00
89.23	8100	100.00
89.24	any amount in excess of	
89.25	8100	100.00

89.26 (d) For a defined benefit relief association in which the governing bylaws provide
 89.27 for a lump-sum service pension to a retiring member, the maximum lump-sum service
 89.28 pension amount for each year of service credited that may be provided for in the bylaws is
 89.29 the greater of the service pension amount provided for in the bylaws on the date of the
 89.30 calculation of the average amount of the available financing per active covered firefighter
 89.31 or the maximum service pension figure corresponding to the average amount of available
 89.32 financing per active covered firefighter for the applicable specified period:

89.33	Minimum Average Amount of Available	Maximum Lump-Sum Service
89.34	Financing per Firefighter	Pension Amount Payable for
89.35		Each Year of Service
89.36	\$...	\$ 10
89.37	11	20
89.38	16	30
89.39	23	40
89.40	27	50
89.41	32	60
89.42	43	80

90.1	54	100
90.2	65	120
90.3	77	140
90.4	86	160
90.5	97	180
90.6	108	200
90.7	131	240
90.8	151	280
90.9	173	320
90.10	194	360
90.11	216	400
90.12	239	440
90.13	259	480
90.14	281	520
90.15	302	560
90.16	324	600
90.17	347	640
90.18	367	680
90.19	389	720
90.20	410	760
90.21	432	800
90.22	486	900
90.23	540	1000
90.24	594	1100
90.25	648	1200
90.26	702	1300
90.27	756	1400
90.28	810	1500
90.29	864	1600
90.30	918	1700
90.31	972	1800
90.32	1026	1900
90.33	1080	2000
90.34	1134	2100
90.35	1188	2200
90.36	1242	2300
90.37	1296	2400
90.38	1350	2500
90.39	1404	2600
90.40	1458	2700
90.41	1512	2800
90.42	1566	2900
90.43	1620	3000

91.1	1672	3100
91.2	1726	3200
91.3	1753	3250
91.4	1780	3300
91.5	1820	3375
91.6	1834	3400
91.7	1888	3500
91.8	1942	3600
91.9	1996	3700
91.10	2023	3750
91.11	2050	3800
91.12	2104	3900
91.13	2158	4000
91.14	2212	4100
91.15	2265	4200
91.16	2319	4300
91.17	2373	4400
91.18	2427	4500
91.19	2481	4600
91.20	2535	4700
91.21	2589	4800
91.22	2643	4900
91.23	2697	5000
91.24	2751	5100
91.25	2805	5200
91.26	2859	5300
91.27	2913	5400
91.28	2967	5500
91.29	3021	5600
91.30	3075	5700
91.31	3129	5800
91.32	3183	5900
91.33	3237	6000
91.34	3291	6100
91.35	3345	6200
91.36	3399	6300
91.37	3453	6400
91.38	3507	6500
91.39	3561	6600
91.40	3615	6700
91.41	3669	6800
91.42	3723	6900
91.43	3777	7000

92.1	3831	7100
92.2	3885	7200
92.3	3939	7300
92.4	3993	7400
92.5	4047	7500
92.6	4101	7600
92.7	4155	7700
92.8	4209	7800
92.9	4263	7900
92.10	4317	8000
92.11	4371	8100
92.12	4425	8200
92.13	4479	8300
92.14	4533	8400
92.15	4587	8500
92.16	4641	8600
92.17	4695	8700
92.18	4749	8800
92.19	4803	8900
92.20	4857	9000
92.21	4911	9100
92.22	4965	9200
92.23	5019	9300
92.24	5073	9400
92.25	5127	9500
92.26	5181	9600
92.27	5235	9700
92.28	5289	9800
92.29	5343	9900
92.30	5397	10,000
92.31	any amount in excess of	
92.32	5397	10,000

92.33 (e) For a defined benefit relief association in which the governing bylaws provide
 92.34 for a monthly benefit service pension as an alternative form of service pension payment
 92.35 to a lump-sum service pension, the maximum service pension amount for each pension
 92.36 payment type must be determined using the applicable table contained in this subdivision.

92.37 (f) If a defined benefit relief association establishes a service pension in compliance
 92.38 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
 92.39 amount of available financing per active covered firefighter is subsequently reduced
 92.40 because of a reduction in fire state aid or because of an increase in the number of active
 92.41 firefighters, the relief association may continue to provide the prior service pension

93.1 amount specified in its bylaws, but may not increase the service pension amount until
93.2 the minimum average amount of available financing per firefighter under the table in
93.3 paragraph (c) or (d), whichever applies, permits.

93.4 (g) No defined benefit relief association is authorized to provide a service pension in
93.5 an amount greater than the largest applicable flexible service pension maximum amount
93.6 even if the amount of available financing per firefighter is greater than the financing
93.7 amount associated with the largest applicable flexible service pension maximum.

93.8 (h) The method of calculating service pensions must be applied uniformly for all
93.9 years of active service. Credit must be given for all years of active service except for caps
93.10 on service credit if so provided in the bylaws of the relief association.

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

93.12 Sec. 7. Minnesota Statutes 2014, section 424A.02, subdivision 3a, is amended to read:

93.13 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)

93.14 If a defined benefit relief association pays a service pension greater than the maximum
93.15 service pension associated with the applicable average amount of available financing per
93.16 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever
93.17 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable
93.18 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is
93.19 less, the state auditor shall:

93.20 (1) disqualify the municipality or the nonprofit firefighting corporation associated
93.21 with the relief association from receiving fire state aid by making the appropriate
93.22 notification to the municipality and the commissioner of revenue, with the disqualification
93.23 applicable for the next apportionment and payment of fire state aid; and

93.24 (2) order the treasurer of the applicable relief association to recover the amount of
93.25 the overpaid service pension or pensions from any retired firefighter who received an
93.26 overpayment.

93.27 (b) Fire state aid amounts from disqualified municipalities for the period of
93.28 disqualifications under paragraph (a), clause (1), must be credited to the amount of
93.29 fire insurance premium tax proceeds available for the next subsequent fire state aid
93.30 apportionment.

93.31 (c) The amount of any overpaid service pension recovered under paragraph (a),
93.32 clause (2), must be credited to the amount of fire insurance premium tax proceeds
93.33 available for the next subsequent fire state aid apportionment.

93.34 (d) The determination of the state auditor that a relief association has paid a service
93.35 pension greater than the applicable maximum must be made on the basis of the information

94.1 filed by the relief association and the municipality with the state auditor under sections
 94.2 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other
 94.3 relevant information that comes to the attention of the state auditor. The determination
 94.4 of the state auditor is final. An aggrieved municipality, relief association, or person may
 94.5 appeal the determination under section 480A.06.

94.6 (e) The state auditor may certify, upon learning that a relief association overpaid
 94.7 a service pension based on an error in the maximum service pension calculation, the
 94.8 municipality or nonprofit firefighting corporation associated with the relief association
 94.9 for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the
 94.10 relief association has initiated recovery of any overpayment amount. Notwithstanding
 94.11 paragraph (c), all overpayments recovered under this paragraph must be credited to the
 94.12 relief association's special fund.

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

94.14 Sec. 8. Minnesota Statutes 2014, section 424A.02, subdivision 9a, is amended to read:

94.15 Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or
 94.16 special law to the contrary, a defined benefit relief association paying a monthly service
 94.17 pension may provide a postretirement increase to retired members and ancillary benefit
 94.18 recipients of the relief association if (1) the relief association adopts an appropriate
 94.19 bylaw amendment; and (2) the bylaw amendment is approved by the municipality
 94.20 pursuant to subdivision 10 and section 424A.093, subdivision 6. The postretirement
 94.21 increase is applicable only to retired members and ancillary benefit recipients receiving a
 94.22 monthly service pension or monthly ancillary benefit as of the effective date of the bylaw
 94.23 amendment. The authority to provide a postretirement increase to retired members and
 94.24 ancillary benefit recipients of a relief association contained in this subdivision supersedes
 94.25 any prior special law authorization relating to the provision of postretirement increases.

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

94.27 Sec. 9. Minnesota Statutes 2014, section 424A.05, subdivision 2, is amended to read:

94.28 Subd. 2. **Special fund assets and revenues.** The special fund must be credited
 94.29 with all fire state aid ~~moneys~~ and police and firefighter retirement supplemental state
 94.30 aid received under sections 69.011 to 69.051 and 423A.022, all taxes levied by or other
 94.31 revenues received from the municipality under sections 424A.091 to 424A.096 or any
 94.32 applicable special law requiring municipal support for the relief association, any ~~moneys~~
 94.33 funds or property donated, given, granted or devised by any person which is specified for

95.1 use for the support of the special fund and any interest or investment return earned upon
95.2 the assets of the special fund. The treasurer of the relief association is the custodian of
95.3 the assets of the special fund and must be the recipient on behalf of the special fund of
95.4 all revenues payable to the special fund. The treasurer shall maintain adequate records
95.5 documenting any transaction involving the assets or the revenues of the special fund.
95.6 These records and the bylaws of the relief association are public and must be open for
95.7 inspection by any member of the relief association, any officer or employee of the state or
95.8 of the municipality, or any member of the public, at reasonable times and places.

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

95.10 Sec. 10. Minnesota Statutes 2014, section 424A.05, subdivision 3, is amended to read:

95.11 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from
95.12 the special fund may not be made for any purpose other than one of the following:

95.13 (1) for the payment of service pensions to retired members of the relief association if
95.14 authorized and paid under law and the bylaws governing the relief association;

95.15 (2) for the purchase of an annuity for the applicable person under section 424A.015,
95.16 subdivision 3, for the transfer of service pension or benefit amounts to the applicable
95.17 person's individual retirement account under section 424A.015, subdivision 4, or to the
95.18 applicable person's account in the Minnesota deferred compensation plan under section
95.19 424A.015, subdivision 5;

95.20 (3) for the payment of temporary or permanent disability benefits to disabled
95.21 members of the relief association if authorized and paid under law and specified in amount
95.22 in the bylaws governing the relief association;

95.23 (4) for the payment of survivor benefits or for the payment of a death benefit to the
95.24 estate of the deceased active or deferred firefighter, if authorized and paid under law and
95.25 specified in amount in the bylaws governing the relief association;

95.26 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
95.27 Department Association and to the Minnesota State Fire Chiefs Association in order to
95.28 entitle relief association members to membership in and the benefits of these associations
95.29 or organizations;

95.30 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
95.31 Association, or an insurance company licensed by the state of Minnesota offering casualty
95.32 insurance, in order to entitle relief association members to membership in and the benefits
95.33 of the association or organization; and

95.34 (7) for the payment of administrative expenses of the relief association as authorized
95.35 under section 69.80.

96.1 (b) Checks or authorizations for electronic fund transfers for disbursements
96.2 authorized by this section must be signed by the relief association treasurer and at least one
96.3 other elected trustee who has been designated by the board of trustees to sign the checks or
96.4 authorizations. A relief association may make disbursements authorized by this subdivision
96.5 by electronic funds transfers only if the specific method of payment and internal control
96.6 policies and procedures regarding the method are approved by the board of trustees.

96.7 **EFFECTIVE DATE.** This section is effective July 1, 2015.

96.8 Sec. 11. Minnesota Statutes 2014, section 424A.092, subdivision 3, is amended to read:

96.9 Subd. 3. **Financial requirements of relief association; minimum obligation of**
96.10 **municipality.** (a) During the month of July, the officers of the relief association shall
96.11 determine the overall funding balance of the special fund for the current calendar year,
96.12 the financial requirements of the special fund for the following calendar year and the
96.13 minimum obligation of the municipality with respect to the special fund for the following
96.14 calendar year in accordance with the requirements of this subdivision.

96.15 (b) The overall funding balance of the special fund for the current calendar year must
96.16 be determined in the following manner:

96.17 (1) The total accrued liability of the special fund for all active and deferred members
96.18 of the relief association as of December 31 of the current year must be calculated under
96.19 subdivisions 2 and 2a, if applicable.

96.20 (2) The total present assets of the special fund projected to December 31 of the
96.21 current year, including receipts by and disbursements from the special fund anticipated to
96.22 occur on or before December 31, must be calculated. To the extent possible, for those
96.23 assets for which a market value is readily ascertainable, the current market value as of the
96.24 date of the calculation for those assets must be utilized in making this calculation. For any
96.25 asset for which no market value is readily ascertainable, the cost value or the book value,
96.26 whichever is applicable, must be utilized in making this calculation.

96.27 (3) The amount of the total present assets of the special fund calculated under clause
96.28 (2) must be subtracted from the amount of the total accrued liability of the special fund
96.29 calculated under clause (1). If the amount of total present assets exceeds the amount of
96.30 the total accrued liability, then the special fund is considered to have a surplus over full
96.31 funding. If the amount of the total present assets is less than the amount of the total
96.32 accrued liability, then the special fund is considered to have a deficit from full funding. If
96.33 the amount of total present assets is equal to the amount of the total accrued liability, then
96.34 the special fund is considered to be fully funded.

97.1 (c) The financial requirements of the special fund for the following calendar year
97.2 must be determined in the following manner:

97.3 (1) The total accrued liability of the special fund for all active and deferred members
97.4 of the relief association as of December 31 of the calendar year next following the current
97.5 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

97.6 (2) The increase in the total accrued liability of the special fund for the following
97.7 calendar year over the total accrued liability of the special fund for the current year must
97.8 be calculated.

97.9 (3) The amount of anticipated future administrative expenses of the special fund
97.10 must be calculated by multiplying the dollar amount of the administrative expenses of the
97.11 special fund for the most recent prior calendar year by the factor of 1.035.

97.12 (4) If the special fund is fully funded, the financial requirements of the special fund for
97.13 the following calendar year are the total of the amounts calculated under clauses (2) and (3).

97.14 (5) If the special fund has a deficit from full funding, the financial requirements of
97.15 the special fund for the following calendar year are the financial requirements of the
97.16 special fund calculated as though the special fund were fully funded under clause (4) plus
97.17 an amount equal to one-tenth of the original amount of the deficit from full funding of the
97.18 special fund as determined under clause (2) resulting either from an increase in the amount
97.19 of the service pension occurring in the last ten years or from a net annual investment loss
97.20 occurring during the last ten years until each increase in the deficit from full funding is
97.21 fully retired. The annual amortization contribution under this clause may not exceed the
97.22 amount of the deficit from full funding.

97.23 (6) If the special fund has a surplus over full funding, the financial requirements of
97.24 the special fund for the following calendar year are the financial requirements of the special
97.25 fund calculated as though the special fund were fully funded under clause (4) reduced by an
97.26 amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

97.27 (d) The minimum obligation of the municipality with respect to the special fund is
97.28 the financial requirements of the special fund reduced by the amount of any fire state aid
97.29 and police and firefighter retirement supplemental state aid payable under sections 69.011
97.30 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality for
97.31 transmittal to the special fund during the following calendar year, an amount of interest on
97.32 the assets of the special fund projected to the beginning of the following calendar year
97.33 calculated at the rate of five percent per annum, and the amount of any contributions to
97.34 the special fund required by the relief association bylaws from the active members of the
97.35 relief association reasonably anticipated to be received during the following calendar year.

98.1 A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire
98.2 state aid actually received in the prior year multiplied by the factor 1.035.

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

98.4 Sec. 12. Minnesota Statutes 2014, section 424A.092, subdivision 6, is amended to read:

98.5 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
98.6 relief association does not have a surplus over full funding under subdivision 3, paragraph
98.7 (c), clause (5), and if the municipality is required to provide financial support to the special
98.8 fund of the relief association under this section, the adoption of or any amendment to the
98.9 articles of incorporation or bylaws of a relief association which increases or otherwise
98.10 affects the retirement coverage provided by or the service pensions or retirement benefits
98.11 payable from the special fund of any relief association to which this section applies is not
98.12 effective until it is ratified by the governing body of the municipality served by the fire
98.13 department to which the relief association is directly associated or by the independent
98.14 nonprofit firefighting corporation, as applicable, and the officers of a relief association
98.15 shall not seek municipal ratification prior to preparing and certifying an estimate of
98.16 the expected increase in the accrued liability and annual accruing liability of the relief
98.17 association attributable to the amendment. If the special fund of the relief association
98.18 has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the
98.19 municipality is not required to provide financial support to the special fund of the relief
98.20 association under this section, the relief association may adopt or amend its articles of
98.21 incorporation or bylaws which increase or otherwise affect the retirement coverage
98.22 provided by or the service pensions or retirement benefits payable from the special fund
98.23 of the relief association which are effective without municipal ratification so long as this
98.24 does not cause the amount of the resulting increase in the accrued liability of the special
98.25 fund of the relief association to exceed 90 percent of the amount of the surplus over full
98.26 funding reported in the prior year and this does not result in the financial requirements
98.27 of the special fund of the relief association exceeding the expected amount of the future
98.28 fire state aid and police and firefighter retirement supplemental state aid to be received
98.29 by the relief association as determined by the board of trustees following the preparation
98.30 of an estimate of the expected increase in the accrued liability and annual accruing
98.31 liability of the relief association attributable to the change. If a relief association adopts or
98.32 amends its articles of incorporation or bylaws without municipal ratification under this
98.33 subdivision, and, subsequent to the amendment or adoption, the financial requirements
98.34 of the special fund of the relief association under this section are such so as to require
98.35 financial support from the municipality, the provision which was implemented without

99.1 municipal ratification is no longer effective without municipal ratification and any service
99.2 pensions or retirement benefits payable after that date may be paid only in accordance with
99.3 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

99.4 Sec. 13. Minnesota Statutes 2014, section 424A.093, subdivision 5, is amended to read:

99.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association
99.6 shall determine the minimum obligation of the municipality with respect to the special
99.7 fund of the relief association for the following calendar year on or before August 1 of each
99.8 year in accordance with the requirements of this subdivision.

99.9 (b) The minimum obligation of the municipality with respect to the special fund is
99.10 an amount equal to the financial requirements of the special fund of the relief association
99.11 determined under subdivision 4, reduced by the estimated amount of any fire state
99.12 aid and police and firefighter retirement supplemental state aid payable under sections
99.13 69.011 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality
99.14 for transmittal to the special fund of the relief association during the following year
99.15 and the amount of any anticipated contributions to the special fund required by the
99.16 relief association bylaws from the active members of the relief association reasonably
99.17 anticipated to be received during the following calendar year. A reasonable amount of
99.18 anticipated fire state aid is an amount that does not exceed the fire state aid actually
99.19 received in the prior year multiplied by the factor 1.035.

99.20 (c) The officers of the relief association shall certify the financial requirements of the
99.21 special fund of the relief association and the minimum obligation of the municipality with
99.22 respect to the special fund of the relief association as determined under subdivision 4 and
99.23 this subdivision by August 1 of each year. The certification must be made to the entity that
99.24 is responsible for satisfying the minimum obligation with respect to the special fund of the
99.25 relief association. If the responsible entity is a joint powers entity, the certification must be
99.26 made in the manner specified in the joint powers agreement, or if the joint powers agreement
99.27 is silent on this point, the certification must be made to the chair of the joint powers board.

99.28 (d) The financial requirements of the relief association and the minimum municipal
99.29 obligation must be included in the financial report or financial statement under section
99.30 69.051.

99.31 (e) The municipality shall provide for at least the minimum obligation of the
99.32 municipality with respect to the special fund of the relief association by tax levy or from
99.33 any other source of public revenue. The municipality may levy taxes for the payment of the
99.34 minimum municipal obligation without any limitation as to rate or amount and irrespective
99.35 of any limitations imposed by other provisions of law or charter upon the rate or amount

100.1 of taxation until the balance of the special fund or any fund of the relief association has
100.2 attained a specified level. In addition, any taxes levied under this section must not cause
100.3 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year
100.4 by the municipality which are subject to a limitation as to rate or amount to be reduced.

100.5 (f) If the municipality does not include the full amount of the minimum municipal
100.6 obligation in its levy for any year, the officers of the relief association shall certify that
100.7 amount to the county auditor, who shall spread a levy in the amount of the minimum
100.8 municipal obligation on the taxable property of the municipality.

100.9 (g) If the state auditor determines that a municipal contribution actually made in a
100.10 plan year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause
100.11 (5), the state auditor may request from the relief association or from the city a copy of
100.12 the certifications under this subdivision. The relief association or the city, whichever
100.13 applies, must provide the certifications within 14 days of the date of the request from
100.14 the state auditor.

100.15 Sec. 14. Minnesota Statutes 2014, section 424A.093, subdivision 6, is amended to read:

100.16 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
100.17 relief association does not have a surplus over full funding under subdivision 4, and
100.18 if the municipality is required to provide financial support to the special fund of the
100.19 relief association under this section, the adoption of or any amendment to the articles of
100.20 incorporation or bylaws of a relief association which increases or otherwise affects the
100.21 retirement coverage provided by or the service pensions or retirement benefits payable from
100.22 the special fund of any relief association to which this section applies is not effective until it
100.23 is ratified by the governing body of the municipality served by the fire department to which
100.24 the relief association is directly associated or by the independent nonprofit firefighting
100.25 corporation, as applicable. If the special fund of the relief association has a surplus
100.26 over full funding under subdivision 4, and if the municipality is not required to provide
100.27 financial support to the special fund of the relief association under this section, the relief
100.28 association may adopt or amend its articles of incorporation or bylaws which increase or
100.29 otherwise affect the retirement coverage provided by or the service pensions or retirement
100.30 benefits payable from the special fund of the relief association which are effective without
100.31 municipal ratification so long as this does not cause the amount of the resulting increase in
100.32 the accrued liability of the special fund of the relief association to exceed 90 percent of
100.33 the amount of the surplus over full funding reported in the prior year and this does not
100.34 result in the financial requirements of the special fund of the relief association exceeding
100.35 the expected amount of the future fire state aid and police and firefighter retirement

101.1 supplemental state aid to be received by the relief association as determined by the
 101.2 board of trustees following the preparation of an updated actuarial valuation including
 101.3 the proposed change or an estimate of the expected actuarial impact of the proposed
 101.4 change prepared by the actuary of the relief association. If a relief association adopts or
 101.5 amends its articles of incorporation or bylaws without municipal ratification pursuant to
 101.6 this subdivision, and, subsequent to the amendment or adoption, the financial requirements
 101.7 of the special fund of the relief association under this section are such so as to require
 101.8 financial support from the municipality, the provision which was implemented without
 101.9 municipal ratification is no longer effective without municipal ratification and any service
 101.10 pensions or retirement benefits payable after that date may be paid only in accordance with
 101.11 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

101.13 **ARTICLE 10**

101.14 **PARTICULAR VOLUNTEER FIREFIGHTER RELIEF** 101.15 **ASSOCIATION CHANGES**

101.16 Section 1. **ROSEVILLE VOLUNTEER FIREFIGHTERS RELIEF**
 101.17 **ASSOCIATION; GOVERNANCE AND ADMINISTRATION.**

101.18 Subdivision 1. **Retiree board of trustees representation.** (a) Notwithstanding
 101.19 any provision of Minnesota Statutes, section 424A.04, subdivision 1, to the contrary
 101.20 the membership of the board of trustees of the Roseville Volunteer Firefighters Relief
 101.21 Association (RVFRA) is as provided in paragraph (b), with the additional membership of
 101.22 the chief of the fire department, one elected Roseville municipal official, and one elected
 101.23 or appointed Roseville municipal official appointed by the Roseville City Council if:

101.24 (1) all service pensions and survivor benefits have not been annuitized as provided
 101.25 under Minnesota Statutes, section 424A.015, subdivision 3; and

101.26 (2) the RVFRA is administered by a governing board.

101.27 (b)(1) Beginning the day following the effective date of this section, the RVFRA
 101.28 board of trustees shall consist of three active Roseville firefighters elected from the
 101.29 membership of the RVFRA and three retired members of the RVFRA elected from the
 101.30 membership of the relief association.

101.31 (2) Beginning on the January 1 next following the date on which the number of active
 101.32 Roseville firefighters who are members of the RVFRA totals 25 or less, the RVFRA board of
 101.33 trustees shall consist of two active firefighters elected from the membership of the RVFRA,
 101.34 and four retired members of the RVFRA elected from the membership of the RVFRA.

102.1 (3) Beginning on the January 1 next following the date on which the number of
 102.2 active Roseville firefighters who are members of the RVFRA totals ten or less, the RVFRA
 102.3 board of trustees shall consist of one active firefighter elected from the membership of
 102.4 the RVFRA, and five retired members of the RVFRA elected from the membership of the
 102.5 RVFRA.

102.6 (4) Beginning on the January 1 next following the date on which there are no active
 102.7 Roseville firefighters who are members of the RVFRA, the RVFRA board of trustees shall
 102.8 consist of six retired members of the RVFRA elected from the membership of the RVFRA.

102.9 Subd. 2. **Disposition of remaining assets when obligations are paid.** Upon the
 102.10 death of the last benefit recipient and the last potential surviving spouse of the last benefit
 102.11 recipient, the remaining assets of the RVFRA or the former RVFRA cancel to the city
 102.12 treasury of the city of Roseville.

102.13 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
 102.14 the city council of Roseville and its chief clerical officer timely complete their compliance
 102.15 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

102.16 **ARTICLE 11**

102.17 **SMALL GROUP RETIREMENT CHANGES**

102.18 Section 1. Minnesota Statutes 2014, section 352.01, subdivision 2a, is amended to read:

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

102.20 (1) employees of the Minnesota Historical Society;

102.21 (2) employees of the State Horticultural Society;

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

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

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

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

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

- 103.1 (8) trainees who are employed on a full-time established training program
103.2 performing the duties of the classified position for which they will be eligible to receive
103.3 immediate appointment at the completion of the training period;
- 103.4 (9) employees of the Minnesota Safety Council;
- 103.5 (10) any employees who are on authorized leave of absence from the Transit
103.6 Operating Division of the former Metropolitan Transit Commission and who are employed
103.7 by the labor organization which is the exclusive bargaining agent representing employees
103.8 of the Transit Operating Division;
- 103.9 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
103.10 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito
103.11 Control Commission unless excluded under subdivision 2b or are covered by another
103.12 public pension fund or plan under section 473.415, subdivision 3;
- 103.13 (12) judges of the Tax Court;
- 103.14 (13) personnel who were employed on June 30, 1992, by the University of
103.15 Minnesota in the management, operation, or maintenance of its heating plant facilities,
103.16 whose employment transfers to an employer assuming operation of the heating plant
103.17 facilities, so long as the person is employed at the University of Minnesota heating plant
103.18 by that employer or by its successor organization;
- 103.19 (14) personnel who are employed as seasonal employees in the classified or
103.20 unclassified service;
- 103.21 (15) persons who are employed by the Department of Commerce as a peace officer
103.22 in the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory
103.23 retirement age specified in section 43A.34, subdivision 4;
- 103.24 (16) employees of the University of Minnesota unless excluded under subdivision
103.25 2b, clause (3);
- 103.26 (17) employees of the Middle Management Association whose employment began
103.27 after July 1, 2007, and to whom section 352.029 does not apply;
- 103.28 (18) employees of the Minnesota Government Engineers Council to whom section
103.29 352.029 does not apply;
- 103.30 (19) employees of the Minnesota Sports Facilities Authority;
- 103.31 (20) employees of the Minnesota Association of Professional Employees;
- 103.32 (21) employees of the Minnesota State Retirement System;
- 103.33 (22) employees of the State Agricultural Society;
- 103.34 (23) employees of the Gillette Children's Hospital Board who were employed in the
103.35 state unclassified service at the former Gillette Children's Hospital on March 28, 1974; and

104.1 (24) if approved for coverage by the Board of Directors of Conservation Corps
104.2 Minnesota, employees of Conservation Corps Minnesota so employed on June 30, 2003.

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

104.9 **EFFECTIVE DATE.** This section is effective July 1, 2015.

104.10 Sec. 2. Minnesota Statutes 2014, section 352D.02, subdivision 1, is amended to read:

104.11 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),
104.12 (3), (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or
104.13 Metropolitan Council and are eligible for coverage under the general state employees
104.14 retirement plan under chapter 352, are participants in the unclassified program under this
104.15 chapter unless the employee gives notice to the executive director of the Minnesota State
104.16 Retirement System within one year following the commencement of employment in the
104.17 unclassified service that the employee desires coverage under the general state employees
104.18 retirement plan. For the purposes of this chapter, an employee who does not file notice
104.19 with the executive director is deemed to have exercised the option to participate in the
104.20 unclassified program.

104.21 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified
104.22 program under this chapter unless the person was eligible to elect different coverage under
104.23 section 3A.07 and elected retirement coverage by the applicable alternative retirement
104.24 plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified
104.25 program under this chapter for judicial employment in excess of the service credit limit in
104.26 section 490.121, subdivision 22.

104.27 (c) Enumerated employees and referenced persons are:

104.28 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,
104.29 and the attorney general;

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

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

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

- 105.1 (5) a member of the legislature;
- 105.2 (6) a ~~full-time~~ an unclassified employee of the legislature or a commission or agency
105.3 of the legislature who is appointed without a limit on the duration of the employment or a
105.4 temporary legislative employee having shares in the supplemental retirement fund as a
105.5 result of former employment covered by this chapter, whether or not eligible for coverage
105.6 under the Minnesota State Retirement System;
- 105.7 (7) a person who is employed in a position established under section 43A.08,
105.8 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing
105.9 a department or agency of the state, which is at the deputy or assistant head of department
105.10 or agency or director level;
- 105.11 (8) the regional administrator, or executive director of the Metropolitan Council,
105.12 general counsel, division directors, operations managers, and other positions as designated
105.13 by the council, all of which may not exceed 27 positions at the council and the chair;
- 105.14 (9) the commissioner, deputy commissioner, and not to exceed nine positions
105.15 of the Minnesota Office of Higher Education in the unclassified service, as designated
105.16 by the Minnesota Office of Higher Education before January 1, 1992, or subsequently
105.17 redesignated with the approval of the board of directors of the Minnesota State Retirement
105.18 System, unless the person has elected coverage by the individual retirement account
105.19 plan under chapter 354B;
- 105.20 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
105.21 Constitution of the state of Minnesota, the state court administrator and judicial district
105.22 administrators;
- 105.23 (11) the chief executive officers of correctional facilities operated by the Department
105.24 of Corrections and of hospitals and nursing homes operated by the Department of Human
105.25 Services;
- 105.26 (12) an employee whose principal employment is at the state ceremonial house;
- 105.27 (13) an employee of the Agricultural Utilization Research Institute;
- 105.28 (14) an employee of the State Lottery who is covered by the managerial plan
105.29 established under section 43A.18, subdivision 3;
- 105.30 (15) a judge who has exceeded the service credit limit in section 490.121,
105.31 subdivision 22;
- 105.32 (16) an employee of Enterprise Minnesota, Inc.;
- 105.33 (17) a person employed by the Minnesota State Colleges and Universities as faculty
105.34 or in an eligible unclassified administrative position as defined in section 354B.20,
105.35 subdivision 6, who was employed by the former state university or the former community

106.1 college system before May 1, 1995, and elected unclassified program coverage prior to
106.2 May 1, 1995; and

106.3 (18) a person employed by the Minnesota State Colleges and Universities who
106.4 was employed in state service before July 1, 1995, who subsequently is employed in an
106.5 eligible unclassified administrative position as defined in section 354B.20, subdivision
106.6 6, and who elects coverage by the unclassified program.

106.7 **EFFECTIVE DATE.** This section is effective the day after final enactment and
106.8 applies to any legislative employee who had that status as of final enactment.

106.9 Sec. 3. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

106.10 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
106.11 whose annual salary from one governmental subdivision is stipulated in advance to exceed
106.12 \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year
106.13 employee and who are not specifically excluded under subdivision 2b or who have not
106.14 been provided an option to participate under subdivision 2d, whether individually or by
106.15 action of the governmental subdivision, must participate as members of the association
106.16 with retirement coverage by the general employees retirement plan under this chapter,
106.17 the public employees police and fire retirement plan under this chapter, or the local
106.18 government correctional employees retirement plan under chapter 353E, whichever
106.19 applies. Membership commences as a condition of their employment on the first day of
106.20 their employment or on the first day that the eligibility criteria are met, whichever is later.
106.21 Public employees include but are not limited to:

106.22 (1) persons whose salary meets the threshold in this paragraph from employment in
106.23 one or more positions within one governmental subdivision;

106.24 (2) elected county sheriffs;

106.25 (3) persons who are appointed, employed, or contracted to perform governmental
106.26 functions that by law or local ordinance are required of a public officer, including, but
106.27 not limited to:

106.28 (i) town and city clerk or treasurer;

106.29 (ii) county auditor, treasurer, or recorder;

106.30 (iii) city manager as defined in section 353.028 who does not exercise the option
106.31 provided under subdivision 2d; or

106.32 (iv) emergency management director, as provided under section 12.25;

106.33 (4) physicians under section 353D.01, subdivision 2, who do not elect public
106.34 employees defined contribution plan coverage under section 353D.02, subdivision 2;

106.35 (5) full-time employees of the Dakota County Agricultural Society;

107.1 (6) employees of the Red Wing Port Authority who were first employed by the
 107.2 Red Wing Port Authority before May 1, 2011, and who are not excluded employees
 107.3 under subdivision 2b;

107.4 (7) employees of the Seaway Port Authority of Duluth who are not excluded
 107.5 employees under subdivision 2b;

107.6 (8) employees of the Stevens County Housing and Redevelopment Authority who
 107.7 were first employed by the Stevens County Housing and Redevelopment Authority before
 107.8 May 1, 2014, and who are not excluded employees under subdivision 2b; and

107.9 (9) employees of the Minnesota River Area Agency on Aging who were first
 107.10 employed by a Regional Development Commission before January 1, 2016, and who are
 107.11 not excluded employees under subdivision 2b; and

107.12 ~~(9)~~ (10) employees of the Public Employees Retirement Association.

107.13 (b) A public employee or elected official who was a member of the association on
 107.14 June 30, 2002, based on employment that qualified for membership coverage by the public
 107.15 employees retirement plan or the public employees police and fire plan under this chapter,
 107.16 or the local government correctional employees retirement plan under chapter 353E as of
 107.17 June 30, 2002, retains that membership for the duration of the person's employment in that
 107.18 position or incumbency in elected office. Except as provided in subdivision 28, the person
 107.19 shall participate as a member until the employee or elected official terminates public
 107.20 employment under subdivision 11a or terminates membership under subdivision 11b.

107.21 (c) If in any subsequent year the annual salary of an included public employee is
 107.22 less than the minimum salary threshold specified in this subdivision, the member retains
 107.23 membership eligibility.

107.24 (d) For the purpose of participation in the MERF division of the general employees
 107.25 retirement plan, public employees include employees who were members of the former
 107.26 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
 107.27 members of the MERF division of the association.

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

107.29 Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 2b, is amended to read:

107.30 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
 107.31 to participate as members of the association with retirement coverage by the general
 107.32 employees retirement plan, the local government correctional employees retirement plan
 107.33 under chapter 353E, or the public employees police and fire retirement plan:

107.34 (1) persons whose annual salary from one governmental subdivision never exceeds
 107.35 an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district

108.1 employee or \$3,800 if the person is a school year employee. If annual compensation from
108.2 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
108.3 year or a school year, whichever applies, after being stipulated in advance not to exceed
108.4 the applicable amount, the stipulation is no longer valid and contributions must be made
108.5 on behalf of the employee under section 353.27, subdivision 12, from the first month in
108.6 which the employee received salary exceeding \$425 in a month;

108.7 (2) public officers who are elected to a governing body, city mayors, or persons who
108.8 are appointed to fill a vacancy in an elective office of a governing body, whose term of office
108.9 commences on or after July 1, 2002, for the service to be rendered in that elective position;

108.10 (3) election judges and persons employed solely to administer elections;

108.11 (4) patient and inmate personnel who perform services for a governmental
108.12 subdivision;

108.13 (5) except as otherwise specified in subdivision 12a, employees who are employed
108.14 solely in a temporary position as defined under subdivision 12a, and employees who
108.15 resign from a nontemporary position and accept a temporary position within 30 days of
108.16 that resignation in the same governmental subdivision;

108.17 (6) employees who are employed by reason of work emergency caused by fire,
108.18 flood, storm, or similar disaster, but if the person becomes a probationary or provisional
108.19 employee within the same pay period, other than on a temporary basis, the person is a
108.20 "public employee" retroactively to the beginning of the pay period;

108.21 (7) employees who by virtue of their employment in one governmental subdivision
108.22 are required by law to be a member of and to contribute to any of the plans or funds
108.23 administered by the Minnesota State Retirement System, the Teachers Retirement
108.24 Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion
108.25 must not be construed to prevent a person from being a member of and contributing to
108.26 the Public Employees Retirement Association and also belonging to and contributing to
108.27 another public pension plan or fund for other service occurring during the same period
108.28 of time, and a person who meets the definition of "public employee" in subdivision 2 by
108.29 virtue of other service occurring during the same period of time becomes a member of the
108.30 association unless contributions are made to another public retirement plan on the salary
108.31 based on the other service or to the Teachers Retirement Association by a teacher as
108.32 defined in section 354.05, subdivision 2;

108.33 (8) persons who are members of a religious order and are excluded from coverage
108.34 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
108.35 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),

109.1 as amended, if no irrevocable election of coverage has been made under section 3121(r) of
109.2 the Internal Revenue Code of 1954, as amended;

109.3 (9) persons who are:

109.4 (i) employed by a governmental subdivision who have not reached the age of 23
109.5 and who are enrolled on a full-time basis to attend or are attending classes on a full-time
109.6 basis at an accredited school, college, or university in an undergraduate, graduate, or
109.7 professional-technical program, or at a public or charter high school;

109.8 (ii) employed as resident physicians, medical interns, pharmacist residents, or
109.9 pharmacist interns and are serving in a degree or residency program in a public hospital
109.10 or in a public clinic; or

109.11 (iii) students who are serving for a period not to exceed five years in an internship
109.12 or a residency program that is sponsored by a governmental subdivision, including an
109.13 accredited educational institution;

109.14 (10) persons who hold a part-time adult supplementary technical college license who
109.15 render part-time teaching service in a technical college;

109.16 (11) except for employees of Hennepin County or employees of Hennepin
109.17 Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision
109.18 under a work permit or under an H-1b visa initially issued or extended for a combined
109.19 period of less than three years of employment but upon extension of the employment of
109.20 the visa beyond the three-year period, the foreign citizen must be reported for membership
109.21 beginning on the first of the month following the extension if the monthly earnings
109.22 threshold as provided under subdivision 2a is met;

109.23 (12) public hospital employees who elected not to participate as members of the
109.24 association before 1972 and who did not elect to participate from July 1, 1988, to October
109.25 1, 1988;

109.26 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
109.27 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
109.28 may still qualify as public employees under subdivision 2 and may be members of the
109.29 Public Employees Retirement Association and participants in the general employees
109.30 retirement plan or the public employees police and fire plan, whichever applies, on the
109.31 basis of compensation received from public employment service other than service as
109.32 volunteer ambulance service personnel;

109.33 (14) except as provided in section 353.87, volunteer firefighters, as defined in
109.34 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,
109.35 but a person who is a volunteer firefighter may still qualify as a public employee under
109.36 subdivision 2 and may be a member of the Public Employees Retirement Association and

110.1 a participant in the general employees retirement plan or the public employees police
110.2 and fire plan, whichever applies, on the basis of compensation received from public
110.3 employment activities other than those as a volunteer firefighter;

110.4 (15) pipefitters and associated trades personnel employed by Independent School
110.5 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
110.6 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
110.7 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
110.8 241, article 2, section 12;

110.9 (16) electrical workers, plumbers, carpenters, and associated trades personnel who
110.10 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
110.11 who have retirement coverage under a collective bargaining agreement by the Electrical
110.12 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
110.13 or the pension plan applicable to Carpenters Local 322 who were either first employed
110.14 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
110.15 Laws 2000, chapter 461, article 7, section 5;

110.16 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
110.17 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
110.18 or Independent School District No. 625, St. Paul, with coverage under a collective
110.19 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
110.20 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
110.21 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
110.22 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
110.23 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
110.24 Session chapter 10, article 10, section 6;

110.25 (18) plumbers who are employed by the Metropolitan Airports Commission, with
110.26 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
110.27 who either were first employed after May 1, 2001, or if first employed before May 2,
110.28 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
110.29 10, section 6;

110.30 (19) employees who are hired after June 30, 2002, solely to fill seasonal positions
110.31 under subdivision 12b which are limited in duration by the employer to 185 consecutive
110.32 calendar days or less in each year of employment with the governmental subdivision;

110.33 (20) persons who are provided supported employment or work-study positions by a
110.34 governmental subdivision and who participate in an employment or industries program
110.35 maintained for the benefit of these persons where the governmental subdivision limits the
110.36 position's duration to up to five years, including persons participating in a federal or state

111.1 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
 111.2 relief program where the training or work experience is not provided as a part of, or
 111.3 for, future permanent public employment;

111.4 (21) independent contractors and the employees of independent contractors;

111.5 (22) reemployed annuitants of the association during the course of that reemployment;

111.6 (23) persons appointed to serve on a board or commission of a governmental
 111.7 subdivision or an instrumentality thereof; and

111.8 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud
 111.9 Metropolitan Transit Commission who are members of the International Brotherhood
 111.10 of Teamsters Local 638 and who are, by virtue of that employment, members of the
 111.11 International Brotherhood of Teamsters Central States pension plan; and

111.12 (25) electricians or pipefitters employed by the Minneapolis Parks and Recreation
 111.13 Board, with coverage under a collective bargaining agreement by the IBEW local 292,
 111.14 or pipefitters local 539 pension plan, who were first employed before May 2, 2015, and
 111.15 who elected to be excluded under section 5.

111.16 (b) Any person performing the duties of a public officer in a position defined in
 111.17 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
 111.18 employee of an independent contractor.

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

111.20 Sec. 5. **PUBLIC PENSION COVERAGE EXCLUSION FOR CERTAIN**
 111.21 **TRADES PERSONNEL.**

111.22 An electrician or pipefitter who is employed by the Minneapolis Parks and
 111.23 Recreation Board on the effective date of this section and who has pension coverage
 111.24 under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539,
 111.25 may elect to be excluded from pension coverage by the Public Employees Retirement
 111.26 Association. The exclusion election must be made in writing on a form prescribed by the
 111.27 executive director of the Public Employees Retirement Association and must be filed
 111.28 with the executive director. The exclusion election is irrevocable. Authority to make the
 111.29 coverage exclusion expires on January 1, 2016.

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

111.31 Sec. 6. **MSRS-GENERAL; EXCLUDED SEASONAL REVENUE**
 111.32 **DEPARTMENT EMPLOYMENT SERVICE CREDIT PURCHASE.**

112.1 (a) An eligible person described in paragraph (b) is eligible to make a service credit
112.2 purchase described in paragraph (c) for the period of service indicated in paragraph (d)
112.3 if made by the expiration date specified in paragraph (e).

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

112.5 (1) was born on May 7, 1963;

112.6 (2) was a seasonal employee of the Minnesota Department of Revenue in fiscal
112.7 years 1988, 1989, 1990, 1991, 1992, 1993, and 1994 and was excluded from general state
112.8 employees retirement plan coverage under Minnesota Statutes 1988, section 352.01,
112.9 subdivision 2b, clause (20);

112.10 (3) became a full-time employee of the Minnesota Department of Revenue on
112.11 October 12, 1993; and

112.12 (4) was not eligible to purchase this period of service credit under Laws 1997,
112.13 chapter 241, article 8, section 7.

112.14 (c) The service credit purchase must be made as provided in Minnesota Statutes,
112.15 section 356.551, except that, because of delays admitted to by the Minnesota State
112.16 Retirement System in providing necessary information to permit an eligible person to
112.17 pursue special legislation in a timely fashion during the 2014 legislative session, the
112.18 amount payable by an eligible person, if paid before August 1, 2015, is the full actuarial
112.19 value amount calculated as if the payment was to be made on June 1, 2014, with the
112.20 balance of the liability accruing to the general state employees retirement plan of the
112.21 Minnesota State Retirement System.

112.22 (d) The period of employment available for an allowable service credit purchase
112.23 under this section is the period or periods of actual seasonal employment by the Minnesota
112.24 Department of Revenue occurring in fiscal years 1988 to 1994 that was not already
112.25 credited as allowable service by a retirement plan listed in Minnesota Statutes, section
112.26 356.30, subdivision 3.

112.27 (e) The service credit purchase must be made before July 1, 2017, or before the
112.28 person's retirement date, whichever is earlier.

112.29 (f) Service credit for the seasonal Minnesota Department of Revenue employment
112.30 must be granted by the general state employees retirement plan upon the receipt by the
112.31 executive director of the Minnesota State Retirement System of the purchase payment
112.32 amount under paragraph (c).

112.33 (g) The eligible person shall provide the executive director of the Minnesota State
112.34 Retirement System with any relevant information pertaining to this purchase that the
112.35 director requests.

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

113.1 Sec. 7. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION - GENERAL;**
113.2 **ST. PAUL PUBLIC SCHOOL EMPLOYEES WITH ERRONEOUSLY REPORTED**
113.3 **EMPLOYMENT TERMINATIONS.**

113.4 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
113.5 service credit from the general employees retirement plan of the Public Employees
113.6 Retirement Association (PERA) for the period specified in paragraph (c) upon making the
113.7 prior service credit purchase payment indicated in paragraph (d).

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

113.9 (1) was born on June 18, 1952;

113.10 (2) was initially employed by Independent School District No. 625, St. Paul, in
113.11 1987, in a nonteaching employment position;

113.12 (3) was initially covered by the general employees retirement plan of PERA;

113.13 (4) was erroneously reported to PERA by Independent School District No. 625, St.
113.14 Paul, as having terminated employment in August 1993;

113.15 (5) did not have member contributions deducted for the general employees
113.16 retirement plan of PERA for the period of August 1, 1993, through January 3, 1997; and

113.17 (6) had the error discovered in 1998 and received PERA general plan allowable
113.18 service credit for the period of July 1, 1994, through January 3, 1997.

113.19 (c) The period authorized for a purchase of prior allowable service credit is August
113.20 1, 1993, through June 30, 1994.

113.21 (d) To purchase the prior allowable service credit in paragraph (c), the eligible
113.22 person shall make the member contributions that would have been deducted from the
113.23 person's salary if the eligible person had been included in PERA general plan retirement
113.24 coverage during the period of August 1, 1993, through June 30, 1994, without compound
113.25 interest because Independent School District No. 625, St. Paul, admitted to failing to
113.26 timely and fully inform an eligible person in 1998 of its reporting error to the Public
113.27 Employees Retirement Association that caused an allowable service credit loss and agreed
113.28 additionally to pay the interest charge on the equivalent member contribution amount.

113.29 (e) If an eligible person makes the payment specified under paragraph (d),
113.30 Independent School District No. 625, St. Paul, shall pay the balance of the full actuarial
113.31 value prior service credit payment amount provided for in Minnesota Statutes, section
113.32 356.551, within 60 days of the date on which the executive director of PERA certifies that
113.33 the eligible person's payment was received by PERA. If Independent School District No.
113.34 625, St. Paul, does not make the payment required by this paragraph in a timely manner,
113.35 the executive director of PERA shall certify (1) that payment was not timely; (2) the
113.36 amount of the unpaid employer obligation under this paragraph; and (3) interest at a

114.1 monthly rate of 0.71 percent from the date on which the eligible person made the payment
114.2 under paragraph (d) until the first day of the first month next following the certification to
114.3 the commissioner of education, who shall withhold that amount from any state aid payable
114.4 to Independent School District No. 625, St. Paul.

114.5 (f) Upon receipt of the payment under paragraph (d), PERA shall grant allowable
114.6 service credit under Minnesota Statutes, section 353.01, subdivision 16, to the eligible
114.7 person.

114.8 (g) This section expires on December 31, 2016.

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

114.10 Sec. 8. **PERA-GENERAL; SERVICE CREDIT PURCHASE FOR OMITTED**
114.11 **CONTRIBUTION PERIOD; NASHVILLE TOWNSHIP EMPLOYEE.**

114.12 (a) Notwithstanding any provision to the contrary, an eligible person described in
114.13 paragraph (b) is entitled to purchase from the general employees retirement plan of the
114.14 Public Employees Retirement Association allowable service credit under Minnesota
114.15 Statutes, section 353.01, subdivision 16, for the period of omitted member deductions in
114.16 paragraph (c).

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

114.18 (1) was born on August 8, 1938;

114.19 (2) was first employed by Nashville Township on April 1, 1994;

114.20 (3) was eligible for retirement coverage by and membership in the general employees
114.21 retirement plan of the Public Employees Retirement Association on July 1, 1998; and

114.22 (4) had omitted deductions paid for allowable service for Nashville Township back
114.23 to July 1, 2010.

114.24 (c) The period of prior service credit available for purchase is the period from July 1,
114.25 1998, to June 30, 2010, during which no member contributions for the general employees
114.26 retirement plan of the Public Employees Retirement Association were deducted from the
114.27 eligible person's salary by Nashville Township, and which could not be corrected through
114.28 the Public Employees Retirement Association omitted contribution provision due to the
114.29 three-year time limit in the provision.

114.30 (d) The purchase payment amount payable by the eligible person is the employee
114.31 contributions that should have been made, plus 8.5 percent interest compounded annually
114.32 from the date each deduction should have occurred, until the date paid to the Public
114.33 Employees Retirement Association. The purchase payment amount payable by Nashville
114.34 Township is the balance of the full actuarial value prior service credit purchase payment
114.35 amount determined under Minnesota Statutes, section 356.551, as of the first day of the

115.1 month next following the receipt of the eligible person's payment that is remaining after
115.2 deducting the purchase payment amount payable by the eligible person.

115.3 (e) The payment amount due from Nashville Township under paragraph (d) must be
115.4 made on or before the 15th of the month next following the receipt of the eligible person's
115.5 payment under paragraph (d). If the Nashville Township purchase payment amount is not
115.6 paid in a timely fashion, the amount due accrues compound monthly interest at the rate
115.7 of 0.71 percent per month from the first day of the month next following the receipt of
115.8 the eligible person's payment until the Nashville Township purchase payment amount is
115.9 received by the Public Employees Retirement Association. If Nashville Township fails
115.10 to pay its portion of the purchase payment amount to the Public Employees Retirement
115.11 Association 90 days after the receipt of the eligible person's payment, the executive
115.12 director shall collect the unpaid amount under Minnesota Statutes, section 353.28,
115.13 subdivision 6, paragraph (a).

115.14 (f) The eligible person must provide the executive director of the Public Employees
115.15 Retirement Association with any relevant requested information pertaining to this service
115.16 credit purchase.

115.17 (g) Authority to make a service credit purchase under this section expires on June 30,
115.18 2015, or upon the eligible person's termination of employment under Minnesota Statutes,
115.19 section 353.01, subdivision 11a, whichever occurs earlier.

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

115.21 **ARTICLE 12**

115.22 **MSRS, PERA, AND TRA ADMINISTRATIVE PROVISIONS**

115.23 Section 1. Minnesota Statutes 2014, section 352.91, subdivision 3e, is amended to read:

115.24 Subd. 3e. **Minnesota Specialty Health System-Cambridge.** (a) "Covered
115.25 correctional service" means service by a state employee in one of the employment positions
115.26 with the Minnesota Specialty Health System-Cambridge specified in paragraph (b) if at
115.27 least 75 percent of the employee's working time is spent in direct contact with patients
115.28 who are in the Minnesota Specialty Health System-Cambridge and if service in such a
115.29 position is certified to the executive director by the commissioner of human services.

115.30 (b) The employment positions are:

115.31 (1) behavior analyst 1;

115.32 (2) behavior analyst 2;

115.33 (3) behavior analyst 3;

115.34 (4) group supervisor;

115.35 (5) group supervisor assistant;

116.1 (6) human services support specialist;

116.2 (7) residential program lead;

116.3 (8) psychologist 2;

116.4 (9) recreation program assistant;

116.5 (10) recreation therapist senior;

116.6 (11) registered nurse senior;

116.7 (12) skills development specialist;

116.8 (13) social worker senior;

116.9 (14) social worker specialist; and

116.10 (15) speech pathology specialist.

116.11 (c) A Department of Human Services employee who was employed at the Minnesota
 116.12 Specialty Health System-Cambridge immediately preceding the 2014 conversion to the
 116.13 community-based homes and was in covered correctional service at the time of the
 116.14 transition shall continue to be covered by the correctional employees retirement plan while
 116.15 employed by and without a break in service with the Department of Human Services in
 116.16 the direct care and treatment ~~services administration~~ of patients.

116.17 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2014.

116.18 Sec. 2. Minnesota Statutes 2014, section 352B.10, subdivision 5, is amended to read:

116.19 Subd. 5. **Optional annuity.** A disabilitant may elect, in lieu of spousal survivorship
 116.20 coverage under section 352B.11, subdivision 2b, the normal disability benefit or an
 116.21 optional annuity as provided in section 352B.08, subdivision 3. The choice of an optional
 116.22 annuity must be made in writing, on a form prescribed by the executive director, and ~~must~~
 116.23 may be made before the commencement of the payment of the disability benefit, ~~or.~~ If the
 116.24 disabilitant did not select an optional annuity at the time of application, the disabilitant
 116.25 may select an optional annuity under this section within 90 days before reaching age 55
 116.26 or within 90 days before reaching the five-year anniversary of the effective date of the
 116.27 disability benefit, whichever is later. The optional annuity is effective on the date on
 116.28 which the disability benefit begins to accrue, or the month following the attainment of age
 116.29 55 or following the five-year anniversary of the effective date of the disability benefit,
 116.30 whichever is later.

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

116.32 Sec. 3. Minnesota Statutes 2014, section 352B.105, is amended to read:

116.33 **352B.105 TERMINATION OF DISABILITY BENEFITS.**

117.1 Subdivision 1. **Termination.** Disability benefits payable under section 352B.10
117.2 must terminate on the transfer date; on which the disabilitant transfers status as a
117.3 disabilitant to status as a retirement annuitant.

117.4 Subd. 2. **Pre-July 1, 2015, disabilitants.** The transfer date for a person whose
117.5 disability benefits began to accrue before July 1, 2015, and who is still disabled is the end
117.6 of the month in which the disabilitant becomes 65 years old or the five-year anniversary
117.7 of the effective date of the disability benefit, whichever is later. ~~If the disabilitant is still~~
117.8 ~~disabled on the transfer date, the disabilitant must be deemed to be a retired member and,~~
117.9 ~~if the disabilitant had chosen an optional annuity under section 352B.10, subdivision 5,~~
117.10 ~~must receive an annuity under the terms of the optional annuity previously chosen. If the~~
117.11 ~~disabilitant had not chosen an optional annuity under section 352B.10, subdivision 5, the~~
117.12 ~~disabilitant may then choose to receive either a normal retirement annuity computed under~~
117.13 ~~section 352B.08, subdivision 2, or an optional annuity as provided in section 352B.08,~~
117.14 ~~subdivision 3. An optional annuity must be chosen within 90 days of attaining the transfer~~
117.15 ~~date. If an optional annuity is chosen, the optional annuity accrues on the first of the~~
117.16 ~~month next following the transfer date.~~

117.17 Subd. 3. **Post-June 30, 2015, disabilitants.** The transfer date for a person whose
117.18 disability benefits began to accrue after June 30, 2015, and who is still disabled is the end
117.19 of the month in which the disabilitant becomes 55 years old or the five-year anniversary of
117.20 the effective date of the disability benefit, whichever is later.

117.21 Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 10, is amended to read:

117.22 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

117.23 (1) the wages or periodic compensation payable to a public employee by the
117.24 employing governmental subdivision before:

117.25 (i) employee retirement deductions that are designated as picked-up contributions
117.26 under section 356.62;

117.27 (ii) any employee-elected deductions for deferred compensation, supplemental
117.28 retirement plans, or other voluntary salary reduction programs that would have otherwise
117.29 been available as a cash payment to the employee; and

117.30 (iii) employee deductions for contributions to a supplemental plan or to a
117.31 governmental trust established under section 356.24, subdivision 1, clause (7), to save for
117.32 postretirement health care expenses, unless otherwise excluded under paragraph (b);

117.33 (2) for a public employee who is covered by a supplemental retirement plan under
117.34 section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions
117.35 to the applicable supplemental retirement plan when an agreement between the parties

118.1 establishes that the contributions will either result in a mandatory reduction of employees'
118.2 wages through payroll withholdings, or be made in lieu of an amount that would otherwise
118.3 be paid as wages;

118.4 (3) a payment from a public employer through a grievance proceeding, settlement,
118.5 or court order that is attached to a specific earnings period in which the employee's regular
118.6 salary was not earned or paid to the member due to a suspension or a period of involuntary
118.7 termination that is not a wrongful discharge under section 356.50; provided the amount is
118.8 not less than the equivalent of the average of the hourly base salary rate in effect during
118.9 the last six months of allowable service prior to the suspension or period of involuntary
118.10 termination, plus any applicable increases awarded during the period that would have been
118.11 paid under a collective bargaining agreement or personnel policy but for the suspension
118.12 or involuntary termination, multiplied by the average number of regular hours for which
118.13 the employee was compensated during the six months of allowable service prior to the
118.14 suspension or period of involuntary termination, but not to exceed the compensation that
118.15 the public employee would have earned if regularly employed during the applicable period;

118.16 (4) ~~the amount paid to~~ for a member who is absent from employment by reason
118.17 ~~of personal, parental, or military~~ due to an authorized leave of absence, other than an
118.18 authorized medical leave of absence, the compensation paid during the leave if equivalent
118.19 to the hourly base salary rate in effect during the six months of allowable service, or
118.20 portions thereof, prior to the leave, multiplied by the average number of regular hours
118.21 for which the employee was compensated during the six months of allowable service
118.22 prior to the applicable leave of absence;

118.23 (5) ~~the amount paid to~~ for a member who is absent from employment by reason of an
118.24 authorized medical leave of absence, the compensation paid during the leave if specified
118.25 in advance to be at least one-half of, but no more than equal to, the earnings the member
118.26 received, on which contributions were reported and allowable service credited during the
118.27 six months immediately preceding the medical leave of absence; and

118.28 (6) for a public employee who receives performance or merit bonus payment under
118.29 a written compensation plan, policy, or collective bargaining agreement in addition
118.30 to regular salary or in lieu of regular salary increases, the compensation paid to the
118.31 employee for attaining or exceeding performance goals, duties, or measures during a
118.32 specified period of employment.

118.33 (b) Salary does not mean:

118.34 (1) fees paid to district court reporters;

118.35 (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum
118.36 or periodic payments;

- 119.1 (3) for the donor, payment to another person of the value of hours donated under a
119.2 benevolent vacation, personal, or sick leave donation program;
- 119.3 (4) any form of severance or retirement incentive payments;
- 119.4 (5) an allowance payment or per diem payments for or reimbursement of expenses;
- 119.5 (6) lump-sum settlements not attached to a specific earnings period;
- 119.6 (7) workers' compensation payments or disability insurance payments, including
119.7 payments from employer self-insurance arrangements;
- 119.8 (8) employer-paid amounts used by an employee toward the cost of insurance
119.9 coverage, flexible spending accounts, cafeteria plans, health care expense accounts, day
119.10 care expenses, or any payments in lieu of any employer-paid group insurance coverage,
119.11 including the difference between single and family rates that may be paid to a member with
119.12 single coverage and certain amounts determined by the executive director to be ineligible;
- 119.13 (9) employer-paid fringe benefits, including, but not limited to:
- 119.14 (i) employer-paid premiums or supplemental contributions for employees for all
119.15 types of insurance;
- 119.16 (ii) membership dues or fees for the use of fitness or recreational facilities;
- 119.17 (iii) incentive payments or cash awards relating to a wellness program;
- 119.18 (iv) the value of any nonmonetary benefits;
- 119.19 (v) any form of payment made in lieu of an employer-paid fringe benefit;
- 119.20 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered
119.21 annuity program; and
- 119.22 (vii) any amount paid by the employer as a supplement to salary, either as a
119.23 lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not
119.24 available to the employee as cash;
- 119.25 (10) the amount equal to that which the employing governmental subdivision would
119.26 otherwise pay toward single or family insurance coverage for a covered employee when,
119.27 through a contract or agreement with some but not all employees, the employer:
- 119.28 (i) discontinues, or for new hires does not provide, payment toward the cost of the
119.29 employee's selected insurance coverages under a group plan offered by the employer;
- 119.30 (ii) makes the employee solely responsible for all contributions toward the cost of
119.31 the employee's selected insurance coverages under a group plan offered by the employer,
119.32 including any amount the employer makes toward other employees' selected insurance
119.33 coverages under a group plan offered by the employer; and
- 119.34 (iii) provides increased salary rates for employees who do not have any
119.35 employer-paid group insurance coverages;

120.1 (11) except as provided in section 353.86 or 353.87, compensation of any kind
 120.2 paid to volunteer ambulance service personnel or volunteer firefighters, as defined in
 120.3 subdivision 35 or 36;

120.4 (12) the amount of compensation that exceeds the limitation provided in section
 120.5 356.611;

120.6 (13) amounts paid by a federal or state grant for which the grant specifically
 120.7 prohibits grant proceeds from being used to make pension plan contributions, unless the
 120.8 contributions to the plan are made from sources other than the federal or state grant; and

120.9 (14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).

120.10 (c) Amounts, other than those provided under paragraph (a), clause (3), provided to
 120.11 an employee by the employer through a grievance proceeding, a court order, or a legal
 120.12 settlement are salary only if the settlement or court order is reviewed by the executive
 120.13 director and the amounts are determined by the executive director to be consistent with
 120.14 paragraph (a) and prior determinations.

120.15 **EFFECTIVE DATE.** This section is effective July 1, 2015.

120.16 Sec. 5. Minnesota Statutes 2014, section 353.01, subdivision 11a, is amended to read:

120.17 Subd. 11a. **Termination of public service.** (a) "Termination of public service"
 120.18 occurs ~~(+)~~ when:

120.19 (1) a member resigns or is dismissed from public service by the employing
 120.20 governmental subdivision and the employee does not, within 30 days of the date the
 120.21 employment relationship ended, return to an employment position ~~in the same~~ with
 120.22 a governmental subdivision; or

120.23 (2) ~~when~~ the employer-employee relationship is severed due to the expiration of a
 120.24 layoff under subdivision 12 or 12c.

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

120.27 (c) A termination of public service does not occur if:

120.28 (1) prior to termination of service, the member has an agreement, verbal or written,
 120.29 to ~~return~~ provide service to a governmental subdivision as an employee; or to the same
 120.30 governmental subdivision as an independent contractor; or employee of an independent
 120.31 contractor; or

120.32 (2) within 30 days after the date the employment relationship ended, the member
 120.33 provides service to the same governmental subdivision as an independent contractor or
 120.34 employee of an independent contractor.

121.1 **EFFECTIVE DATE.** This section is effective July 1, 2015.

121.2 Sec. 6. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

121.5 (1) service during years of actual membership in the course of which employee
121.6 deductions were withheld from salary and contributions were made at the applicable rates
121.7 under section 353.27, 353.65, or 353E.03;

121.8 (2) periods of service covered by payments in lieu of salary deductions under
121.9 sections 353.27, ~~subdivision~~ subdivisions 12 and 12a, and 353.35;

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

121.13 (4) a period of authorized leave of absence ~~with pay~~ during which the employee
121.14 receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which
121.15 deductions for employee contributions are made, deposited, and credited to the fund;

121.16 (5) a period of authorized ~~personal, parental, or medical~~ leave of absence without
121.17 pay, ~~including a leave of absence covered under the federal Family Medical Leave Act,~~
121.18 ~~that does not exceed one year~~ or with pay that is not included in the definition of salary
121.19 under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are
121.20 not authorized, and for which a member obtained service credit for ~~each month in up~~
121.21 to 12 months of the authorized leave period by payment under section 353.0161 or
121.22 353.0162, to the fund made in place of salary deductions. ~~An employee must return to~~
121.23 ~~public service and render a minimum of three months of allowable service in order to be~~
121.24 ~~eligible to make payment under section 353.0161 for a subsequent authorized leave of~~
121.25 ~~absence without pay. Upon payment, the employee must be granted allowable service~~
121.26 ~~credit for the purchased period;~~

121.27 (6) a periodic, repetitive leave that is offered to all employees of a governmental
121.28 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
121.29 as certified to the association by the employer. A participating member obtains service
121.30 credit by making employee contributions in an amount or amounts based on the member's
121.31 average salary, excluding overtime pay, that would have been paid if the leave had not been
121.32 taken. The employer shall pay the employer and additional employer contributions on
121.33 behalf of the participating member. The employee and the employer are responsible to pay
121.34 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
121.35 from the end of the normal cycle until full payment is made. An employer shall also make

122.1 the employer and additional employer contributions, plus 8.5 percent interest, compounded
122.2 annually, on behalf of an employee who makes employee contributions but terminates
122.3 public service. The employee contributions must be made within one year after the end of
122.4 the annual normal working cycle or within 30 days after termination of public service,
122.5 whichever is sooner. The executive director shall prescribe the manner and forms to be
122.6 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
122.7 payment, the member must be granted allowable service credit for the purchased period;

122.8 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
122.9 months allowable service per authorized temporary or seasonal layoff in one calendar year.

122.10 An employee who has received the maximum service credit allowed for an authorized
122.11 temporary or seasonal layoff must return to public service and must obtain a minimum of
122.12 three months of allowable service subsequent to the layoff in order to receive allowable
122.13 service for a subsequent authorized temporary or seasonal layoff;

122.14 (8) a period during which a member is absent from employment by a governmental
122.15 subdivision by reason of service in the uniformed services, as defined in United States
122.16 Code, title 38, section 4303(13), if the member returns to public service with the same
122.17 governmental subdivision upon discharge from service in the uniformed service within the
122.18 time frames required under United States Code, title 38, section 4312(e), provided that
122.19 the member did not separate from uniformed service with a dishonorable or bad conduct
122.20 discharge or under other than honorable conditions. The service must be credited if the
122.21 member pays into the fund equivalent employee contributions based upon the contribution
122.22 rate or rates in effect at the time that the uniformed service was performed multiplied by
122.23 the full and fractional years being purchased and applied to the annual salary rate. The
122.24 annual salary rate is the average annual salary during the purchase period that the member
122.25 would have received if the member had continued to be employed in covered employment
122.26 rather than to provide uniformed service, or, if the determination of that rate is not
122.27 reasonably certain, the annual salary rate is the member's average salary rate during the
122.28 12-month period of covered employment rendered immediately preceding the period of the
122.29 uniformed service. Payment of the member equivalent contributions must be made during
122.30 a period that begins with the date on which the individual returns to public employment
122.31 and that is three times the length of the military leave period, or within five years of the
122.32 date of discharge from the military service, whichever is less. If the determined payment
122.33 period is less than one year, the contributions required under this clause to receive service
122.34 credit may be made within one year of the discharge date. Payment may not be accepted
122.35 following 30 days after termination of public service under subdivision 11a. If the member
122.36 equivalent contributions provided for in this clause are not paid in full, the member's

123.1 allowable service credit must be prorated by multiplying the full and fractional number
123.2 of years of uniformed service eligible for purchase by the ratio obtained by dividing the
123.3 total member contributions received by the total member contributions otherwise required
123.4 under this clause. The equivalent employer contribution, and, if applicable, the equivalent
123.5 additional employer contribution must be paid by the governmental subdivision employing
123.6 the member if the member makes the equivalent employee contributions. The employer
123.7 payments must be made from funds available to the employing unit, using the employer
123.8 and additional employer contribution rate or rates in effect at the time that the uniformed
123.9 service was performed, applied to the same annual salary rate or rates used to compute the
123.10 equivalent member contribution. The governmental subdivision involved may appropriate
123.11 money for those payments. The amount of service credit obtainable under this section may
123.12 not exceed five years unless a longer purchase period is required under United States Code,
123.13 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
123.14 employer contribution amounts payable under this clause. Interest must be computed at a
123.15 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
123.16 break in service to the end of the month in which the payment is received. Upon payment,
123.17 the employee must be granted allowable service credit for the purchased period; or

123.18 (9) a period specified under section 353.0162.

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

123.24 (e) (b) No member may receive more than 12 months of allowable service credit in a
123.25 year either for vesting purposes or for benefit calculation purposes. For an active member
123.26 who was an active member of the former Minneapolis Firefighters Relief Association
123.27 on December 29, 2011, "allowable service" is the period of service credited by the
123.28 Minneapolis Firefighters Relief Association as reflected in the transferred records of the
123.29 association up to December 30, 2011, and the period of service credited under paragraph
123.30 (a), clause (1), after December 30, 2011. For an active member who was an active member
123.31 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable
123.32 service" is the period of service credited by the Minneapolis Police Relief Association as
123.33 reflected in the transferred records of the association up to December 30, 2011, and the
123.34 period of service credited under paragraph (a), clause (1), after December 30, 2011.

123.35 (d) MS 2002 [Expired]

123.36 **EFFECTIVE DATE.** This section is effective July 1, 2015.

124.1 Sec. 7. Minnesota Statutes 2014, section 353.01, subdivision 28, is amended to read:

124.2 Subd. 28. **Retirement.** (a) "Retirement" means the commencement of the payment
124.3 of an annuity based on a date designated by the board of trustees by the association. This
124.4 date determines the rights under this chapter which occur either before or after retirement.

124.5 A right to retirement is subject to termination of public service under subdivision 11a.

124.6 A right to retirement requires a complete and continuous separation for 30 days from
124.7 employment as a public employee and from the provision of paid services to that employer.

124.8 (b) An individual who separates from employment as a public employee and who,
124.9 within 30 days of separation, returns to provide service to a governmental subdivision
124.10 as an independent contractor or as an employee of an independent contractor, has not
124.11 satisfied the separation requirements under paragraph (a).

124.12 (e) (b) Notwithstanding the 30-day separation requirement under paragraph (a), a
124.13 member of a defined benefit plan under this chapter, who also participates in the public
124.14 employees defined contribution plan under chapter 353D for other public service, may be
124.15 paid, if eligible, a retirement annuity from the defined benefit plan while participating in the
124.16 defined contribution plan. A retirement annuity is also payable from a defined benefit plan
124.17 under this chapter to an eligible member who terminates public service and who, within
124.18 30 days of separation, takes office as an elected official of a governmental subdivision.

124.19 (d) (c) Elected officials included in association membership under subdivisions 2a
124.20 and 2d meet the 30-day separation requirement under this section by resigning from office
124.21 before filing for a subsequent term in the same office and by remaining completely and
124.22 continuously separated from that office for 30 days prior to the date of the election.

124.23 **EFFECTIVE DATE.** This section is effective July 1, 2015.

124.24 Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 36, is amended to read:

124.25 Subd. 36. **Volunteer firefighter.** For purposes of this chapter, a person is
124.26 considered a "volunteer firefighter" for all service for which the person receives credit
124.27 in an association or fund operating under chapter 424A or credit in the retirement plan
124.28 established under chapter 353G.

124.29 **EFFECTIVE DATE.** This section is effective July 1, 2015.

124.30 Sec. 9. Minnesota Statutes 2014, section 353.0161, is amended by adding a subdivision
124.31 to read:

125.1 Subd. 3. Restriction on subsequent purchases. To purchase salary credit or
125.2 service credit for a subsequent authorized leave of absence period, the member must return
125.3 to public service and render a minimum of three months of allowable service credit.

125.4 EFFECTIVE DATE. This section is effective July 1, 2015.

125.5 Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

125.6 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

125.7 (a) A member may purchase additional salary credit for a period specified in this
125.8 section.

125.9 (b) The applicable period is a period during which the member is receiving a reduced
125.10 salary from the employer while the member is:

125.11 (1) receiving temporary workers' compensation payments related to the member's
125.12 service to the public employer;

125.13 (2) on an authorized ~~medical~~ leave of absence; or

125.14 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
125.15 savings program offered or mandated by a governmental subdivision.

125.16 (c) The differential salary amount is the difference between the average monthly
125.17 salary received by the member during the period of reduced salary under this section and
125.18 the average monthly salary of the member, excluding overtime, on which contributions
125.19 to the applicable plan were made during the period of the last six months of covered
125.20 employment occurring immediately before the period of reduced salary, applied to the
125.21 member's normal employment period, measured in hours or otherwise, as applicable.

125.22 (d) To receive eligible salary credit, the member shall pay an amount equal to:

125.23 (1) the applicable employee contribution rate under section 353.27, subdivision
125.24 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
125.25 differential salary amount;

125.26 (2) plus an employer equivalent payment equal to the applicable employer
125.27 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,
125.28 subdivision 2, as applicable, multiplied by the differential salary amount;

125.29 (3) plus, if applicable, an equivalent employer additional amount equal to the
125.30 additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the
125.31 differential salary amount.

125.32 (e) The employer, by appropriate action of its governing body and documented in its
125.33 official records, may pay the employer equivalent contributions and, as applicable, the
125.34 equivalent employer additional contributions on behalf of the member.

126.1 (f) Payment under this section must include interest on the contribution amount
126.2 or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable
126.3 months from the date on which the period of reduced salary specified under this section
126.4 terminates to the date on which the payment or payments are received by the executive
126.5 director. Payment under this section must be completed within the earlier of 30 days from
126.6 termination of public service by the employee under section 353.01, subdivision 11a, or
126.7 one year after the termination of the period specified in paragraph (b), as further restricted
126.8 under this section.

126.9 (g) The period for which additional allowable salary credit may be purchased is
126.10 limited to the period during which the person receives temporary workers' compensation
126.11 payments or for those business years in which the governmental subdivision offers or
126.12 mandates a budget or salary savings program, as certified to the executive director by a
126.13 resolution of the governing body of the governmental subdivision. For an authorized
126.14 ~~medical~~ leave of absence, the period for which allowable salary credit may be purchased
126.15 may not exceed 12 ~~consecutive~~ months of authorized ~~medical~~ leave.

126.16 (h) To purchase salary credit for a subsequent period of temporary workers'
126.17 compensation benefits or subsequent authorized medical leave of absence, the member
126.18 must return to public service and render a minimum of three months of allowable service.

126.19 **EFFECTIVE DATE.** This section is effective July 1, 2015.

126.20 Sec. 11. Minnesota Statutes 2014, section 353.03, subdivision 3, is amended to read:

126.21 Subd. 3. **Duties and powers.** (a) The board shall:

126.22 (1) elect a president and vice-president;

126.23 (2) approve the staffing complement, as recommended by the executive director,
126.24 necessary to administer the fund;

126.25 (3) adopt bylaws for its own government and for the management of the fund
126.26 consistent with the laws of the state and may modify them at pleasure;

126.27 (4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and
126.28 the terms of the applicable benefit plans for the administration and management of the
126.29 fund, for the payment and collection of payments from members and for the payment of
126.30 withdrawals and benefits, and that are necessary in order to comply with the applicable
126.31 federal Internal Revenue Service and Department of Labor requirements;

126.32 (5) pass upon and allow or disallow all applications for membership in the fund and
126.33 allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;

126.34 (6) authorize procedures for use of electronic signatures as defined in section
126.35 325L.02, paragraph (h), on applications and forms required by the association;

127.1 ~~(6)~~ (7) adopt an appropriate mortality table based on experience of the fund as
127.2 recommended by the association actuary and approved under section 356.215, subdivision
127.3 18, with interest set at the rate specified in section 356.215, subdivision 8;

127.4 ~~(7)~~ (8) provide for the payment out of the fund of the cost of administering this
127.5 chapter, of all necessary expenses for the administration of the fund and of all claims for
127.6 withdrawals, pensions, or benefits allowed;

127.7 ~~(8)~~ (9) approve or disapprove all recommendations and actions of the executive
127.8 director made subject to its approval or disapproval by subdivision 3a; and

127.9 ~~(9)~~ (10) approve early retirement and optional annuity factors, subject to review by
127.10 the actuary retained by the Legislative Commission on Pensions and Retirement; establish
127.11 the schedule for implementation of the approved factors; and notify the Legislative
127.12 Commission on Pensions and Retirement of the implementation schedule.

127.13 (b) In passing upon all applications and claims, the board may summon, swear, hear,
127.14 and examine witnesses and, in the case of claims for disability benefits, may require the
127.15 claimant to submit to a medical examination by a physician of the board's choice, at the
127.16 expense of the fund, as a condition precedent to the passing on the claim, and, in the
127.17 case of all applications and claims, may conduct investigations necessary to determine
127.18 their validity and merit.

127.19 (c) The board may continue to authorize the sale of life insurance to members under
127.20 the insurance program in effect on January 1, 1985, but must not change that program
127.21 without the approval of the commissioner of management and budget. The association
127.22 shall not receive any financial benefit from the life insurance program beyond the amount
127.23 necessary to reimburse the association for costs incurred in administering the program.
127.24 The association shall not engage directly or indirectly in any other activity involving the
127.25 sale or promotion of goods or services, or both, whether to members or nonmembers.

127.26 (d) The board shall establish procedures governing reimbursement of expenses
127.27 to board members. These procedures must define the types of activities and expenses
127.28 that qualify for reimbursement, must provide that all out-of-state travel be authorized
127.29 by the board, and must provide for the independent verification of claims for expense
127.30 reimbursement. The procedures must comply with the applicable rules and policies of the
127.31 Department of Management and Budget and the Department of Administration.

127.32 (e) The board may purchase fiduciary liability insurance and official bonds for the
127.33 officers and members of the board of trustees and employees of the association and may
127.34 purchase property insurance or may establish a self-insurance risk reserve including, but
127.35 not limited to, data processing insurance and "extra-expense" coverage.

127.36 **EFFECTIVE DATE.** This section is effective July 1, 2015.

128.1 Sec. 12. Minnesota Statutes 2014, section 353.031, subdivision 5, is amended to read:

128.2 Subd. 5. **Medical adviser.** The executive director may contract with an accredited
128.3 independent organization specializing in disability determinations or a licensed physicians
128.4 ~~or physicians on the staff of the state commissioner of health, as designated by the~~
128.5 ~~commissioner,~~ physician to be the medical adviser of the association. The medical adviser
128.6 shall review all medical reports submitted to the association, including the findings of
128.7 an independent medical examination requested under this section, and shall advise the
128.8 executive director.

128.9 **EFFECTIVE DATE.** This section is effective July 1, 2015.

128.10 Sec. 13. Minnesota Statutes 2014, section 353.031, subdivision 10, is amended to read:

128.11 Subd. 10. **Restoring forfeited service and salary credit.** (a) To restore forfeited
128.12 service and salary credit, a repayment of a refund must be made within six months after
128.13 the effective date of disability benefits or within six months after the date of the filing of
128.14 the disability application, whichever is later.

128.15 (b) Except for the salary credit purchase authorized under section 353.0162,
128.16 paragraph (b), clause (1), no purchase of prior service or payment made in lieu of salary
128.17 deductions otherwise authorized under ~~section~~ section 353.01 or 353.0162 may be made
128.18 after the occurrence of the disability for which an application is filed under this section.

128.19 **EFFECTIVE DATE.** This section is effective July 1, 2015.

128.20 Sec. 14. Minnesota Statutes 2014, section 353.27, subdivision 10, is amended to read:

128.21 Subd. 10. **Employer exclusion reports.** (a) The head of a department or a
128.22 designated representative shall annually furnish the executive director with an exclusion
128.23 report listing and certifying only those employees in potentially PERA general employees
128.24 retirement plan-eligible positions who were not reported as members of the general
128.25 employees retirement plan and who worked during the school year for school employees
128.26 and calendar year for nonschool employees. ~~The department head must certify the~~
128.27 ~~accuracy and completeness of the exclusion report to the association.~~ The executive
128.28 director shall prescribe the manner and forms, including standardized exclusion codes, to
128.29 be used by a governmental subdivision in preparing and filing exclusion reports. Also, the
128.30 executive director shall check the exclusion report to ascertain whether any omissions
128.31 have been made ~~by a department head~~ in the reporting of new public employees for
128.32 membership. The executive director may delegate an association employee under section

129.1 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the
129.2 payroll records of a governmental subdivision.

129.3 (b) If an employer fails to comply with the reporting requirements under this
129.4 subdivision, the executive director may assess a fine of \$25 for each failure if the
129.5 association staff has notified the employer of the noncompliance and attempted to obtain
129.6 the missing data or form from the employer for a period of more than three months.

129.7 **EFFECTIVE DATE.** This section is effective July 1, 2015.

129.8 Sec. 15. Minnesota Statutes 2014, section 353.29, subdivision 7, is amended to read:

129.9 Subd. 7. **Annuities; accrual.** (a) Except as to elected public officials, a retirement
129.10 annuity granted under this chapter begins with the first day of the first calendar month
129.11 after the date of termination of public service. The annuity must be paid in equal monthly
129.12 installments and does not accrue beyond the end of the month in which entitlement to the
129.13 annuity has terminated. ~~If the annuitant dies prior to negotiating the check for the month~~
129.14 ~~in which death occurs, payment must be made to the surviving spouse, or if none, to the~~
129.15 ~~designated beneficiary, or if none, to the estate.~~

129.16 (b) An annuity granted to an elective public official accrues on the day following
129.17 expiration of public office or expiration of the right to hold that office. The annuity for the
129.18 month during which the expiration occurred is prorated accordingly.

129.19 (c) An annuity, once granted, must not be increased, decreased, or revoked except
129.20 under this chapter.

129.21 (d) An annuity payment may be made retroactive for up to one year prior to that month
129.22 in which a complete application is received by the executive director under subdivision 4.

129.23 (e) If an annuitant dies before negotiating the check for the month in which death
129.24 occurs, payment must first be made to the surviving spouse, or if none, then to the
129.25 designated beneficiary, or if none, lastly to the estate.

129.26 **EFFECTIVE DATE.** This section is effective July 1, 2015.

129.27 Sec. 16. Minnesota Statutes 2014, section 353.33, subdivision 6, is amended to read:

129.28 Subd. 6. **Continuing eligibility for benefits.** Disability benefits are contingent upon
129.29 a disabled person's participation in a vocational ~~rehabilitation evaluation~~ assessment if the
129.30 executive director determines that the disabled person may be able to return to a gainful
129.31 occupation. If, after a review by the executive director under section 353.031, subdivision
129.32 8, a member is found to be no longer totally and permanently disabled, payments must

130.1 cease the first of the month following the expiration of a 30-day period after the member
130.2 receives a certified letter notifying the member that payments will cease.

130.3 **EFFECTIVE DATE.** This section is effective July 1, 2015.

130.4 Sec. 17. Minnesota Statutes 2014, section 353.33, subdivision 13, is amended to read:

130.5 Subd. 13. **Postretirement adjustment eligibility.** (a) A disability benefit under this
130.6 section is eligible for postretirement adjustments under section 356.415.

130.7 (b) When a disability benefit terminates under subdivision 11, the retirement annuity
130.8 electd by the individual must include all prior adjustments provided under section
130.9 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

130.10 **EFFECTIVE DATE.** This section is effective July 1, 2015.

130.11 Sec. 18. Minnesota Statutes 2014, section 353.37, subdivision 1, is amended to read:

130.12 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible
130.13 for an annuity from the general employees retirement plan of the Public Employees
130.14 Retirement Association, the public employees police and fire retirement plan, or the local
130.15 government correctional employees retirement plan must be suspended under subdivision
130.16 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if
130.17 the person reenters public service as a nonelective employee of a governmental subdivision
130.18 ~~in a position covered by this chapter~~ or returns to work as an employee of a labor
130.19 organization that represents public employees who are association members under this
130.20 chapter and salary for the reemployment service exceeds the annual maximum earnings
130.21 allowable for that age for the continued receipt of full benefit amounts monthly under the
130.22 federal Old Age, Survivors and Disability Insurance Program as set by the secretary of
130.23 health and human services under United States Code, title 42, section 403, in any calendar
130.24 year. If the person has not yet reached the minimum age for the receipt of Social Security
130.25 benefits, the maximum salary for the person is equal to the annual maximum earnings
130.26 allowable for the minimum age for the receipt of Social Security benefits.

130.27 (b) The provisions of paragraph (a) do not apply to the members of the MERF
130.28 division.

130.29 **EFFECTIVE DATE.** This section is effective July 1, 2015.

130.30 Sec. 19. Minnesota Statutes 2014, section 353.656, subdivision 1a, is amended to read:

130.31 Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A
130.32 member of the police and fire plan, other than a firefighter covered by section 353.6511, or

131.1 a police officer covered by section 353.6512, whose disabling condition is determined
131.2 to be a duty disability that is also a permanent and total disability as defined in section
131.3 353.01, subdivision 19, is entitled to receive, for life, disability benefits in an amount equal
131.4 to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
131.5 additional 3.0 percent of that average salary for each year of service in excess of 20 years.

131.6 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
131.7 under section 353.33, subdivision 6, but the review may be waived if the executive director
131.8 receives a written statement from the association's medical advisor that no improvement
131.9 can be expected in the member's disabling condition that was the basis for payment of the
131.10 benefit under paragraph (a). A member receiving a disability benefit under this subdivision
131.11 who is found to no longer be permanently and totally disabled as defined under section
131.12 353.01, subdivision 19, but continues to meet the definition for receipt of a duty disability
131.13 under section 353.01, subdivision 41, is subject to subdivision 1 upon written notice from
131.14 the association's medical advisor that the person is no longer considered permanently and
131.15 totally disabled, and may upon application, elect an optional annuity under subdivision 1b.

131.16 (c) If a member approved for disability benefits under this subdivision dies before
131.17 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph
131.18 (b), or within 60 months of the effective date of the disability, whichever is later,
131.19 the surviving spouse is entitled to receive a survivor benefit under section 353.657,
131.20 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling
131.21 condition for which disability benefits were approved, or section 353.657, subdivision
131.22 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition
131.23 for which benefits were approved under this subdivision.

131.24 (d) If the election of an actuarial equivalent optional annuity is not made at the time
131.25 the permanent and total disability benefit accrues, an election must be made within 90
131.26 days before the member attains normal retirement age as defined under section 353.01,
131.27 subdivision 37, paragraph (b), or having collected total and permanent disability benefits
131.28 for 60 months, whichever is later. If a member receiving disability benefits who has
131.29 dependent children dies, subdivision 6a, paragraph (c), applies.

131.30 **EFFECTIVE DATE.** This section is effective July 1, 2015.

131.31 Sec. 20. Minnesota Statutes 2014, section 353.656, subdivision 1b, is amended to read:

131.32 Subd. 1b. **Optional annuity election.** (a) A disabled member of the police and fire
131.33 fund may elect to receive the normal disability benefit or an actuarial equivalent optional
131.34 annuity. If the election of an actuarial equivalent optional annuity is made before the
131.35 commencement of payment of the disability benefit, the optional annuity must begin to

132.1 accrue on the same date as the disability benefit covering only the ~~disabilitant~~ disability
132.2 benefit recipient would have accrued.

132.3 (b) If an election of an optional annuity is not made before the commencement of the
132.4 disability benefit, the ~~disabilitant~~ disability benefit recipient may elect an optional annuity:

132.5 (1) within 90 days before normal retirement age;

132.6 (2) upon the filing of an application to convert to an early retirement annuity, if
132.7 electing to convert to an early retirement annuity before the normal retirement age; ~~or~~

132.8 (3) within 90 days before the expiration of the 60-month period for which a disability
132.9 benefit is paid, if the disability benefit is payable because the disabled member did not
132.10 have at least 20 years of allowable service at normal retirement age; or

132.11 (4) upon being determined that the disability benefit recipient continues to be disabled
132.12 under subdivision 1, but is no longer totally and permanently disabled under subdivision 1a.

132.13 (c) If a disabled member who has named a joint and survivor optional annuity
132.14 beneficiary dies before the disability benefit ceases and is recalculated under subdivision
132.15 5a, the beneficiary eligible to receive the joint and survivor annuity may elect to have
132.16 the annuity converted at the times designated in paragraph (b), clause (1), (2), or (3),
132.17 whichever allows for the earliest payment of a higher joint and survivor annuity option
132.18 resulting from recalculation under subdivision 5a, paragraph (e).

132.19 (d) A disabled member may name a person other than the spouse as beneficiary
132.20 of a joint and survivor annuity only if the spouse of the disabled member permanently
132.21 waives surviving spouse coverage on the disability application form prescribed by the
132.22 executive director.

132.23 (e) If the spouse of the member permanently waives survivor coverage, the
132.24 dependent child or children, if any, continue to be eligible for dependent child benefits
132.25 under section 353.657, subdivision 3, and the designated optional annuity beneficiary
132.26 may draw the monthly benefit.

132.27 (f) Any optional annuity under this subdivision, plus dependent child benefits, if
132.28 applicable, are subject to the maximum and minimum family benefit amounts specified in
132.29 section 353.657, subdivision 3a.

132.30 **EFFECTIVE DATE.** This section is effective July 1, 2015.

132.31 Sec. 21. Minnesota Statutes 2014, section 353.656, subdivision 2, is amended to read:

132.32 Subd. 2. **Benefits paid under workers' compensation law.** (a) If ~~When the amount~~
132.33 determined under paragraph (b) exceeds the equivalent salary determined under paragraph
132.34 (c), the disability benefit amount must be reduced to that amount which, when added to
132.35 the workers' compensation benefits, equals the equivalent salary.

133.1 ~~(b) When a member becomes disabled and receives~~ receiving a disability benefit as
 133.2 specified in this section ~~and~~ is also entitled to receive lump sum or periodic benefits under
 133.3 workers' compensation laws, the single life annuity actuarial equivalent disability benefit
 133.4 amount and the workers' compensation amount must be added. The computation must
 133.5 exclude any attorney fees paid by the ~~disablitant~~ disability benefit recipient as authorized
 133.6 under applicable workers' compensation laws. The computation must also exclude
 133.7 permanent partial disability payments provided under section 176.101, subdivision 2a,
 133.8 and retraining payments under section 176.102, subdivision 11, if the permanent partial
 133.9 disability or retraining payments are reported to the executive director in a manner
 133.10 specified by the executive director.

133.11 ~~(b)~~ (c) The equivalent salary is the amount determined under clause (1) or (2),
 133.12 whichever is greater:

133.13 (1) the salary the disabled member received as of the date of the disability; or

133.14 (2) the salary currently payable for the same employment position or substantially
 133.15 similar positions in the applicable government subdivision.

133.16 ~~(e) If the amount determined under paragraph (a) exceeds the equivalent salary~~
 133.17 ~~determined under paragraph (b), the disability benefit amount must be reduced to that~~
 133.18 ~~amount which, when added to the workers' compensation benefits, equals the equivalent~~
 133.19 ~~salary.~~

133.20 **EFFECTIVE DATE.** This section is effective July 1, 2015.

133.21 Sec. 22. Minnesota Statutes 2014, section 353.656, subdivision 4, is amended to read:

133.22 Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to
 133.23 receive a disability benefit payment when there remains to the member's credit unused
 133.24 annual leave, sick leave, or any other employer-provided salary continuation plan, or
 133.25 under any other circumstances when, during the period of disability, there has been no
 133.26 impairment of the person's salary as a police officer, a firefighter, or a paramedic as defined
 133.27 in section 353.64, subdivision 10, whichever applies.

133.28 (b) If a disabled member resumes a gainful occupation with earnings that, when added
 133.29 to the ~~normal~~ single life disability benefit, and workers' compensation benefit if applicable,
 133.30 exceed the ~~disablitant~~ disability benefit recipient's reemployment earnings limit, the
 133.31 amount of the disability benefit must be reduced during the months of employment and
 133.32 receipt of workers' compensation benefits, if applicable, as provided in this paragraph.

133.33 The ~~disablitant~~ disability benefit recipient's reemployment earnings limit is the greater of:

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

134.1 (2) 125 percent of the base monthly salary currently paid by the employing
134.2 governmental subdivision for similar positions.

134.3 (c) The disability benefit must be reduced by one dollar for each three dollars by
134.4 which the total amount of the current monthly disability benefit, any monthly workers'
134.5 compensation benefits if applicable, and actual monthly earnings exceed the greater
134.6 ~~disability~~ disability benefit recipient's reemployment earnings limit. In no event may
134.7 the monthly disability benefit as adjusted under this subdivision exceed the disability
134.8 benefit originally allowed.

134.9 **EFFECTIVE DATE.** This section is effective July 1, 2015.

134.10 Sec. 23. Minnesota Statutes 2014, section 353.656, subdivision 5a, is amended to read:

134.11 Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the
134.12 payment of any disability benefit the first of the month following the reinstatement of a
134.13 member to full time or less than full-time service in a position covered by the police
134.14 and fire fund.

134.15 (b) A disability benefit paid to a disabled member of the police and fire plan, that
134.16 was granted under laws in effect after June 30, 2007, terminates at the end of the month in
134.17 which the member:

134.18 (1) reaches normal retirement age;

134.19 (2) if the disability benefit is payable for a 60-month period as determined under
134.20 subdivisions 1 and 3, as applicable, the first of the month following the expiration of
134.21 the 60-month period; or

134.22 (3) if the disabled member so chooses, the end of the month in which the member
134.23 has elected to convert to an early retirement annuity under section 353.651, subdivision 4.

134.24 (c) If the police and fire plan member continues to be disabled when the disability
134.25 benefit terminates under this subdivision, the member is deemed to be retired. The
134.26 individual is entitled to receive a normal retirement annuity or an early retirement annuity
134.27 under section 353.651, whichever is applicable, as further specified in paragraph (d) or
134.28 (e). If the individual did not previously elect an optional annuity under subdivision ~~1a~~
134.29 1b, paragraph (a), the individual may elect an optional annuity under subdivision ~~1a~~
134.30 1b, paragraph (b).

134.31 (d) A member of the police and fire plan who is receiving a disability benefit under
134.32 this section may, upon application, elect to receive an early retirement annuity under
134.33 section 353.651, subdivision 4, at any time after attaining age 50, but must convert to a
134.34 retirement annuity no later than the end of the month in which the disabled member attains
134.35 normal retirement age. An early retirement annuity elected under this subdivision must be

135.1 calculated on the disabled member's accrued years of service and average salary as defined
135.2 in section 353.01, subdivision 17a, and when elected, the member is deemed to be retired.

135.3 (e) When an individual's disability benefit terminates under paragraph (b), clause (1)
135.4 or (2), and is recalculated as a retirement annuity under this section, the annuity must be
135.5 based on clause (1) or clause (2), whichever provides the greater amount:

135.6 (1) the benefit amount at the time of reclassification, including all prior adjustments
135.7 provided under ~~Minnesota Statutes 2008~~, section 11A.18, through January 1, 2009, and
135.8 thereafter as provided in section 356.415; or

135.9 (2) a benefit amount computed on the member's actual years of accrued allowable
135.10 service credit and the law in effect at the time the disability benefit first accrued, plus any
135.11 increases that would have applied since that date under ~~Minnesota Statutes 2008~~, section
135.12 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

135.13 **EFFECTIVE DATE.** This section is effective July 1, 2015.

135.14 Sec. 24. Minnesota Statutes 2014, section 353D.03, subdivision 3, is amended to read:

135.15 Subd. 3. **Ambulance service, rescue squad personnel contribution.** (a) A public
135.16 ambulance service ~~or privately operated ambulance service that receives an operating~~
135.17 ~~subsidy from a governmental entity~~ that elects to participate in the plan shall fund benefits
135.18 for its qualified personnel who individually elect to participate.

135.19 (b) Personnel who are paid for their services may elect to make member contributions
135.20 in an amount not to exceed the service's contribution on their behalf.

135.21 (c) Ambulance service contributions on behalf of salaried employees must be a
135.22 fixed percentage of salary.

135.23 (d) An ambulance service making contributions for volunteer or largely
135.24 uncompensated personnel, or a municipality or county making contributions on behalf
135.25 of rescue squad members who are volunteers or largely uncompensated personnel, may
135.26 assign a unit value for each call or each period of alert duty for the purpose of calculating
135.27 ambulance service or rescue squad service contributions, as applicable.

135.28 **EFFECTIVE DATE.** This section is effective July 1, 2015.

135.29 Sec. 25. Minnesota Statutes 2014, section 353E.06, subdivision 5, is amended to read:

135.30 Subd. 5. **Disability benefit termination.** (a) The disability benefit paid to a disabled
135.31 local government correctional employee terminates at the end of the month in which the
135.32 employee reaches age ~~65~~ 55, or the first of the month after the expiration of the 60-month
135.33 period from the effective date of the disability benefit, whichever is later.

136.1 (b) If the disabled local government correctional employee is still disabled when the
136.2 employee reaches has been collecting the disability benefit for 60 months or has reached
136.3 age ~~65~~ 55, whichever is later, the employee is deemed to be a retired employee and, if the
136.4 employee had elected an optional annuity under subdivision 3, must receive an annuity in
136.5 accordance with the terms of the optional annuity previously elected.

136.6 (c) If the employee had not elected an optional annuity under subdivision 3, the
136.7 employee may elect either to receive a ~~normal~~ single life retirement annuity computed
136.8 in the manner provided in section 353E.04, subdivision 3, or to receive an optional
136.9 annuity as provided in section 353.30, subdivision 3, based on the same length of service
136.10 as used in the calculation of the disability benefit. Election of an optional annuity must
136.11 be made within 90 days before ~~attaining the age of 65 years, or reaching the five-year~~
136.12 ~~anniversary of the effective date of the disability benefit, whichever is later~~ termination of
136.13 the disability benefit under paragraph (a).

136.14 (d) When an individual's disability benefit terminates under this subdivision and
136.15 is recalculated as a retirement annuity, the annuity must include all prior adjustments
136.16 provided under section 11A.18, through January 1, 2009, and thereafter as provided in
136.17 section 356.415.

136.18 **EFFECTIVE DATE.** Paragraphs (a) to (c) are effective for disability benefits that
136.19 accrue after June 30, 2015. Paragraph (d) is effective July 1, 2015.

136.20 Sec. 26. Minnesota Statutes 2014, section 353E.06, subdivision 6, is amended to read:

136.21 Subd. 6. **Resumption of employment.** If a disabled employee resumes a gainful
136.22 occupation from which earnings are less than the monthly salary received at the date
136.23 of disability or the monthly salary currently paid for similar positions, or should the
136.24 employee be entitled to receive workers' compensation benefits, the disability benefit
136.25 must be continued in an amount that, when added to such earnings during the months of
136.26 employment, and workers' compensation benefits, if applicable, does not exceed the
136.27 monthly salary received at the date of disability or the monthly salary currently payable
136.28 for the same employment position or an employment position substantially similar to the
136.29 one the person held as of the date of the disability, whichever is greater.

136.30 **EFFECTIVE DATE.** This section is effective July 1, 2015.

136.31 Sec. 27. Minnesota Statutes 2014, section 353F.01, is amended to read:

136.32 **353F.01 PURPOSE AND INTENT.**

137.1 The purpose of this chapter is to ensure, to the extent possible, that persons
137.2 employed at public medical facilities ~~and other public employing units~~ who are privatized
137.3 and consequently are excluded from retirement coverage by the Public Employees
137.4 Retirement Association will be entitled to receive future retirement benefits under the
137.5 general employees retirement plan of the Public Employees Retirement Association
137.6 commensurate with the prior contributions made by them or made on their behalf upon the
137.7 privatization of the medical facility ~~or other public employing unit~~.

137.8 **EFFECTIVE DATE.** This section is effective July 1, 2015.

137.9 Sec. 28. Minnesota Statutes 2014, section 353F.02, subdivision 3, is amended to read:

137.10 Subd. 3. **Effective date of privatization.** "Effective date of privatization" means
137.11 the date that the operation of a medical facility ~~or other public employing unit~~ is assumed
137.12 by another employer or the date that a medical facility ~~or other public employing unit~~
137.13 is purchased by another employer and active membership in the Public Employees
137.14 Retirement Association consequently terminates.

137.15 **EFFECTIVE DATE.** This section is effective July 1, 2015.

137.16 Sec. 29. Minnesota Statutes 2014, section 353F.02, subdivision 5a, is amended to read:

137.17 Subd. 5a. **Privatized former public employer.** "Privatized former public
137.18 employer" means a medical facility ~~or other employing unit~~ that was formerly included in
137.19 the definition of governmental subdivision under section 353.01, subdivision 6, that is
137.20 privatized and whose employees are certified for participation under this chapter.

137.21 **EFFECTIVE DATE.** This section is effective July 1, 2015.

137.22 Sec. 30. Minnesota Statutes 2014, section 353F.04, subdivision 2, is amended to read:

137.23 Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1
137.24 do not apply to a privatized former public employee:

137.25 (1) beginning the first of the month in which the privatized former public employee
137.26 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,
137.27 if the employee ~~continues to be covered and~~ accrues at least six months of credited service
137.28 in any single plan enumerated in section 356.30, subdivision 3, except clause (6);

137.29 (2) beginning the first of the month in which the privatized former public employee
137.30 becomes covered again by the general employees retirement plan of the Public Employees
137.31 Retirement Association;

138.1 (2) (3) beginning the first of the month after a privatized former public employee
138.2 terminates service with the successor entity; or

138.3 (3) (4) if the person begins receipt of a retirement annuity while employed by the
138.4 employer which assumed operations of or purchased the privatized former public employer.

138.5 **EFFECTIVE DATE.** This section is effective July 1, 2015.

138.6 Sec. 31. Minnesota Statutes 2014, section 353F.051, subdivision 1, is amended to read:

138.7 Subdivision 1. **Eligibility.** A privatized former public employee who is totally and
138.8 permanently disabled under ~~Minnesota Statutes 1998~~, section 353.01, subdivision 19,
138.9 and who had a medically documented preexisting condition of the disability before the
138.10 termination of coverage, may apply for a disability benefit.

138.11 **EFFECTIVE DATE.** This section is effective July 1, 2015.

138.12 Sec. 32. Minnesota Statutes 2014, section 353F.051, subdivision 2, is amended to read:

138.13 Subd. 2. **Calculation of benefits.** A person qualifying under subdivision 1 is
138.14 entitled to receive a disability benefit calculated under ~~Minnesota Statutes 1998~~, section
138.15 353.33, subdivision 3. The disability benefit must be augmented under ~~Minnesota Statutes~~
138.16 ~~1998~~, section 353.71, subdivision 2, from the date of termination to the date the disability
138.17 benefit begins to accrue.

138.18 **EFFECTIVE DATE.** This section is effective July 1, 2015.

138.19 Sec. 33. Minnesota Statutes 2014, section 353F.051, subdivision 3, is amended to read:

138.20 Subd. 3. **Applicability of general law.** Except as otherwise provided, ~~Minnesota~~
138.21 ~~Statutes 1998~~, section 353.33, applies to a person who qualifies for disability under
138.22 subdivision 1.

138.23 **EFFECTIVE DATE.** This section is effective July 1, 2015.

138.24 Sec. 34. Minnesota Statutes 2014, section 353G.08, subdivision 1, is amended to read:

138.25 Subdivision 1. **Annual funding requirements.** (a) Annually, the executive director
138.26 shall determine the funding requirements of each account in the voluntary statewide
138.27 lump-sum volunteer firefighter retirement plan on or before August 1. The funding
138.28 requirements as directed under this section, must be determined using a mathematical
138.29 procedure developed and certified as accurate by an approved actuary retained by the
138.30 Public Employees Retirement Association and based on present value factors using a six

139.1 percent interest rate, without any decrement assumptions. The funding requirements
139.2 must be certified to the entity or entities associated with the fire department whose active
139.3 firefighters are covered by the retirement plan.

139.4 (b) The overall funding balance of each account for the current calendar year must
139.5 be determined in the following manner:

139.6 (1) The total accrued liability for all active and deferred members of the account as
139.7 of December 31 of the current year must be calculated based on the good time service
139.8 credit of active and deferred members as of that date.

139.9 (2) The total present assets of the account projected to December 31 of the current
139.10 year, including receipts by and disbursements from the account anticipated to occur on or
139.11 before December 31, must be calculated. To the extent possible, the market value of assets
139.12 must be utilized in making this calculation.

139.13 (3) The amount of the total present assets calculated under clause (2) must be
139.14 subtracted from the amount of the total accrued liability calculated under clause (1). If the
139.15 amount of total present assets exceeds the amount of the total accrued liability, then the
139.16 account is considered to have a surplus over full funding. If the amount of the total present
139.17 assets is less than the amount of the total accrued liability, then the account is considered
139.18 to have a deficit from full funding. If the amount of total present assets is equal to the
139.19 amount of the total accrued liability, then the special fund is considered to be fully funded.

139.20 (c) The financial requirements of each account for the following calendar year must
139.21 be determined in the following manner:

139.22 (1) The total accrued liability for all active and deferred members of the account
139.23 as of December 31 of the calendar year next following the current calendar year must be
139.24 calculated based on the good time service used in the calculation under paragraph (b),
139.25 clause (1), increased by one year.

139.26 (2) The increase in the total accrued liability of the account for the following calendar
139.27 year over the total accrued liability of the account for the current year must be calculated.

139.28 (3) The amount of ~~anticipated future~~ administrative expenses of the account must be
139.29 calculated by multiplying the per person dollar amount of the administrative expenses for
139.30 the most recent prior calendar year by the ~~factor of 1.035~~ number of active and deferred
139.31 firefighters reported to PERA on the most recent good time service credit certification
139.32 form for each account.

139.33 (4) If the account is fully funded, the financial requirement of the account for the
139.34 following calendar year is the total of the amounts calculated under clauses (2) and (3).

139.35 (5) If the account has a deficit from full funding, the financial requirement of the
139.36 account for the following calendar year is the total of the amounts calculated under clauses

140.1 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full
140.2 funding of the account.

140.3 (6) If the account has a surplus over full funding, the financial requirement of
140.4 the account for the following calendar year is the financial requirement of the account
140.5 calculated as though the account was fully funded under clause (4) and, if the account has
140.6 also had a surplus over full funding during the prior two years, additionally reduced by an
140.7 amount equal to one-tenth of the amount of the surplus over full funding of the account.

140.8 (d) The required contribution of the entity or entities associated with the fire
140.9 department whose active firefighters are covered by the retirement plan is the annual
140.10 financial requirements of the account of the retirement plan under paragraph (c) reduced by
140.11 the amount of any fire state aid payable under sections 69.011 to 69.051 and supplemental
140.12 state aid under section 423A.022 reasonably anticipated to be received by the retirement
140.13 plan attributable to the entity or entities during the following calendar year, and an
140.14 amount of interest on the assets projected to be received during the following calendar
140.15 year calculated at the rate of six percent per annum. The required contribution must be
140.16 allocated between the entities if more than one entity is involved. A reasonable amount
140.17 of anticipated fire state aid is an amount that does not exceed the fire state aid actually
140.18 received in the prior year multiplied by the factor 1.035.

140.19 (e) The required contribution calculated in paragraph (d) must be paid to the
140.20 retirement plan on or before December 31 of the year for which it was calculated. If
140.21 the contribution is not received by the retirement plan by December 31, it is payable
140.22 with interest at an annual compound rate of six percent from the date due until the date
140.23 payment is received by the retirement plan. If the entity does not pay the full amount of
140.24 the required contribution, the executive director shall collect the unpaid amount under
140.25 section 353.28, subdivision 6.

140.26 **EFFECTIVE DATE.** This section is effective July 1, 2015.

140.27 Sec. 35. Minnesota Statutes 2014, section 354.445, is amended to read:

140.28 **354.445 NO ANNUITY REDUCTION.**

140.29 (a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply
140.30 to a person who:

140.31 (1) retires from the Minnesota State Colleges and Universities system with at least
140.32 ten years of combined service credit in a system under the jurisdiction of the Board of
140.33 Trustees of the Minnesota State Colleges and Universities;

141.1 (2) was employed on a full-time basis immediately preceding retirement as a faculty
141.2 member or as an unclassified administrator in that system;

141.3 (3) was not a recipient of an early retirement incentive under section 136F.481;

141.4 (4) begins drawing an annuity from the Teachers Retirement Association; and

141.5 (5) returns to work on not less than a one-third time basis and not more than a
141.6 two-thirds time basis in the system from which the person retired under an agreement in
141.7 which the person may not earn a salary of more than \$62,000 in a ~~calendar~~ fiscal year
141.8 through employment after retirement in the system from which the person retired.

141.9 (b) Initial participation, the amount of time worked, and the duration of participation
141.10 under this section must be mutually agreed upon by the president of the institution where
141.11 the person returns to work and the employee. The president may require up to one-year
141.12 notice of intent to participate in the program as a condition of participation under this
141.13 section. The president shall determine the time of year the employee shall work. The
141.14 employer or the president may not require a person to waive any rights under a collective
141.15 bargaining agreement as a condition of participation under this section.

141.16 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a)
141.17 and (b) may not, based on employment to which the waiver in this section applies, earn
141.18 further service credit in a Minnesota public defined benefit plan and is not eligible to
141.19 participate in a Minnesota public defined contribution plan, other than a volunteer fire plan
141.20 governed by chapter 424A. No employer or employee contribution to any of these plans
141.21 may be made on behalf of such a person.

141.22 (d) For a person eligible under paragraphs (a) and (b) who earns more than \$62,000
141.23 in a ~~calendar~~ fiscal year through employment after retirement due to employment by the
141.24 Minnesota State Colleges and Universities system, the annuity reduction provisions of
141.25 section 354.44, subdivision 5, apply only to income over \$62,000.

141.26 (e) A person who returns to work under this section is a member of the appropriate
141.27 bargaining unit and is covered by the appropriate collective bargaining contract. Except
141.28 as provided in this section, the person's coverage is subject to any part of the contract
141.29 limiting rights of part-time employees.

141.30 **EFFECTIVE DATE.** (a) This section is effective retroactively from January 1, 2015.

141.31 (b) For purposes of the January 1, 2015, to June 30, 2015, period, the \$62,000
141.32 exempt income limit must be prorated.

141.33 Sec. 36. Minnesota Statutes 2014, section 354.72, subdivision 2, is amended to read:

141.34 Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and
141.35 formula service in the plan for a period specified in subdivision 1 if the teacher makes a

142.1 payment as specified in paragraph (b), (c), or (d), whichever applies. The employing unit,
142.2 at its option, may pay the employer portion of the amount on behalf of its employees.

142.3 (b) If payment is received by the executive director by June 30 of the fiscal year
142.4 of the strike period or by December 31 of the fiscal year following an authorized leave
142.5 included under section 354.093, 354.095, or 354.096, payment must equal the total
142.6 employee and employer contribution rates, including amortization contribution rates if
142.7 applicable, multiplied by the member's average monthly salary rate on the date the leave
142.8 or strike period commenced, ~~or for an extended leave under section 354.094, on the salary~~
142.9 ~~received during the year immediately preceding the initial year of the leave,~~ multiplied
142.10 by the months and portions of a month of the leave or strike period for which the teacher
142.11 seeks allowable service credit. This paragraph also applies to an extended leave under
142.12 section 354.094, except that payment must be received by June 30 of the year of the leave,
142.13 and the salary used in the computation is the salary received during the year immediately
142.14 preceding the initial year of the leave.

142.15 (c) If payment is made after June 30 and before the following June 30 for a strike
142.16 period, ~~or for leaves~~ after December 31 of the fiscal year following a leave of absence
142.17 under section 354.093, 354.095, or 354.096, ~~or for an extended leave of absence under~~
142.18 ~~section 354.094,~~ and before July 1, the payment must include the amount determined in
142.19 paragraph (b) plus compound interest at a monthly rate of 0.71 percent from June 30 for
142.20 a strike period, or from December 31 for a leave under section 354.093, 354.095, or
142.21 354.096, until the last day of the month in which payment is received. If payment is made
142.22 on or after July 1 and before the following July 1 for an extended leave of absence under
142.23 section 354.094, the payment must include the amount determined in paragraph (b) plus
142.24 compound interest at a monthly rate of 0.71 percent from June 30 until the last day of
142.25 the month in which payment is received.

142.26 (d) If payment is received by the executive director after the applicable last permitted
142.27 date under paragraph (c), the payment amount is the amount determined under section
142.28 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under
142.29 this section may be made anytime before the effective date of retirement.

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

142.31 Sec. 37. Minnesota Statutes 2014, section 355.07, is amended to read:

142.32 **355.07 DECLARATION OF POLICY.**

142.33 (a) In order to extend to employees of the state, its political subdivisions, and its
142.34 other governmental employers, and to the dependents and survivors of the employees of

143.1 those employing units, the basic protection accorded to others by the old age, survivors,
143.2 and disability insurance system embodied in the Social Security Act, it is hereby declared
143.3 to be the policy of the legislature, subject to the limitations of this chapter, that these steps
143.4 are taken to provide protection to employees of the state and its political subdivisions on
143.5 as broad a basis as may be authorized by the legislature and is permitted under the Social
143.6 Security Act.

143.7 (b) It is also the policy of the legislature that the protection afforded employees in
143.8 positions covered by a retirement system on the date an agreement under this chapter is
143.9 made applicable to service performed in those positions, or receiving periodic benefits
143.10 under the retirement system at that time, will not be impaired as a result of making the
143.11 agreement so applicable or as a result of legislative enactment in anticipation thereof when
143.12 combined with the benefits accorded the employee by the Social Security Act.

143.13 (c) To this end, the agreement referred to in section 355.02 must not be made
143.14 applicable to any service performed in any position covered by a retirement system unless
143.15 a referendum is first held by secret ballot in which a majority of "eligible employees," as
143.16 defined in section 218(d) (3) of the Social Security Act, vote in favor thereof, or unless
143.17 a retirement system is divided in two divisions or parts, one of which is composed of
143.18 positions of members of the system who desire coverage and one of which is composed of
143.19 positions of members of the system who do not desire coverage under section 218(d) (3)
143.20 of the Social Security Act, in accordance with subsections (6) and (7) thereof. The cost of
143.21 the referendum must be borne by the affected governmental subdivision or subdivisions,
143.22 which are required to elect a voting method.

143.23 (d) If a retirement system is divided as described in paragraph (c), any member of
143.24 the division of members that did not desire coverage may be transferred to the division of
143.25 members who did desire coverage as provided in section 218(d)(6)(f) of the Social Security
143.26 Act so long as the individual files a written request for such a transfer with the director.

143.27 ~~(d)~~ (e) Nothing in any provision of this chapter authorizes the extension of the
143.28 insurance system established by this chapter, to service in any police officer's or firefighter's
143.29 position ~~or in any position covered by a retirement system applicable exclusively to~~
143.30 ~~positions in one or more law enforcement or firefighting units, agencies or departments~~ as
143.31 covered by a retirement system in section 356.30, subdivision 3, clauses (4) and (7).

143.32 **EFFECTIVE DATE.** This section is effective July 1, 2015.

143.33 Sec. 38. Minnesota Statutes 2014, section 356.32, subdivision 1, is amended to read:

143.34 Subdivision 1. **Proportionate retirement annuity.** (a) Notwithstanding any
143.35 provision to the contrary of the laws governing any of the retirement funds enumerated

144.1 in subdivision 2, any person who is an active member of any applicable fund, who has
144.2 credit for at least one year ~~but less than ten years~~ of allowable service in one or more of
144.3 the covered plans, and who terminates active service under a mandatory retirement law or
144.4 policy or at ~~age 65 or older, or at the normal retirement age if this age is~~ but not less than
144.5 age 65, ~~for any reason~~ is entitled upon making written application on the form prescribed
144.6 by the chief administrative officer of the plan to a proportionate retirement annuity from
144.7 each covered plan in which the person has at least six months of allowable service credit.

144.8 (b) The proportionate annuity must be calculated under the applicable laws
144.9 governing annuities based upon allowable service credit at the time of retirement and the
144.10 person's average salary for the highest five successive years of allowable service or the
144.11 average salary for the entire period of allowable service if less than five years.

144.12 (c) Nothing in this section prevents the imposition of the appropriate early retirement
144.13 reduction of an annuity which commences before the normal retirement age.

144.14 **EFFECTIVE DATE.** This section is effective July 1, 2015.

144.15 Sec. 39. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

144.16 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
144.17 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
144.18 benefit, or survivor benefit recipients of the legislators retirement ~~plans~~ plan, including
144.19 constitutional officers as specified in chapter 3A, the general state employees retirement
144.20 plan, the correctional state employees retirement plan, and the unclassified state employees
144.21 retirement program, ~~and the judges retirement plan~~ are entitled to a postretirement
144.22 adjustment annually on January 1, as follows:

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

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

144.32 (b) The increases provided by this subdivision commence on January 1, 2011.
144.33 Increases under this subdivision for the general state employees retirement plan, the
144.34 correctional state employees retirement plan, or the judges retirement plan terminate on
144.35 December 31 of the calendar year in which two prior consecutive actuarial valuations

145.1 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
145.2 for actuarial work promulgated by the Legislative Commission on Pensions and
145.3 Retirement ~~indicates~~ indicate that the market value of assets of the retirement plan
145.4 equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan
145.5 and increases under subdivision 1 recommence after that date. Increases under this
145.6 subdivision for the legislators retirement plan ~~or the elected state~~ established under chapter
145.7 3a, including constitutional officers retirement plan specified in that chapter, terminate on
145.8 December 31 of the calendar year in which ~~the~~ two prior consecutive actuarial valuation
145.9 valuations prepared by the approved actuary under sections 356.214 and 356.215 and the
145.10 standards for actuarial work promulgated by the Legislative Commission on Pensions
145.11 and Retirement ~~indicates~~ indicate that the market value of assets of the general state
145.12 employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability
145.13 of the retirement plan and increases under subdivision 1 recommence after that date.

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

145.18 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2014.

145.19 Sec. 40. Minnesota Statutes 2014, section 356.635, subdivision 9, is amended to read:

145.20 Subd. 9. **Military service.** Contributions, benefits, including death and disability
145.21 benefits under section 401(a)(37) of the federal Internal Revenue Code, and service credit
145.22 with respect to qualified military service must be provided according to section 414(u) of
145.23 the federal Internal Revenue Code. For deaths occurring on or after January 1, 2007, while
145.24 a member is performing qualified military service as defined in United States Code, title
145.25 38, chapter 43, to the extent required by section 401(a)(37) of the federal Internal Revenue
145.26 Code, survivors of a member in the system are entitled to any additional benefits that the
145.27 system would have provided if the member had resumed employment and then died,
145.28 including but not limited to accelerated vesting or survivor benefits that are contingent
145.29 on the member's death while employed. In any event, a deceased member's period of
145.30 qualified military service must be counted for vesting purposes.

145.31 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2007.

145.32 Sec. 41. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision
145.33 to read:

146.1 Subd. 10. **Benefit limitations.** For purposes of applying the limits of section
 146.2 415(b) of the federal Internal Revenue Code, a retirement benefit that is payable in any
 146.3 form other than a single life annuity and that is subject to section 417(e)(3) of the federal
 146.4 Internal Revenue Code must be adjusted to an actuarially equivalent single life annuity
 146.5 that equals, if the annuity starting date is in a plan year beginning after 2005, the annual
 146.6 amount of the single life annuity commencing at the same annuity starting date that has
 146.7 the same actuarial present value as the participant's form of benefit, using whichever of the
 146.8 following produces the greatest annual amount:

146.9 (1) the interest rate and the mortality table or other tabular factor specified in the
 146.10 plan for adjusting benefits in the same form;

146.11 (2) a 5.5 percent interest rate assumption and the applicable mortality table; or

146.12 (3) the applicable interest rate under section 417(e)(3) of the federal Internal
 146.13 Revenue Code and the applicable mortality table, divided by 1.05.

146.14 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2005.

146.15 Sec. 42. **REPEALER.**

146.16 Minnesota Statutes 2014, sections 353.025; 353.83; 353.84; 353.85; and 353D.03,
 146.17 subdivision 4, are repealed.

146.18 **EFFECTIVE DATE.** This section is effective July 1, 2015.

146.19 **ARTICLE 13**

146.20 **OBSOLETE DATE REVISIONS AND VARIOUS CLARIFICATIONS**

146.21 Section 1. Minnesota Statutes 2014, section 352.01, subdivision 11, is amended to read:

146.22 Subd. 11. **Allowable service.** (a) "Allowable service" means:

146.23 ~~(1) service by an employee for which on or before July 1, 1961, the employee chose~~
 146.24 ~~to obtain credit for service by making payments to the fund under Minnesota Statutes~~
 146.25 ~~1961, section 352.24;~~

146.26 ~~(2) (1) service by an employee after July 1, 1957, for any calendar month in which~~
 146.27 ~~the employee is paid salary from which deductions are made, deposited, and credited in the~~
 146.28 ~~fund, including deductions made, deposited, and credited as provided in section 352.041;~~

146.29 ~~(3) (2) service by an employee for any calendar month for which payments in lieu of~~
 146.30 ~~salary deductions are made, deposited, and credited in the fund, as provided in section~~
 146.31 ~~352.27;~~

146.32 ~~(4) (3) the period of absence from their duties by employees who are temporarily~~
 146.33 ~~disabled because of injuries incurred in the performance of duties and for which disability~~

147.1 the state is liable under the workers' compensation law until the date authorized by the
 147.2 director for the commencement of payments of a total and permanent disability benefit
 147.3 from the retirement fund;

147.4 ~~(5)~~ (4) service covered by a refund repaid as provided in section 352.23 or 352D.05,
 147.5 subdivision 4, except service rendered as an employee of the adjutant general for which
 147.6 the person has credit with the federal civil service retirement system;

147.7 ~~(6)~~ (5) service rendered before July 1, 1978, by an employee of the Transit Operating
 147.8 Division of the Metropolitan Transit Commission or by an employee on an authorized
 147.9 leave of absence from the Transit Operating Division of the Metropolitan Transit
 147.10 Commission who is employed by the labor organization which is the exclusive bargaining
 147.11 agent representing employees of the Transit Operating Division, which was credited by
 147.12 the Metropolitan Transit Commission-Transit Operating Division employees retirement
 147.13 fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or
 147.14 allowable service as defined in the Metropolitan Transit Commission-Transit Operating
 147.15 Division employees retirement fund plan document in effect on December 31, 1977;

147.16 ~~(7)~~ (6) service rendered after July 1, 1983, by an employee who is employed on
 147.17 a part-time basis for less than 50 percent of full time, for which the employee is paid
 147.18 salary from which deductions are made, deposited, and credited in the fund, including
 147.19 deductions made, deposited, and credited as provided in section 352.041 or for which
 147.20 payments in lieu of salary deductions are made, deposited, and credited in the fund
 147.21 as provided in section 352.27 ~~shall~~ must be credited on a fractional basis either by pay
 147.22 period, monthly, or annually based on the relationship that the percentage of salary earned
 147.23 bears to a full-time salary, with any salary paid for the fractional service credited on the
 147.24 basis of the rate of salary applicable for a full-time pay period, month, or a full-time
 147.25 year. For periods of part-time service that is duplicated service credit, section 356.30,
 147.26 subdivision 1, paragraphs (g) and (h), govern; and

147.27 ~~(8)~~ (7) any period of authorized leave of absence without pay that does not exceed
 147.28 one year and for which the employee obtained credit by payment to the fund under section
 147.29 352.017.

147.30 ~~(9)~~ [Renumbered clause (8)]

147.31 ~~(10)~~ MS 2002 [Expired]

147.32 ~~(11)~~ [Expired, 2002 c 392 art 2 s 4]

147.33 (b) For purposes of paragraph (a), clauses ~~(2)~~ (1) and ~~(3)~~ (2), any salary that is paid
 147.34 for a fractional part of any calendar month, including the month of separation from state
 147.35 service, is deemed to be the compensation for the entire calendar month.

148.1 (c) Allowable service determined and credited on a fractional basis must be used in
148.2 calculating the amount of benefits payable, but service as determined on a fractional basis
148.3 must not be used in determining the length of service required for eligibility for benefits.

148.4 Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 15, is amended to read:

148.5 Subd. 15. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is
148.6 ~~either a fellow of the society of actuaries or who has at least 15 years of service to major~~
148.7 ~~public employee funds, or any firm retaining an approved actuary on its staff~~ meets the
148.8 definition in section 356.215, subdivision 1, paragraph (c).

148.9 Sec. 3. Minnesota Statutes 2014, section 352.021, subdivision 1, is amended to read:

148.10 Subdivision 1. **Establishment.** (a) There is established the general state employees
148.11 retirement plan of the Minnesota State Retirement System for state employees.

148.12 (b) The general state employees retirement plan is a continuation of the State
148.13 Employees Retirement Association.

148.14 (c) ~~Any person who was a member of the State Employees Retirement Association~~
148.15 ~~on June 30, 1967, is covered by the general state employees retirement plan and is entitled~~
148.16 ~~to all benefits provided by the plan upon fulfilling the age, service, contribution, and~~
148.17 ~~other requirements of this chapter.~~

148.18 Sec. 4. Minnesota Statutes 2014, section 352.021, subdivision 3, is amended to read:

148.19 Subd. 3. **Optional exemptions.** (a) Any person who is appointed by the governor or
148.20 lieutenant governor ~~may request exemption from coverage by~~ who is not already covered
148.21 by the general state employees retirement plan under this chapter ~~if the appointee is not~~
148.22 ~~covered by the plan on the date of appointment, and who is not an employee listed in~~
148.23 section 352D.02, subdivision 1, paragraph (c), may request, in writing, an exemption
148.24 from coverage by the plan.

148.25 (b) To qualify for this exemption, ~~a written~~ the request must be made within 90 days
148.26 from the date of entering upon the duties of the position to which the person is appointed.

148.27 (c) After making the request, a person requesting the exemption is not entitled to
148.28 coverage by the general state employees retirement plan while employed in the position
148.29 that entitled that person to an exemption from coverage.

148.30 Sec. 5. Minnesota Statutes 2014, section 352.021, subdivision 4, is amended to read:

148.31 Subd. 4. **Reentering service after refund.** When a former employee who has
148.32 withdrawn accumulated contributions reenters employment in a position entitled to

149.1 coverage under the general state employees retirement plan, the employee must be covered
149.2 by the plan on the same basis as a new employee and is not entitled to allowable service
149.3 credit for any former service. The annuity rights forfeited when taking a refund can only
149.4 be restored as provided in ~~this chapter~~ section 352.23.

149.5 Sec. 6. Minnesota Statutes 2014, section 352.029, subdivision 2, is amended to read:

149.6 Subd. 2. **Election.** A person described in subdivision 1 ~~shall be~~ is covered by
149.7 the system if written election to be covered is delivered to the executive director ~~before~~
149.8 ~~December 31, 1992,~~ within 90 days of being employed by the labor organization, or
149.9 within 90 days of starting the first leave of absence with an exclusive bargaining agent,
149.10 whichever is later.

149.11 Sec. 7. Minnesota Statutes 2014, section 352.22, subdivision 8, is amended to read:

149.12 Subd. 8. **Refund specifically limited.** (a) If a former employee covered by the
149.13 system does not apply for refund within five years after the last deduction was taken
149.14 from salary for the retirement fund, and does not have enough service to qualify for a
149.15 deferred annuity, accumulated member and employer contributions must be credited to
149.16 and become a part of the retirement fund.

149.17 (b) If the former employee returns to state service and becomes a state employee
149.18 covered by the system, the amount credited to the retirement fund, if more than \$25, must
149.19 be restored to the individual account. If the amount credited to the fund is over \$25 and
149.20 the former employee applies for refund or an annuity under section 352.72 or 356.30,
149.21 the amount must be restored to the former employee's individual account and a refund
149.22 made or an annuity paid, whichever applies.

149.23 Sec. 8. Minnesota Statutes 2014, section 352.22, subdivision 10, is amended to read:

149.24 Subd. 10. **Other refunds.** Former employees covered by the system are entitled
149.25 to apply for refunds if they are or become members of the State Patrol retirement fund,
149.26 the state Teachers Retirement Association, or employees of the University of Minnesota
149.27 excluded from coverage under the system by action of the Board of Regents; or employees
149.28 of the adjutant general who under federal law effectually elect membership in a federal
149.29 retirement system; or officers or employees of the senate or house of representatives,
149.30 excluded from coverage under section 352.01, subdivision 2b, clause ~~(7)~~ (6). The refunds
149.31 must include accumulated contributions plus interest as provided in subdivision 2.

149.32 Sec. 9. Minnesota Statutes 2014, section 352.23, is amended to read:

150.1 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

150.2 (a) When any employee accepts a refund as provided in section 352.22, all existing
150.3 allowable service credits and all rights and benefits to which the employee was entitled
150.4 before accepting the refund terminate. ~~They must~~

150.5 (b) Terminated service credits and rights may not again be restored until the former
150.6 employee acquires at least six months of allowable service credit after taking the last
150.7 refund. In that event, the employee may repay all refunds previously taken from the
150.8 retirement fund.

150.9 (c) Repayment of refunds entitles the employee only to credit for service covered
150.10 by (1) salary deductions; (2) payments previously made in lieu of salary deductions as
150.11 permitted under law in effect when the payment in lieu of deductions was made; (3)
150.12 payments made to obtain credit for service as permitted by laws in effect when payment
150.13 was made; and (4) allowable service ~~one~~ previously credited while receiving temporary
150.14 workers' compensation as provided in section 352.01, subdivision 11, clause ~~(5)~~ (4).

150.15 (d) Payments under this section for repayment of refunds are to be paid with interest
150.16 at an annual rate of 8.5 percent compounded annually from the date the refund was taken
150.17 until the date the refund is repaid. They may be paid in a lump sum or by payroll deduction
150.18 in the manner provided in section 352.04. Payment may be made in a lump sum up to
150.19 six months after termination from service.

150.20 Sec. 10. Minnesota Statutes 2014, section 352.75, subdivision 2, is amended to read:

150.21 Subd. 2. **New employees.** All persons ~~first~~ employed by the ~~former~~ Metropolitan
150.22 ~~Transit Commission~~ Council as employees of the Transit Operating Division ~~on or after~~
150.23 ~~July 1, 1978;~~ are members of the general state employees retirement plan of the Minnesota
150.24 State Retirement System and are ~~considered~~ state employees for purposes of this chapter
150.25 unless specifically excluded under section 352.01, subdivision 2b.

150.26 Sec. 11. Minnesota Statutes 2014, section 352.87, subdivision 8, is amended to read:

150.27 Subd. 8. **Election of coverage.** To be covered by this section, an employee of the
150.28 Department of Public Safety described in subdivision 1 who is employed in a position
150.29 described in that subdivision ~~on or after July 1, 1999;~~ must file a notice with the executive
150.30 director of the Minnesota State Retirement System on a form prescribed by the executive
150.31 director stating whether or not the employee elects to be covered by this section. Notice
150.32 must be filed ~~by September 1, 1999, or~~ within 90 days of employment, ~~whichever is later.~~
150.33 Elections are irrevocable during any period of covered employment. A failure to file a
150.34 timely notice ~~shall be~~ is deemed a waiver of coverage by this section.

151.1 Sec. 12. Minnesota Statutes 2014, section 352B.011, subdivision 3, is amended to read:

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

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

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

151.7 ~~(3) for members defined in subdivision 10, clauses (2) and (3), service for which
151.8 payments have been made to the State Patrol retirement fund under law, service for which~~

151.9 ~~payments were made to the State Police officers retirement fund under law after June
151.10 30, 1961, and all prior service which was credited to a member for service on or before
151.11 June 30, 1961;~~

151.12 ~~(4)~~ (2) any period of authorized leave of absence without pay that does not exceed
151.13 one year and for which the employee obtains credit by payment to the fund under section
151.14 352B.013; and

151.15 ~~(5)~~ (3) eligible periods of uniformed service for which the member obtained service
151.16 credit by making the payment required under section 352B.086 to the fund.

151.17 (b) Allowable service also includes any period of absence from duty by a member
151.18 who, by reason of injury incurred in the performance of duty, is temporarily disabled and
151.19 for which disability the state is liable under the workers' compensation law, until the date
152.00 authorized by the executive director for commencement of payment of a disability benefit
152.01 or until the date of a return to employment if in conformity with section 352B.085.

152.02 Sec. 13. Minnesota Statutes 2014, section 352B.07, is amended to read:

152.03 **352B.07 ACTIONS BY OR AGAINST THE GOVERNING BOARD OF THE**
152.04 **RETIREMENT PLAN.**

152.05 With respect to the State Patrol retirement plan, the board of the Minnesota State
152.06 Retirement System may sue or be sued in the name of the board of directors of the state
152.07 retirement system. In all actions brought by or against it, the board shall be represented by
152.08 the attorney general. The attorney general shall also be the legal adviser for the board.
152.09 Venue of all actions is in the Ramsey County District Court.

152.10 Sec. 14. Minnesota Statutes 2014, section 352B.25, is amended to read:

152.11 **352B.25 CONTINUING APPROPRIATION; PAYMENT OF PENSION**
152.12 **FUNDS BY INDIVIDUALS.**

152.13 The State Patrol retirement fund ~~and the participation in the Minnesota~~
152.14 ~~postretirement investment fund~~ must be disbursed only for the purposes provided in this

152.1 chapter. The expenses of the system and any benefits or annuities provided in this chapter;
152.2 ~~other than benefits payable from the Minnesota postretirement investment fund~~; must be
152.3 paid from the State Patrol retirement fund. The amounts necessary to make the payments
152.4 from the State Patrol retirement fund ~~and the participation in the Minnesota postretirement~~
152.5 ~~investment fund~~ are annually appropriated from those funds for those purposes.

152.6 Sec. 15. Minnesota Statutes 2014, section 353.01, subdivision 2b, is amended to read:

152.7 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
152.8 to participate as members of the association with retirement coverage by the general
152.9 employees retirement plan, the local government correctional employees retirement plan
152.10 under chapter 353E, or the public employees police and fire retirement plan:

152.11 (1) persons whose annual salary from one governmental subdivision never exceeds
152.12 an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district
152.13 employee or \$3,800 if the person is a school year employee. If annual compensation from
152.14 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
152.15 year or a school year, whichever applies, after being stipulated in advance not to exceed
152.16 the applicable amount, the stipulation is no longer valid and contributions must be made
152.17 on behalf of the employee under section 353.27, subdivision 12, from the first month in
152.18 which the employee received salary exceeding \$425 in a month;

152.19 (2) public officers who are elected to a governing body, city mayors, or persons who
152.20 are appointed to fill a vacancy in an elective office of a governing body, whose term of office
152.21 commences on or after July 1, 2002, for the service to be rendered in that elective position;

152.22 (3) election judges and persons employed solely to administer elections;

152.23 (4) patient and inmate personnel who perform services for a governmental
152.24 subdivision;

152.25 (5) except as otherwise specified in subdivision 12a, employees who are employed
152.26 solely in a temporary position as defined under subdivision 12a, and employees who
152.27 resign from a nontemporary position and accept a temporary position within 30 days of
152.28 that resignation in the same governmental subdivision;

152.29 (6) employees who are employed by reason of work emergency caused by fire,
152.30 flood, storm, or similar disaster, but if the person becomes a probationary or provisional
152.31 employee within the same pay period, other than on a temporary basis, the person is a
152.32 "public employee" retroactively to the beginning of the pay period;

152.33 (7) employees who by virtue of their employment in one governmental subdivision
152.34 are required by law to be a member of and to contribute to any of the plans or funds
152.35 administered by the Minnesota State Retirement System, the Teachers Retirement

153.1 Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion
153.2 must not be construed to prevent a person from being a member of and contributing to
153.3 the Public Employees Retirement Association and also belonging to and contributing to
153.4 another public pension plan or fund for other service occurring during the same period
153.5 of time, and a person who meets the definition of "public employee" in subdivision 2 by
153.6 virtue of other service occurring during the same period of time becomes a member of the
153.7 association unless contributions are made to another public retirement plan on the salary
153.8 based on the other service or to the Teachers Retirement Association by a teacher as
153.9 defined in section 354.05, subdivision 2;

153.10 (8) persons who are members of a religious order and are excluded from coverage
153.11 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
153.12 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
153.13 as amended, if no irrevocable election of coverage has been made under section 3121(r) of
153.14 the Internal Revenue Code of 1954, as amended;

153.15 (9) persons who are:

153.16 (i) employed by a governmental subdivision who have not reached the age of 23
153.17 and who are enrolled on a full-time basis to attend or are attending classes on a full-time
153.18 basis at an accredited school, college, or university in an undergraduate, graduate, or
153.19 professional-technical program, or at a public or charter high school;

153.20 (ii) employed as resident physicians, medical interns, pharmacist residents, or
153.21 pharmacist interns and are serving in a degree or residency program in a public hospital
153.22 or in a public clinic; or

153.23 (iii) students who are serving for a period not to exceed five years in an internship
153.24 or a residency program that is sponsored by a governmental subdivision, including an
153.25 accredited educational institution;

153.26 (10) persons who hold a part-time adult supplementary technical college license who
153.27 render part-time teaching service in a technical college;

153.28 (11) except for employees of Hennepin County or employees of Hennepin
153.29 Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision
153.30 under a work permit or under an H-1b visa initially issued or extended for a combined
153.31 period of less than three years of employment but upon extension of the employment of
153.32 the visa beyond the three-year period, the foreign citizen must be reported for membership
153.33 beginning on the first of the month following the extension if the monthly earnings
153.34 threshold as provided under subdivision 2a, paragraph (a), is met;

154.1 (12) public hospital employees who elected not to participate as members of the
154.2 association before 1972 and who did not elect to participate from July 1, 1988, to October
154.3 1, 1988;

154.4 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
154.5 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
154.6 may still qualify as public employees under subdivision 2 and may be members of the
154.7 Public Employees Retirement Association and participants in the general employees
154.8 retirement plan or the public employees police and fire plan, whichever applies, on the
154.9 basis of compensation received from public employment service other than service as
154.10 volunteer ambulance service personnel;

154.11 (14) except as provided in section 353.87, volunteer firefighters, as defined in
154.12 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,
154.13 but a person who is a volunteer firefighter may still qualify as a public employee under
154.14 subdivision 2 and may be a member of the Public Employees Retirement Association and
154.15 a participant in the general employees retirement plan or the public employees police
154.16 and fire plan, whichever applies, on the basis of compensation received from public
154.17 employment activities other than those as a volunteer firefighter;

154.18 (15) pipefitters and associated trades personnel employed by Independent School
154.19 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
154.20 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
154.21 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
154.22 241, article 2, section 12;

154.23 (16) electrical workers, plumbers, carpenters, and associated trades personnel who
154.24 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
154.25 who have retirement coverage under a collective bargaining agreement by the Electrical
154.26 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
154.27 or the pension plan applicable to Carpenters Local 322 who were either first employed
154.28 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
154.29 Laws 2000, chapter 461, article 7, section 5;

154.30 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
154.31 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
154.32 or Independent School District No. 625, St. Paul, with coverage under a collective
154.33 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
154.34 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
154.35 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
154.36 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if

155.1 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
155.2 Session chapter 10, article 10, section 6;

155.3 (18) plumbers who are employed by the Metropolitan Airports Commission, with
155.4 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
155.5 who either were first employed after May 1, 2001, or if first employed before May 2,
155.6 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
155.7 10, section 6;

155.8 (19) employees who are hired after June 30, 2002, solely to fill seasonal positions
155.9 under subdivision 12b which are limited in duration by the employer to 185 consecutive
155.10 calendar days or less in each year of employment with the governmental subdivision;

155.11 (20) persons who are provided supported employment or work-study positions by a
155.12 governmental subdivision and who participate in an employment or industries program
155.13 maintained for the benefit of these persons where the governmental subdivision limits the
155.14 position's duration to up to five years, including persons participating in a federal or state
155.15 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
155.16 relief program where the training or work experience is not provided as a part of, or
155.17 for, future permanent public employment;

155.18 (21) independent contractors and the employees of independent contractors;

155.19 (22) reemployed annuitants of the association during the course of that reemployment;

155.20 (23) persons appointed to serve on a board or commission of a governmental
155.21 subdivision or an instrumentality thereof; and

155.22 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud
155.23 Metropolitan Transit Commission who are members of the International Brotherhood
155.24 of Teamsters Local 638 and who are, by virtue of that employment, members of the
155.25 International Brotherhood of Teamsters Central States pension plan.

155.26 (b) Any person performing the duties of a public officer in a position defined in
155.27 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
155.28 employee of an independent contractor.

155.29 Sec. 16. Minnesota Statutes 2014, section 353.01, subdivision 6, is amended to read:

155.30 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a
155.31 county, city, town, school district within this state, or a department, unit or instrumentality
155.32 of state or local government, or any public body established under state or local
155.33 authority that has a governmental purpose, is under public control, is responsible for the
155.34 employment and payment of the salaries of employees of the entity, and receives a major
155.35 portion of its revenues from taxation, fees, assessments or from other public sources.

156.1 (b) Governmental subdivision also means the Public Employees Retirement
156.2 Association, the League of Minnesota Cities, the Association of Metropolitan
156.3 Municipalities, charter schools formed under section 124D.10, service cooperatives
156.4 exercising retirement plan participation under section 123A.21, subdivision 5, joint
156.5 powers boards organized under section 471.59, subdivision 11, paragraph (a), family
156.6 service collaboratives and children's mental health collaboratives organized under
156.7 section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating
156.8 the collaboratives are governmental units that otherwise qualify for retirement plan
156.9 membership, public hospitals owned or operated by, or an integral part of, a governmental
156.10 subdivision or governmental subdivisions, the Association of Minnesota Counties, the
156.11 Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the
156.12 Metropolitan Airports Commission, the University of Minnesota with respect to police
156.13 officers covered by the public employees police and fire retirement plan, ~~the Minneapolis~~
156.14 ~~Employees Retirement Fund for employment initially commenced after June 30, 1979~~, the
156.15 Range Association of Municipalities and Schools, soil and water conservation districts,
156.16 economic development authorities created or operating under sections 469.090 to 469.108,
156.17 the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red
156.18 Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake
156.19 Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning
156.20 Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc.

156.21 (c) Governmental subdivision does not mean any municipal housing and
156.22 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
156.23 or any port authority organized under sections 469.048 to 469.089 other than the Port
156.24 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
156.25 the Red Wing Port Authority; or any hospital district organized or reorganized ~~prior to~~
156.26 before July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the
156.27 board of a family service collaborative or children's mental health collaborative organized
156.28 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
156.29 by representatives of governmental units.

156.30 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
156.31 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
156.32 governmental subdivision unless the entity has obtained a written advisory opinion from
156.33 the United States Department of Labor or a ruling from the Internal Revenue Service
156.34 declaring the entity to be an instrumentality of the state so as to provide that any future
156.35 contributions by the entity on behalf of its employees are contributions to a governmental
156.36 plan within the meaning of Internal Revenue Code, section 414(d).

157.1 (e) A public body created by state or local authority may request membership on
157.2 behalf of its employees by providing sufficient evidence that it meets the requirements in
157.3 paragraph (a).

157.4 (f) An entity determined to be a governmental subdivision is subject to the reporting
157.5 requirements of this chapter upon receipt of a written notice of eligibility from the
157.6 association.

157.7 Sec. 17. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

157.10 (1) service during years of actual membership in the course of which employee
157.11 deductions were withheld from salary and contributions were made at the applicable rates
157.12 under section 353.27, 353.65, or 353E.03;

157.13 (2) periods of service covered by payments in lieu of salary deductions under
157.14 sections 353.27, subdivision 12, and 353.35;

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

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

157.20 (5) a period of authorized personal, parental, or medical leave of absence without
157.21 pay, including a leave of absence covered under the federal Family Medical Leave Act,
157.22 that does not exceed one year, and for which a member obtained service credit for each
157.23 month in the leave period by payment under section 353.0161 to the fund made in place of
157.24 salary deductions. An employee must return to public service and render a minimum of
157.25 three months of allowable service in order to be eligible to make payment under section
157.26 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
157.27 employee must be granted allowable service credit for the purchased period;

157.28 (6) a periodic, repetitive leave that is offered to all employees of a governmental
157.29 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
157.30 as certified to the association by the employer. A participating member obtains service
157.31 credit by making employee contributions in an amount or amounts based on the member's
157.32 average salary, excluding overtime pay, that would have been paid if the leave had not been
157.33 taken. The employer shall pay the employer and additional employer contributions on
157.34 behalf of the participating member. The employee and the employer are responsible to pay
157.35 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,

158.1 from the end of the normal cycle until full payment is made. An employer shall also make
158.2 the employer and additional employer contributions, plus 8.5 percent interest, compounded
158.3 annually, on behalf of an employee who makes employee contributions but terminates
158.4 public service. The employee contributions must be made within one year after the end of
158.5 the annual normal working cycle or within 30 days after termination of public service,
158.6 whichever is sooner. The executive director shall prescribe the manner and forms to be
158.7 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
158.8 payment, the member must be granted allowable service credit for the purchased period;

158.9 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
158.10 months allowable service per authorized temporary or seasonal layoff in one calendar year.
158.11 An employee who has received the maximum service credit allowed for an authorized
158.12 temporary or seasonal layoff must return to public service and must obtain a minimum of
158.13 three months of allowable service subsequent to the layoff in order to receive allowable
158.14 service for a subsequent authorized temporary or seasonal layoff;

158.15 (8) a period during which a member is absent from employment by a governmental
158.16 subdivision by reason of service in the uniformed services, as defined in United States
158.17 Code, title 38, section 4303(13), if the member returns to public service with the same
158.18 governmental subdivision upon discharge from service in the uniformed service within the
158.19 time frames required under United States Code, title 38, section 4312(e), provided that
158.20 the member did not separate from uniformed service with a dishonorable or bad conduct
158.21 discharge or under other than honorable conditions. The service must be credited if the
158.22 member pays into the fund equivalent employee contributions based upon the contribution
158.23 rate or rates in effect at the time that the uniformed service was performed multiplied by
158.24 the full and fractional years being purchased and applied to the annual salary rate. The
158.25 annual salary rate is the average annual salary during the purchase period that the member
158.26 would have received if the member had continued to be employed in covered employment
158.27 rather than to provide uniformed service, or, if the determination of that rate is not
158.28 reasonably certain, the annual salary rate is the member's average salary rate during the
158.29 12-month period of covered employment rendered immediately preceding the period of the
158.30 uniformed service. Payment of the member equivalent contributions must be made during
158.31 a period that begins with the date on which the individual returns to public employment
158.32 and that is three times the length of the military leave period, or within five years of the
158.33 date of discharge from the military service, whichever is less. If the determined payment
158.34 period is less than one year, the contributions required under this clause to receive service
158.35 credit may be made within one year of the discharge date. Payment may not be accepted
158.36 following 30 days after termination of public service under subdivision 11a. If the member

159.1 equivalent contributions provided for in this clause are not paid in full, the member's
159.2 allowable service credit must be prorated by multiplying the full and fractional number
159.3 of years of uniformed service eligible for purchase by the ratio obtained by dividing the
159.4 total member contributions received by the total member contributions otherwise required
159.5 under this clause. The equivalent employer contribution, and, if applicable, the equivalent
159.6 additional employer contribution must be paid by the governmental subdivision employing
159.7 the member if the member makes the equivalent employee contributions. The employer
159.8 payments must be made from funds available to the employing unit, using the employer
159.9 and additional employer contribution rate or rates in effect at the time that the uniformed
159.10 service was performed, applied to the same annual salary rate or rates used to compute the
159.11 equivalent member contribution. The governmental subdivision involved may appropriate
159.12 money for those payments. The amount of service credit obtainable under this section may
159.13 not exceed five years unless a longer purchase period is required under United States Code,
159.14 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
159.15 employer contribution amounts payable under this clause. Interest must be computed at a
159.16 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the
159.17 break in service to the end of the month in which the payment is received. Upon payment,
159.18 the employee must be granted allowable service credit for the purchased period; or

159.19 (9) a period specified under section 353.0162.

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

159.25 ~~(e) (b)~~ No member may receive more than 12 months of allowable service credit in a
159.26 year either for vesting purposes or for benefit calculation purposes.

159.27 (c) For an active member who was an active member of the former Minneapolis
159.28 Firefighters Relief Association on December 29, 2011, "allowable service" is the period
159.29 of service credited by the Minneapolis Firefighters Relief Association as reflected in
159.30 the transferred records of the association up to December 30, 2011, and the period
159.31 of service credited under paragraph (a), clause (1), after December 30, 2011. For an
159.32 active member who was an active member of the former Minneapolis Police Relief
159.33 Association on December 29, 2011, "allowable service" is the period of service credited
159.34 by the Minneapolis Police Relief Association as reflected in the transferred records of the
159.35 association up to December 30, 2011, and the period of service credited under paragraph
159.36 (a), clause (1), after December 30, 2011.

160.1 ~~(d) MS 2002 [Expired]~~

160.2 Sec. 18. Minnesota Statutes 2014, section 353.01, subdivision 17, is amended to read:

160.3 Subd. 17. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is a
160.4 ~~fellow of the society of actuaries or who has at least 15 years of service to major public~~
160.5 ~~employee funds or any firm retaining such an actuary on its staff~~ meets the definition in
160.6 section 356.215, subdivision 1, paragraph (c).

160.7 Sec. 19. Minnesota Statutes 2014, section 353.017, subdivision 2, is amended to read:

160.8 Subd. 2. **Election.** A person described in subdivision 1 is covered by the association
160.9 if written election to be covered is delivered to the association within six months of
160.10 employment by the labor organization ~~or within six months after July 1, 1993, whichever~~
160.11 ~~is applicable.~~

160.12 Sec. 20. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

160.13 Subd. 2. **Rights of deferred annuitant.** The entitlement of a deferred annuitant or
160.14 other former member of the general employees retirement plan of the Public Employees
160.15 Retirement Association, the Minneapolis Employees Retirement Fund division, the
160.16 public employees police and fire retirement plan, or the local government correctional
160.17 employees retirement plan to receive an annuity under the law in effect at the time the
160.18 person terminated public service is ~~herein~~ preserved. ~~The provisions of section 353.71,~~
160.19 ~~subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or~~
160.20 ~~other former member who first begins receiving an annuity after July 1, 1973.~~

160.21 Sec. 21. Minnesota Statutes 2014, section 353.64, subdivision 7a, is amended to read:

160.22 Subd. 7a. **Pension coverage for certain metropolitan transit police officers.** A
160.23 person who is employed as a police officer ~~on or after the first day of the first payroll~~
160.24 ~~period after July 1, 1993,~~ by the Metropolitan Council and who is not eligible for coverage
160.25 under the agreement with the Secretary of the federal Department of Health and Human
160.26 Services making the provisions of the federal Old Age, Survivors, and Disability Insurance
160.27 Act because the person's position is excluded from application under United States Code,
160.28 sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the
160.29 public employees police and fire fund and is considered to be a police officer within the
160.30 meaning of this section. The Metropolitan Council shall deduct the employee contribution
160.31 from the salary of each police officer as required by section 353.65, subdivision 2, shall
160.32 make the employer contribution for each police officer as required by section 353.65,

161.1 subdivision 3, and shall meet the employer recording and reporting requirements in
161.2 section 353.65, subdivision 4.

161.3 Sec. 22. Minnesota Statutes 2014, section 353.64, subdivision 8, is amended to read:

161.4 Subd. 8. **Pension coverage for certain state military affairs department**
161.5 **firefighters.** A person who is employed as a full-time firefighter ~~on or after the first day~~
161.6 ~~of the first payroll period after June 10, 1987,~~ by the Department of Military Affairs
161.7 of the state of Minnesota and who is not eligible for coverage under the agreement
161.8 signed between the state and the secretary of the federal Department of Health and
161.9 Human Services making the provisions of the federal Old Age, Survivors, and Disability
161.10 Insurance Act applicable to state employees because the person's position is excluded from
161.11 application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D) and
161.12 section 355.07, is a member of the public employees police and fire fund and is considered
161.13 to be a firefighter within the meaning of this section. The state Department of Military
161.14 Affairs shall make the employee contribution deduction from the salary of each full-time
161.15 Military Affairs Department firefighter as required by section 353.65, subdivision 2, shall
161.16 make the employer contribution with respect to each firefighter as required by section
161.17 353.65, subdivision 3, and shall meet the employer recording and reporting requirements
161.18 in section 353.65, subdivision 4.

161.19 Sec. 23. Minnesota Statutes 2014, section 353.64, subdivision 9, is amended to read:

161.20 Subd. 9. **Pension coverage for certain sheriffs' association employees.** (a)
161.21 A former member of the association who is an employee of the Minnesota Sheriffs'
161.22 Association may elect to be a police and fire fund member with respect to service with
161.23 the sheriffs' association, if written election to be covered is delivered to the board within
161.24 60 days after ~~July 1, 1989, or within 60 days after~~ the commencement of employment;
161.25 ~~whichever is later.~~

161.26 (b) Employee and employer contributions for past service are the obligation of
161.27 the employee, except that the Minnesota sheriffs' association may pay the employer
161.28 contributions. The employer shall, in any event, deduct necessary future contributions
161.29 from the employee's salary and remit all contributions to the association as required by
161.30 this chapter.

161.31 (c) Persons who become association members under this section ~~shall~~ are not be
161.32 eligible for election to the board of trustees.

161.33 Sec. 24. Minnesota Statutes 2014, section 353.64, subdivision 10, is amended to read:

162.1 Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics**
162.2 **and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc.
162.3 ~~who is a member of the public employees police and fire retirement plan under sections~~
162.4 ~~353.63 to 353.68 if the person is:~~

162.5 (1) certified as a paramedic or emergency medical technician by the state under
162.6 section 144E.28, subdivision 4;

162.7 (2) employed full time as a paramedic or emergency medical technician by Hennepin
162.8 County ~~on or after the effective date specified in Laws 1994, chapter 499, section 2;~~ and

162.9 (3) ~~not eligible after the effective date under Laws 1994, chapter 499, section 2,~~ for
162.10 coverage under the agreement signed between the state and the secretary of the federal
162.11 Department of Health and Human Services making the provisions of the federal Old Age,
162.12 Survivors, and Disability Insurance Act applicable to paramedics and emergency medical
162.13 technicians because the person's position is excluded after that date from application under
162.14 United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07;
162.15 ~~is a member of the public employees police and fire fund under sections 353.63 to 353.68.~~

162.16 Hennepin Healthcare System, Inc. shall deduct the employee contribution from
162.17 the salary of each full-time paramedic and emergency medical technician it employs as
162.18 required by section 353.65, subdivision 2, shall make the employer contribution for each
162.19 full-time paramedic and emergency medical technician it employs as required by section
162.20 353.65, subdivision 3, and shall meet the employer recording and reporting requirements
162.21 in section 353.65, subdivision 4.

162.22 Sec. 25. Minnesota Statutes 2014, section 353D.071, subdivision 2, is amended to read:

162.23 Subd. 2. **Required minimum distributions.** (a) The provisions of this subdivision
162.24 ~~shall~~ apply for purposes of determining required minimum distributions for calendar years
162.25 ~~beginning with the 2003 calendar year and will~~ must take precedence over any inconsistent
162.26 provisions of the plan. All distributions required under this section ~~will~~ must be determined
162.27 and made in accordance with the treasury regulations under section 401(a)(9) of the
162.28 Internal Revenue Code, including regulations providing special rules for governmental
162.29 plans, as defined under section 414(d) of the Internal Revenue Code, that comply with a
162.30 reasonable good faith interpretation of the minimum distribution requirements.

162.31 (b) The member's entire interest ~~will~~ must be distributed to the member in a lump
162.32 sum no later than the member's required beginning date.

162.33 (c) If the member dies before the required minimum distribution is made, the
162.34 member's entire interest ~~will~~ must be distributed in a lump sum no later than as follows:

163.1 (1) if the member's surviving spouse is the member's sole designated beneficiary, the
163.2 distribution must be made by December 31 of the calendar year immediately following the
163.3 calendar year in which the member died, or by December 31 of the calendar year in which
163.4 the member would have attained age 70 years, six months, whichever is later;

163.5 (2) if the member's surviving spouse is not the member's sole beneficiary, or if there
163.6 is no designated beneficiary as of September 30 of the year following the year of the
163.7 member's death, the member's entire interest ~~shall~~ must be distributed by December 31
163.8 of the calendar year containing the fifth anniversary of the member's death as directed
163.9 under section 353D.07, subdivision 5; or

163.10 (3) if the member's surviving spouse is the member's sole designated beneficiary and
163.11 the surviving spouse dies after the member, but before the account balance is distributed
163.12 to the surviving spouse, paragraph (c), clause (2), ~~shall~~ must apply as if the surviving
163.13 spouse were the member.

163.14 (d) For purposes of paragraph (c), unless clause (3) applies, distributions are
163.15 considered to be made on the member's required beginning date. If paragraph (c), clause
163.16 (3), applies, distributions are considered to begin on the date distributions ~~are required to~~
163.17 must be made to the surviving spouse under paragraph (c), clause (1).

163.18 Sec. 26. Minnesota Statutes 2014, section 354.05, subdivision 10, is amended to read:

163.19 Subd. 10. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who
163.20 ~~is either a fellow of the society of actuaries or who has at least 15 years of service to~~
163.21 ~~major public employee funds or any firm retaining such an actuary on its staff~~ meets the
163.22 definition in section 356.215, subdivision 1, paragraph (c).

163.23 Sec. 27. Minnesota Statutes 2014, section 354.05, subdivision 13, is amended to read:

163.24 Subd. 13. **Allowable service.** "Allowable service" means:

163.25 (1) ~~any service rendered by a teacher for which on or before July 1, 1957, the~~
163.26 ~~teacher's account in the retirement fund was credited by reason of employee contributions~~
163.27 ~~in the form of salary deductions, payments in lieu of salary deductions, or in any other~~
163.28 ~~manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by~~
163.29 ~~Laws 1955, chapters 361, 549, 550, and 611;~~

163.30 (2) ~~any service rendered by a teacher for which on or before July 1, 1961, the teacher~~
163.31 ~~elected to obtain credit for service by making payments to the fund under Minnesota~~
163.32 ~~Statutes 1980, section 354.09 and section 354.51;~~

164.1 ~~(3)~~ (1) any service rendered by a teacher ~~after July 1, 1957~~, for any calendar month
164.2 when the member receives salary from which deductions are made, deposited and credited
164.3 in the fund;

164.4 ~~(4)~~ (2) any service rendered by a person ~~after July 1, 1957~~, for any calendar month
164.5 where payments in lieu of salary deductions are made, deposited and credited into the fund
164.6 as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53;

164.7 ~~(5)~~ (3) any service rendered by a teacher for which the teacher elected to obtain
164.8 credit for service by making payments to the fund under Minnesota Statutes 1980,
164.9 section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957,
164.10 section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or
164.11 Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3;

164.12 ~~(6)~~ (4) both service during years of actual membership in the course of which
164.13 contributions were currently made and service in years during which the teacher was not a
164.14 member but for which the teacher later elected to obtain credit by making payments to the
164.15 fund as permitted by any law then in effect;

164.16 ~~(7)~~ (5) any service rendered where contributions were made and no credit was
164.17 established because of the limitations contained in Minnesota Statutes 1957, section
164.18 135.09, subdivision 2, as determined by the ratio between the amounts of money credited
164.19 to the teacher's account in a fiscal year and the maximum retirement contribution allowable
164.20 for that year;

164.21 ~~(8)~~ MS 2002 [Expired]

164.22 ~~(9)~~ (6) a period of time during which a teacher was on strike without pay, not to exceed
164.23 a period of one year, if payment in lieu of salary deductions is made under section 354.72;

164.24 ~~(10)~~ (7) a period of service before July 1, 2006, that was properly credited as
164.25 allowable service by the Minneapolis Teachers Retirement Fund Association, and that
164.26 was rendered by a teacher as an employee of Special School District No. 1, Minneapolis,
164.27 or by an employee of the Minneapolis Teachers Retirement Fund Association who was
164.28 a member of the Minneapolis Teachers Retirement Fund Association by virtue of that
164.29 employment, who has not begun receiving an annuity or other retirement benefit from
164.30 the former Minneapolis Teachers Retirement Fund Association calculated in whole or
164.31 in part on that service before July 1, 2006, and who has not taken a refund of member
164.32 contributions related to that service unless the refund is repaid under section 354.50,
164.33 subdivision 4. Service as an employee of Special School District No. 1, Minneapolis, on
164.34 or after July 1, 2006, is "allowable service" only as provided by this chapter; or

164.35 ~~(11)~~ (8) a period of service before July 1, 2015, that was properly credited as
164.36 allowable service by the Duluth Teachers Retirement Fund Association, and that was

165.1 rendered by a teacher as an employee of Independent School District No. 709, Duluth, or
165.2 by an employee of the Duluth Teachers Retirement Fund Association who was a member
165.3 of the Duluth Teachers Retirement Fund Association by virtue of that employment, who
165.4 has not begun receiving an annuity or other retirement benefit from the former Duluth
165.5 Teachers Retirement Fund Association calculated in whole or in part on that service
165.6 before July 1, 2015, and who has not taken a refund of member contributions related to
165.7 that service unless the refund is repaid under section 354.50, subdivision 4. Service as an
165.8 employee of Independent School District No. 709, Duluth, on or after July 1, 2015, is
165.9 "allowable service" only as provided by this chapter.

165.10 Sec. 28. Minnesota Statutes 2014, section 354.05, subdivision 25, is amended to read:

165.11 Subd. 25. **Formula service credit.** "Formula service credit" means any allowable
165.12 service credit as defined in subdivision 13 except:

165.13 ~~(1) Any service rendered prior to July 1, 1951, for which payments were made~~
165.14 ~~pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as~~
165.15 ~~determined by multiplying the number of years of service established in the records of the~~
165.16 ~~Teachers Retirement Association as of July 1, 1961 by the ratio obtained between the total~~
165.17 ~~amount paid and the maximum amount payable for those years;~~

165.18 ~~(2) Any service rendered prior to July 1, 1957 for which payments were made~~
165.19 ~~pursuant to section 354.09, subdivision 4, as determined by multiplying the number of~~
165.20 ~~years of service established in the records of the teachers retirement association by the~~
165.21 ~~ratio obtained between the total amount paid and the maximum amount payable for those~~
165.22 ~~years; or~~

165.23 ~~(3) (1) any service rendered for which contributions were not made in full as~~
165.24 ~~determined by the ratio between the amounts of money credited to the teacher's account in~~
165.25 ~~a fiscal year and the retirement contribution payable for the fiscal year pursuant to under~~
165.26 ~~sections 354.092, 354.42 and 354.51; and~~

165.27 ~~(4) (2) no period of service shall may be counted more than once for purposes~~
165.28 ~~of this subdivision.~~

165.29 Sec. 29. Minnesota Statutes 2014, section 354.07, subdivision 5, is amended to read:

165.30 Subd. 5. **Records; accounts; interest.** (a) The board shall keep a record of the
165.31 receipts and disbursements of the fund and a separate account with for each member of
165.32 the association. The board shall also keep separate accounts for annuity payments, for
165.33 employer contributions and all other necessary accounts and reserves.

166.1 **(b)** It shall determine annually the annual interest earnings of the fund which shall
166.2 include realized capital gains and losses. ~~Any amount in the capital reserve account on~~
166.3 ~~July 1, 1973, shall be transferred to the employer contribution's account.~~

166.4 **(c)** The annual interest earnings shall must be apportioned and credited to the
166.5 separate members' accounts except those covered under the provisions of section 354.44,
166.6 subdivision 6. The rate to be used in this distribution, computed to the last full quarter
166.7 percent shall, must be determined by dividing the interest earnings by the total invested
166.8 assets of the fund. The excess of the annual interest earnings in the excess earnings reserve
166.9 which was not credited to the various accounts shall must be credited to the gross interest
166.10 earnings for the next succeeding year.

166.11 Sec. 30. Minnesota Statutes 2014, section 354.092, subdivision 4, is amended to read:

166.12 Subd. 4. **Service credit.** A member may not receive more than three years of
166.13 allowable service credit in any ten consecutive years under this section ~~unless the~~
166.14 ~~allowable service credit was paid for by the member before July 1, 1962.~~ Notwithstanding
166.15 the provisions of any agreements to the contrary, employee and employer contributions
166.16 may not be made to receive allowable service credit under this section if the member does
166.17 not retain the right to full reinstatement both during and at the end of the sabbatical leave.

166.18 Sec. 31. Minnesota Statutes 2014, section 354.42, subdivision 1a, is amended to read:

166.19 Subd. 1a. **Teachers retirement fund.** (a) Within the Teachers Retirement
166.20 Association and the state treasury is created a special retirement fund, which must include
166.21 all the assets of the Teachers Retirement Association and all revenue of the association.
166.22 ~~The fund is the continuation of the fund established under Laws 1931, chapter 406, section~~
166.23 ~~2, notwithstanding the repeal of Minnesota Statutes 1973, section 354.42, subdivision 1,~~
166.24 ~~by Laws 1974, chapter 289, section 59.~~

166.25 (b) The teachers retirement fund must be credited with all employee and employer
166.26 contributions, all investment revenue and gains, and all other income authorized by law.

166.27 (c) From the teachers retirement fund is appropriated the payments of annuities
166.28 and benefits authorized by this chapter and the reasonable and necessary expenses of
166.29 administering the fund and the association.

166.30 Sec. 32. Minnesota Statutes 2014, section 354.44, subdivision 8, is amended to read:

166.31 Subd. 8. **Annuity payment; provision of evidence of receipt.** (a) An annuity or
166.32 benefit for a given month must be paid during the first week of that month.

167.1 **(b)** Evidence of receipt of the check issued or acknowledgment of the amount
167.2 electronically transferred in payment of an annuity or benefit may be required from the
167.3 payee on a form prescribed by the executive director. The evidence of receipt form may
167.4 be required periodically at times specified by the board. ~~In the event~~ If the filing of an
167.5 evidence of receipt form is required and the form is not filed, future annuities or benefits
167.6 must be withheld until the form is submitted.

167.7 Sec. 33. Minnesota Statutes 2014, section 354.44, subdivision 9, is amended to read:

167.8 Subd. 9. **Determining applicable law.** ~~An employee~~ A former teacher who returns
167.9 to covered service following a termination and who is not receiving a retirement annuity
167.10 under this section must have earned at least 85 days of credited service following the
167.11 return to covered service to be eligible for improved benefits resulting from any law
167.12 change enacted subsequent to that termination.

167.13 Sec. 34. Minnesota Statutes 2014, section 354.45, subdivision 1a, is amended to read:

167.14 Subd. 1a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a
167.15 joint and survivor annuity option under subdivision 1, the former member or disabilitant
167.16 must receive a normal single life annuity if the designated optional annuity beneficiary
167.17 dies before the former member or disabilitant. Under this option, no reduction may be
167.18 made in the person's annuity to provide for restoration of the normal single life annuity in
167.19 the event of the death of the designated optional annuity beneficiary.

167.20 (b) The restoration of the normal single life annuity under this subdivision will take
167.21 effect on ~~July 1, 1989~~, or the first of the month following the date of death of the designated
167.22 optional annuity beneficiary, or on the first of the month following one year before the date
167.23 on which a certified copy of the death record of the designated optional annuity beneficiary
167.24 is received in the office of the Teachers Retirement Association, whichever date is later.

167.25 (c) Except as stated in paragraph (b), this subdivision may not be interpreted as
167.26 authorizing retroactive benefit payments.

167.27 Sec. 35. Minnesota Statutes 2014, section 354.48, subdivision 3, is amended to read:

167.28 Subd. 3. **Computation of benefits.** ~~(a) The amount of the disability benefit granted~~
167.29 ~~to members covered under section 354.44, subdivision 2, paragraphs (b) and (c), is an~~
167.30 ~~amount equal to double the annuity which could be purchased by the member's accumulated~~
167.31 ~~deductions plus interest on the amount computed as though the teacher were at normal~~
167.32 ~~retirement age at the time the benefit begins to accrue and in accordance with the law in~~
167.33 ~~effect on the last day for which salary is received. Any member who applies for a disability~~

168.1 benefit after June 30, 1974, and who failed to make an election under Minnesota Statutes
168.2 1971, section 354.145, shall have the disability benefit computed under this paragraph, as
168.3 further specified in paragraphs (b) and (c), or paragraph (d), whichever is larger:

168.4 (b) The benefit granted shall be determined by the following:

168.5 (1) the amount of the accumulated deductions;

168.6 (2) interest actually earned on these accumulated deductions to the date the benefit
168.7 begins to accrue;

168.8 (3) interest for the years from the date the benefit begins to accrue to the date the
168.9 member attains normal retirement age at the rate of three percent;

168.10 (4) annuity purchase rates based on an appropriate annuity table of mortality
168.11 established by the board as provided in section 354.07, subdivision 1, and using
168.12 the applicable postretirement interest rate assumption specified in section 356.215,
168.13 subdivision 8.

168.14 (e) In addition, a supplementary monthly benefit of \$25 to age 65 or the five-year
168.15 anniversary of the effective date of the disability benefit, whichever is later, must be
168.16 paid to basic members.

168.17 (d) (a) The disability benefit granted to members covered under section 354.44,
168.18 subdivision 6, shall must be computed in the same manner as the annuity provided in
168.19 section 354.44, subdivision 6. The disability benefit shall be is the formula annuity without
168.20 the reduction for each month the member is under normal retirement age when the benefit
168.21 begins to accrue as defined by the law in effect on the last day for which salary is paid.

168.22 (e) (b) For the purposes of computing a retirement annuity when the member
168.23 becomes eligible, the amounts paid for disability benefits shall must not be deducted from
168.24 the individual member's accumulated deductions. If the disability benefits provided in
168.25 this subdivision exceed the monthly average salary of the disabled member, the disability
168.26 benefits shall must be reduced to an amount equal to the disabled member's average salary.

168.27 Sec. 36. Minnesota Statutes 2014, section 354.51, subdivision 1, is amended to read:

168.28 Subdivision 1. **Eligibility to make payments.** No member shall be is entitled to
168.29 make payments in lieu of salary deductions to the retirement board to receive allowable
168.30 service credit for any period of service prior to rendered before that date for which
168.31 employee contributions were not deducted from the member's salary, except as provided
168.32 in subdivision 4 5, or section 354.50 or 354.53.

168.33 Sec. 37. Minnesota Statutes 2014, section 354.51, subdivision 5, is amended to read:

169.1 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the
169.2 event that full required member contributions are not deducted from the salary of a
169.3 teacher, payment must be made as follows:

169.4 ~~(1) Payment of shortages in member deductions on salary earned after June 30,~~
169.5 ~~1957, and before July 1, 1981, may be made any time before retirement. Payment must~~
169.6 ~~include interest at an annual rate of 8.5 percent compounded annually from the end of the~~
169.7 ~~fiscal year in which the shortage occurred to the end of the month in which payment is~~
169.8 ~~made and the interest must be credited to the fund. If payment of a shortage in deductions~~
169.9 ~~is not made, the formula service credit of the member must be prorated under section~~
169.10 ~~354.05, subdivision 25, clause (3).~~

169.11 ~~(2) Payment of shortages in member deductions on salary earned after June 30, 1981,~~
169.12 ~~are the sole obligation of the employing unit and are payable by the employing unit upon~~
169.13 ~~notification by the executive director of the shortage with interest at an annual rate of 8.5~~
169.14 ~~percent compounded annually from the end of the fiscal year in which the shortage occurred~~
169.15 ~~to the end of the month in which payment is made and the interest must be credited to the~~
169.16 ~~fund. Effective July 1, 1986, The employing unit shall also pay the employer contributions~~
169.17 ~~as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the shortage~~
169.18 ~~payment is not paid by the employing unit within 60 days of notification, and if the~~
169.19 ~~executive director does not use the recovery procedure in section 354.512, the executive~~
169.20 ~~director shall certify the amount of the shortage to the applicable county auditor, who shall~~
169.21 ~~spread a levy in the amount of the shortage payment over the taxable property of the~~
169.22 ~~taxing district of the employing unit if the employing unit is supported by property taxes.~~

169.23 ~~(3) Payment may not be made for shortages in member deductions on salary earned~~
169.24 ~~before July 1, 1957, for shortages in member deductions on salary paid or payable under~~
169.25 ~~paragraph (b); or for shortages in member deductions for persons employed by the~~
169.26 ~~Minnesota State Colleges and Universities system in a faculty position or in an eligible~~
169.27 ~~unclassified administrative position and whose employment was less than 25 percent~~
169.28 ~~of a full academic year, exclusive of the summer session, for the applicable institution~~
169.29 ~~that exceeds the most recent 36 months.~~

169.30 (b) For a person who is employed by the Minnesota State Colleges and Universities
169.31 system in a faculty position or in an eligible unclassified administrative position and
169.32 whose employment was less than 25 percent of a full academic year, exclusive of the
169.33 summer session, for the applicable institution, upon the person's election under section
169.34 354B.21 of retirement coverage under this chapter, the shortage in member deductions
169.35 on the salary for employment by the Minnesota State Colleges and Universities system
169.36 institution of less than 25 percent of a full academic year, exclusive of the summer session,

170.1 for the applicable institution for the most recent 36 months and the associated employer
170.2 contributions must be paid by the Minnesota State Colleges and Universities system
170.3 institution, plus annual compound interest at the rate of 8.5 percent from the end of the
170.4 fiscal year in which the shortage occurred to the end of the month in which the Teachers
170.5 Retirement Association coverage election is made. An individual electing coverage
170.6 under this paragraph shall repay the amount of the shortage in member deductions, plus
170.7 interest, through deduction from salary or compensation payments within the first year of
170.8 employment after the election under section 354B.21, subject to the limitations in section
170.9 16D.16. The Minnesota State Colleges and Universities system may use any means
170.10 available to recover amounts which were not recovered through deductions from salary or
170.11 compensation payments. No payment of the shortage in member deductions under this
170.12 paragraph may be made for a period longer than the most recent 36 months.

170.13 Sec. 38. Minnesota Statutes 2014, section 354.52, subdivision 4c, is amended to read:

170.14 Subd. 4c. **MnSCU service credit reporting.** For all part-time service rendered ~~on or~~
170.15 ~~after July 1, 2004,~~ the service credit reporting requirement in subdivision 4b for all part-time
170.16 employees of the Minnesota State Colleges and Universities system must be met by the
170.17 Minnesota State Colleges and Universities system reporting to the association on or before
170.18 July 31 of each year the final calculation of each part-time member's service credit for the
170.19 immediately preceding fiscal year based on the employee's assignments for the fiscal year.

170.20 Sec. 39. Minnesota Statutes 2014, section 354.55, subdivision 10, is amended to read:

170.21 Subd. 10. **Reduced benefits.** Any benefit to which any person may be entitled
170.22 under this chapter may be reduced in amount upon application of the person entitled
170.23 thereto to the ~~board of trustees, provided that such~~ executive director if the person shall
170.24 ~~first relinquish~~ relinquishes in writing all claim to that part of the full benefit which is the
170.25 difference between the benefit which the person would be otherwise entitled to receive
170.26 and the benefit which the person will receive after the benefit reduction. The reduced
170.27 benefit ~~shall be~~ is payment in full of all amounts due under this chapter for the month for
170.28 which the payment is made and acceptance of the reduced benefit releases the retirement
170.29 association from all obligation to pay to ~~such~~ the person the difference between the amount
170.30 of the reduced benefit and the full amount of the benefit which ~~such~~ the person would
170.31 otherwise have received. ~~After July 1, 1971,~~ Any benefit reduced under the provisions of
170.32 this subdivision may not again be restored.

170.33 Sec. 40. Minnesota Statutes 2014, section 354A.011, subdivision 6, is amended to read:

171.1 Subd. 6. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is
 171.2 either a fellow of the society of actuaries or who has at least 15 years of service to major
 171.3 public employee retirement funds or any firm which retains such an actuary on its staff
 171.4 meets the definition in section 356.215, subdivision 1, paragraph (c).

171.5 Sec. 41. Minnesota Statutes 2014, section 354A.092, is amended to read:

171.6 **354A.092 SABBATICAL LEAVE.**

171.7 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
 171.8 Association who is granted a sabbatical leave is entitled to receive allowable service credit
 171.9 in the association for periods of sabbatical leave. To obtain the service credit, the teacher
 171.10 on sabbatical leave shall make an employee contribution to the association. No teacher is
 171.11 entitled to receive more than three years of allowable service credit under this section for
 171.12 a period or periods of sabbatical leave during any ten consecutive years. If the teacher
 171.13 granted a sabbatical leave makes the employee contribution for a period of sabbatical
 171.14 leave under this section, the employing unit shall make an employer contribution on
 171.15 behalf of the teacher to the association for that period of sabbatical leave in the manner
 171.16 described in section 354A.12, subdivision 2a. The employee and employer contributions
 171.17 must be in an amount equal to the employee and employer contribution rates in effect for
 171.18 other active members of the association covered by the same program applied to a salary
 171.19 figure equal to the teacher's actual covered salary for the plan year immediately preceding
 171.20 the sabbatical leave period. Payment of the employee contribution authorized under this
 171.21 section must be made by the teacher on or before June 30 of the year next following
 171.22 the year in which the sabbatical leave terminated and must be made without interest.
 171.23 ~~For sabbatical leaves taken after June 30, 1986,~~ The required employer contributions
 171.24 must be paid by the employing unit within 30 days after notification by the association
 171.25 of the amount due. If the employee contributions for the sabbatical leave period are
 171.26 less than an amount equal to the applicable contribution rate applied to a salary figure
 171.27 equal to the teacher's actual covered salary for the plan year immediately preceding the
 171.28 sabbatical leave period, service credit must be prorated. The prorated service credit must
 171.29 be determined by the ratio between the amount of the actual payment which was made and
 171.30 the full contribution amount payable under this section.

171.31 Sec. 42. Minnesota Statutes 2014, section 354A.12, subdivision 3c, is amended to read:

171.32 Subd. 3c. **Termination of supplemental contributions and direct matching**
 171.33 **and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers
 171.34 Retirement Fund Association by Independent School District No. 625 under section

172.1 423A.02, subdivision 3, and all forms of aid under subdivision 3a to the St. Paul Teachers
 172.2 Retirement Fund Association must continue until the ~~current~~ actuarial value of assets of
 172.3 the fund equal or exceed the actuarial accrued liability of the fund as determined in the
 172.4 most recent actuarial report for the fund by the actuary retained under section 356.214
 172.5 or until the established date for full funding under section 356.215, subdivision 11,
 172.6 whichever occurs earlier.

172.7 (b) The aid to the Duluth Teachers Retirement Fund Association under section
 172.8 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth
 172.9 Teachers Retirement Fund Association must continue until the current assets of the fund
 172.10 equal or exceed the actuarial accrued liability of the fund as determined in the most
 172.11 recent actuarial report for the fund by the actuary retained under section 356.214 or until
 172.12 the established date for full funding under section 356.215, subdivision 11, whichever
 172.13 occurs earlier.

172.14 Sec. 43. Minnesota Statutes 2014, section 354A.31, subdivision 7, is amended to read:

172.15 Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person
 172.16 who has become at least 55 years old and first becomes a coordinated member after
 172.17 June 30, 1989, and to any other coordinated member who has become at least 55 years
 172.18 old and whose annuity is higher when calculated using the retirement annuity formula
 172.19 percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable,
 172.20 in conjunction with this subdivision than when calculated under subdivision 4, paragraph
 172.21 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

172.22 (b) A coordinated member who retires before the normal retirement age ~~shall be~~
 172.23 ~~paid the~~ is entitled to receive a retirement annuity calculated using the retirement annuity
 172.24 formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d),
 172.25 ~~whichever is applicable~~ applies, multiplied by the applicable early retirement factor
 172.26 specified below:

	Under age 62 or less than 30 years of service	Age 62 or older with 30 years of service
172.29 Normal retirement age:	65	66
172.30 Age at retirement		
172.31 55	0.5376	0.4592
172.32 56	0.5745	0.4992
172.33 57	0.6092	0.5370
172.34 58	0.6419	0.5726
172.35 59	0.6726	0.6062
172.36 60	0.7354	0.6726

173.1	61	0.7947	0.7354		
173.2	62	0.8507	0.7947	0.8831	0.8389
173.3	63	0.9035	0.8507	0.9246	0.8831
173.4	64	0.9533	0.9035	0.9635	0.9246
173.5	65	1.0000	0.9533	1.0000	0.9635
173.6	66		1.0000		1.0000

173.7 For normal retirement ages between ages 65 and 66, the early retirement factors will
 173.8 must be determined by linear interpolation between the early retirement factors applicable
 173.9 for normal retirement ages 65 and 66.

173.10 Sec. 44. Minnesota Statutes 2014, section 354A.42, is amended to read:

173.11 **354A.42 ST. PAUL TEACHER INCREASE LIMIT.**

173.12 Notwithstanding any law to the contrary, the St. Paul Teachers Retirement Fund
 173.13 Association may not pay a postretirement adjustment of more than five percent in any
 173.14 year, ~~effective July 1, 2010.~~

173.15 Sec. 45. Minnesota Statutes 2014, section 356.215, subdivision 1, is amended to read:

173.16 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
 173.17 356.23, each of the terms in the following paragraphs has the meaning given.

173.18 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
 173.19 under section 356.214 if so required under section 3.85, or otherwise, by an approved
 173.20 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
 173.21 plan, according to the entry age actuarial cost method and based upon stated assumptions
 173.22 including, but not limited to rates of interest, mortality, salary increase, disability,
 173.23 withdrawal, and retirement and to determine the payment necessary to amortize over a
 173.24 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
 173.25 valuation of the benefit plan.

173.26 (c) "Approved actuary" means:

173.27 (1) a person who is regularly engaged in the business of providing actuarial services
 173.28 and who is a fellow in the Society of Actuaries; or

173.29 (2) a firm that retains a person described in clause (1) on its staff.

173.30 (d) "Entry age actuarial cost method" means an actuarial cost method under which
 173.31 the actuarial present value of the projected benefits of each individual currently covered
 173.32 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
 173.33 the service of the individual, if the benefit plan is governed by section 424A.093, or over
 173.34 the earnings of the individual, if the benefit plan is governed by any other law, between the

174.1 entry age and the assumed exit age, with the portion of the actuarial present value which is
174.2 allocated to the valuation year to be the normal cost and the portion of the actuarial present
174.3 value not provided for at the valuation date by the actuarial present value of future normal
174.4 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
174.5 the sum of the calculated result for each covered individual and with recognition given to
174.6 any different benefit formulas which may apply to various periods of service.

174.7 (e) "Experience study" means a report providing experience data and an actuarial
174.8 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are
174.9 based.

174.10 (f) "Actuarial value of assets" means the market value of all assets as of the
174.11 preceding June 30, reduced by:

174.12 (1) 20 percent of the difference between the actual net change in the market value
174.13 of total assets between the June 30 that occurred three years earlier and the June 30 that
174.14 occurred four years earlier and the computed increase in the market value of total assets
174.15 over that fiscal year period if the assets had earned a rate of return on assets equal to the
174.16 annual percentage preretirement interest rate assumption used in the actuarial valuation
174.17 for the July 1 that occurred four years earlier;

174.18 (2) 40 percent of the difference between the actual net change in the market value
174.19 of total assets between the June 30 that occurred two years earlier and the June 30 that
174.20 occurred three years earlier and the computed increase in the market value of total assets
174.21 over that fiscal year period if the assets had earned a rate of return on assets equal to the
174.22 annual percentage preretirement interest rate assumption used in the actuarial valuation
174.23 for the July 1 that occurred three years earlier;

174.24 (3) 60 percent of the difference between the actual net change in the market value
174.25 of total assets between the June 30 that occurred one year earlier and the June 30 that
174.26 occurred two years earlier and the computed increase in the market value of total assets
174.27 over that fiscal year period if the assets had earned a rate of return on assets equal to the
174.28 annual percentage preretirement interest rate assumption used in the actuarial valuation
174.29 for the July 1 that occurred two years earlier; and

174.30 (4) 80 percent of the difference between the actual net change in the market value
174.31 of total assets between the most recent June 30 and the June 30 that occurred one year
174.32 earlier and the computed increase in the market value of total assets over that fiscal year
174.33 period if the assets had earned a rate of return on assets equal to the annual percentage
174.34 preretirement interest rate assumption used in the actuarial valuation for the July 1 that
174.35 occurred one year earlier.

175.1 (g) "Unfunded actuarial accrued liability" means the total current and expected
 175.2 future benefit obligations, reduced by the sum of the actuarial value of assets and the
 175.3 present value of future normal costs.

175.4 (h) "Pension benefit obligation" means the actuarial present value of credited
 175.5 projected benefits, determined as the actuarial present value of benefits estimated to be
 175.6 payable in the future as a result of employee service attributing an equal benefit amount,
 175.7 including the effect of projected salary increases and any step rate benefit accrual rate
 175.8 differences, to each year of credited and expected future employee service.

175.9 Sec. 46. Minnesota Statutes 2014, section 356.215, subdivision 18, is amended to read:

175.10 Subd. 18. **Establishment of actuarial assumptions.** ~~(a) Before July 2, 2010, the~~
 175.11 ~~actuarial assumptions used for the preparation of actuarial valuations under this section~~
 175.12 ~~that are other than preretirement interest, postretirement interest, salary increase, and~~
 175.13 ~~payroll increase may be changed only with the approval of the Legislative Commission on~~
 175.14 ~~Pensions and Retirement or after a period of one year has elapsed since the date on which~~
 175.15 ~~the proposed assumption change or changes were received by the Legislative Commission~~
 175.16 ~~on Pensions and Retirement without commission action.~~

175.17 ~~(b) After July 1, 2010, (a)~~ The actuarial assumptions used for the preparation
 175.18 of actuarial valuations under this section that are other than ~~postretirement interest and~~
 175.19 ~~preretirement~~ the interest rate may be changed only with the approval of the Legislative
 175.20 Commission on Pensions and Retirement or after a period of one year has elapsed since
 175.21 the date on which the proposed assumption change or changes were received by the
 175.22 Legislative Commission on Pensions and Retirement without commission action.

175.23 ~~(e) (b)~~ A change in the applicable actuarial assumptions may be proposed by the
 175.24 governing board of the applicable pension fund or relief association, by ~~the~~ an actuary
 175.25 retained ~~by the joint retirement systems~~ under section 356.214 or by the actuary retained
 175.26 by a local ~~police or firefighters~~ relief association governed by sections 424A.091 to
 175.27 424A.096 or by Laws 2013, chapter 111, article 5, sections 31 to 42, if one is retained.

175.28 Sec. 47. Minnesota Statutes 2014, section 356.245, is amended to read:

175.29 **356.245 LOCAL ELECTED OFFICIALS.**

175.30 An elected official who is covered by section 353.01, subdivision 2a, or 353D.01,
 175.31 subdivision 2, whichever applies, is eligible to participate in ~~the state of Minnesota a~~
 175.32 deferred compensation plan under section 356.24. The applicable local governmental unit
 175.33 may make the matching employer contributions authorized by that section on the part
 175.34 of a participating elected official.

176.1 Sec. 48. Minnesota Statutes 2014, section 356.40, is amended to read:

176.2 **356.40 DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.**

176.3 (a) Notwithstanding any law to the contrary, all annuities and benefits payable ~~on~~
176.4 ~~and after December 1, 1977~~ by a covered retirement fund, as defined in section 356.30,
176.5 subdivision 3, must be paid in advance for each month during the first week of that month.
176.6 ~~The bylaws of local retirement funds must be amended accordingly.~~

176.7 (b) In no event, however, may this section authorize the payment of both a retirement
176.8 annuity and a surviving spouse's benefit in one month where the law governing the
176.9 applicable retirement fund provides for the payment of the retired member's retirement
176.10 annuity to the surviving spouse for the month in which the retired member dies.

176.11 Sec. 49. Minnesota Statutes 2014, section 356.407, subdivision 1, is amended to read:

176.12 Subdivision 1. **Restoration upon termination of remarriage.** Notwithstanding any
176.13 provision to the contrary of the laws governing any of the retirement plans enumerated
176.14 in subdivision 2, any person who was receiving a surviving spouse's benefit from any of
176.15 those plans and whose benefit terminated solely because of remarriage is, if the remarriage
176.16 terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit;
176.17 provided, however, that the person is not entitled to retroactive payments for the period of
176.18 remarriage. The benefit resumes at the level which the person would have been receiving
176.19 if there had been no remarriage. ~~This section applies prospectively to any person who first~~
176.20 ~~becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and~~
176.21 ~~also applies retroactively to any person who first became entitled to receive a surviving~~
176.22 ~~spouse's benefit before May 18, 1975; provided, however, that no person is entitled to~~
176.23 ~~retroactive payments for any period of time before May 18, 1975.~~

176.24 Sec. 50. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

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

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

176.33 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
176.34 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5

177.1 percent for each month that the person has been receiving an annuity or benefit must be
177.2 applied, effective on January 1 following the calendar year in which the person has been
177.3 retired for less than 12 months.

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

177.5 ~~(e) (b)~~ An increase in annuity or benefit payments under this section must be made
177.6 automatically unless written notice is filed by the annuitant or benefit recipient with the
177.7 executive director of the covered retirement plan requesting that the increase not be made.

177.8 Sec. 51. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

177.9 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
177.10 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
177.11 benefit, or survivor benefit recipients of the legislators retirement plans, including
177.12 constitutional officers as specified in chapter 3A, the general state employees retirement
177.13 plan, the correctional state employees retirement plan, the unclassified state employees
177.14 retirement program, and the judges retirement plan are entitled to a postretirement
177.15 adjustment annually on January 1, as follows:

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

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

177.25 ~~(b) The increases provided by this subdivision commence on January 1, 2011.~~

177.26 Increases under this subdivision for the general state employees retirement plan, the
177.27 correctional state employees retirement plan, or the judges retirement plan terminate on
177.28 December 31 of the calendar year in which two prior consecutive actuarial valuations
177.29 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
177.30 for actuarial work promulgated by the Legislative Commission on Pensions and
177.31 Retirement indicates that the market value of assets of the retirement plan equals or
177.32 exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases
177.33 under subdivision 1 recommence after that date. Increases under this subdivision for
177.34 the legislators retirement plan or the elected state officers retirement plan terminate
177.35 on December 31 of the calendar year in which the actuarial valuation prepared by the

178.1 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work
178.2 promulgated by the Legislative Commission on Pensions and Retirement indicates that the
178.3 market value of assets of the general state employees retirement plan equals or exceeds
178.4 90 percent of the actuarial accrued liability of the retirement plan and increases under
178.5 subdivision 1 recommence after that date.

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

178.10 Sec. 52. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

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

178.12 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
178.13 Retirement Association are entitled to a postretirement adjustment annually on January
178.14 1, as follows:

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

178.16 ~~(2) (1) for January 1, 2013, and each successive January 1 until funding stability is~~
178.17 ~~restored, a postretirement increase of two percent must be applied each year, effective~~
178.18 ~~on January 1, to the monthly annuity or benefit amount of each annuitant or benefit~~
178.19 ~~recipient who has been receiving an annuity or a benefit for at least 18 full months prior~~
178.20 ~~to the January 1 increase;~~

178.21 ~~(3) (2) for January 1, 2013, and each successive January 1 until funding stability is~~
178.22 ~~restored, for each annuitant or benefit recipient who has been receiving an annuity or a~~
178.23 ~~benefit for at least six full months before the January 1 increase, an annual postretirement~~
178.24 ~~increase of 1/12 of two percent for each month the person has been receiving an annuity or~~
178.25 ~~benefit must be applied, effective January 1, for which the person has been retired for at~~
178.26 ~~least six months but less than 18 months;~~

178.27 ~~(4) (3) for each January 1 following the restoration of funding stability, a~~
178.28 ~~postretirement increase of 2.5 percent must be applied each year, effective January 1, to~~
178.29 ~~the monthly annuity or benefit amount of each annuitant or benefit recipient who has~~
178.30 ~~been receiving an annuity or a benefit for at least 18 full months prior to the January 1~~
178.31 ~~increase; and~~

178.32 ~~(5) (4) for each January 1 following the restoration of funding stability, for each~~
178.33 ~~annuitant or benefit recipient who has been receiving an annuity or a benefit for at least~~
178.34 ~~six full months before the January 1 increase, an annual postretirement increase of 1/12~~
178.35 ~~of 2.5 percent for each month the person has been receiving an annuity or benefit must~~

179.1 be applied, effective January 1, for which the person has been retired for at least six
179.2 months but less than 18 months.

179.3 (b) Funding stability is restored when the market value of assets of the Teachers
179.4 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities
179.5 of the Teachers Retirement Association in the two most recent prior actuarial valuations
179.6 prepared under section 356.215 and the standards for actuarial work by the approved
179.7 actuary retained by the Teachers Retirement Association under section 356.214.

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

179.12 (d) The retirement annuity payable to a person who retires before becoming eligible
179.13 for Social Security benefits and who has elected the optional payment as provided in
179.14 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
179.15 retirement annuity for the purposes of any postretirement adjustment. The period-certain
179.16 retirement annuity plus the life retirement annuity must be the annuity amount payable
179.17 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
179.18 annuity amount payable under section 354.35. A postretirement adjustment granted on
179.19 the period-certain retirement annuity must terminate when the period-certain retirement
179.20 annuity terminates.

179.21 Sec. 53. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

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

179.23 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
179.24 retirement plan are entitled to a postretirement adjustment annually on January 1, as
179.25 follows:

179.26 (1) a postretirement increase of one percent must be applied each year, effective on
179.27 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
179.28 has been receiving an annuity or a benefit for at least 18 full months before the January 1
179.29 increase; and

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

180.1 (b) ~~The increases provided by this subdivision commence on January 1, 2014.~~
180.2 Increases under paragraph (a) for the State Patrol retirement plan terminate on December
180.3 31 of the calendar year in which two prior consecutive actuarial valuations prepared by
180.4 the approved actuary under sections 356.214 and 356.215 and the standards for actuarial
180.5 work promulgated by the Legislative Commission on Pensions and Retirement indicates
180.6 that the market value of assets of the retirement plan equals or exceeds 85 percent of
180.7 the actuarial accrued liability of the retirement plan and increases under paragraph (c)
180.8 recommence after that date.

180.9 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
180.10 Patrol retirement plan are entitled to a postretirement adjustment annually on January
180.11 1, as follows:

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

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

180.21 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
180.22 December 31 of the calendar year in which two prior consecutive actuarial valuations
180.23 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
180.24 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
180.25 indicates that the market value of assets of the retirement plan equals or exceeds 90
180.26 percent of the actuarial accrued liability of the retirement plan and increases under
180.27 subdivision 1 recommence after that date.

180.28 (e) An increase in annuity or benefit payments under this subdivision must be made
180.29 automatically unless written notice is filed by the annuitant or benefit recipient with the
180.30 executive director of the applicable covered retirement plan requesting that the increase
180.31 not be made.

180.32 Sec. 54. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

180.33 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
180.34 **System judges retirement plan.** (a) The increases provided under this subdivision begin

181.1 ~~on January 1, 2014, and~~ are in lieu of increases under subdivision 1 or 1a for retirement
181.2 annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

181.3 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the
181.4 judges retirement plan are entitled to a postretirement adjustment annually on January
181.5 1, as follows:

181.6 (1) a postretirement increase of 1.75 percent must be applied each year, effective
181.7 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
181.8 who has been receiving an annuity or a benefit for at least 18 full months before the
181.9 January 1 increase; and

181.10 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
181.11 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.75
181.12 percent for each month that the person has been receiving an annuity or benefit must be
181.13 applied, effective January 1, following the calendar year in which the person has been
181.14 retired for at least six months, but has been retired for less than 18 months.

181.15 (c) Increases under this subdivision terminate on December 31 of the calendar year
181.16 in which two prior consecutive actuarial valuations prepared by the approved actuary
181.17 under sections 356.214 and 356.215 and the standards for actuarial work promulgated
181.18 by the Legislative Commission on Pensions and Retirement indicates that the market
181.19 value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial
181.20 accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is
181.21 applicable, begin on the January 1 next following that date.

181.22 (d) An increase in annuity or benefit payments under this subdivision must be made
181.23 automatically unless written notice is filed by the annuitant or benefit recipient with the
181.24 executive director of the applicable covered retirement plan requesting that the increase
181.25 not be made.

181.26 Sec. 55. Minnesota Statutes 2014, section 356.431, is amended to read:

181.27 **356.431 CONVERSION OF LUMP-SUM POSTRETIREMENT AND**
181.28 **SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.**

181.29 Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid
181.30 ~~after December 31, 2001,~~ to eligible persons under Minnesota Statutes 2014, section
181.31 356.42, the amount of the most recent lump-sum benefit payable to an eligible recipient
181.32 under Minnesota Statutes 2014, section 356.42 must be divided by 12. The result must be
181.33 added to the monthly annuity or benefit otherwise payable to an eligible recipient, must
181.34 become a permanent part of the benefit recipient's pension, and must be included in any
181.35 pension benefit subject to future increases postretirement adjustments.

182.1 Sec. 56. Minnesota Statutes 2014, section 356.62, is amended to read:

182.2 **356.62 PAYMENT OF EMPLOYEE CONTRIBUTION.**

182.3 (a) For purposes of any public pension plan, as defined in section 356.63, paragraph
182.4 (b), each employer shall pick up the employee contributions required ~~pursuant to~~ under
182.5 law or under the pension plan document for all salary ~~payable after December 31, 1982.~~
182.6 If the United States Treasury Department rules that under section 414(h) of the Internal
182.7 Revenue Code of 1986, as amended through December 31, 1992, that These picked up
182.8 contributions are not includable in the employee's adjusted gross income until they are
182.9 distributed or made available, then these picked up contributions must be treated as
182.10 employer contributions in determining tax treatment under the Internal Revenue Code
182.11 of 1986, ~~as amended through December 31, 1992,~~ and the employer shall discontinue
182.12 withholding federal income taxes on the amount of these contributions. The employer
182.13 shall pay these picked up contributions from the same source of funds as is used to pay the
182.14 salary of the employee. The employer shall pick up these employee contributions by a
182.15 reduction in the cash salary of the employee.

182.16 (b) Employee contributions that are picked up must be treated for all purposes of the
182.17 public pension plan in the same manner and to the same extent as employee contributions
182.18 that were made ~~prior to~~ before the date on which the employee contributions pick up
182.19 began. The amount of the employee contributions that are picked up must be included
182.20 in the salary upon which retirement coverage is credited and upon which retirement and
182.21 survivor's benefits are determined. For purposes of this section, "employee" means
182.22 any person covered by a public pension plan. For purposes of this section, "employee
182.23 contributions" include any sums deducted from the employee's salary or wages or
182.24 otherwise paid in lieu thereof, regardless of whether they are denominated contributions
182.25 by the public pension plan.

182.26 (c) ~~For any calendar year in which withholding has been reduced under this section,~~
182.27 The employing unit shall supply each employee and the commissioner of revenue with an
182.28 information return indicating the amount of the employer's picked-up contributions for the
182.29 calendar year that were not subject to withholding. This return must be provided to the
182.30 employee not later than January 31 of the succeeding calendar year. The commissioner of
182.31 revenue shall prescribe the form of the return and the provisions of section 289A.12 must
182.32 apply to the extent not inconsistent with the provisions of this section.

182.33 Sec. 57. Minnesota Statutes 2014, section 356B.10, subdivision 2, is amended to read:

182.34 Subd. 2. **Building; related facilities.** ~~(a)~~ The commissioner of administration
182.35 ~~may~~ shall provide a building and related facilities to be jointly occupied by the board of

183.1 directors of the Minnesota State Retirement System, the board of trustees of the Public
183.2 Employees Retirement Association, and the board of trustees of the Teachers Retirement
183.3 Association for the administration of their public pension systems.

183.4 ~~(b) Design of the facilities is not subject to section 16B.33. The competitive~~
183.5 ~~acquisition process set forth in chapter 16C does not apply if the process set forth in~~
183.6 ~~subdivision 3 is followed.~~

183.7 ~~(c) The boards and the commissioner must submit the plans for a public pension~~
183.8 ~~facility under this section to the chair of the house of representatives Ways and Means~~
183.9 ~~Committee and to the chair of the senate State Government Finance Committee for their~~
183.10 ~~approval before the plans are implemented.~~

183.11 Sec. 58. Minnesota Statutes 2014, section 356B.10, subdivision 3, is amended to read:

183.12 Subd. 3. **Contracting procedures.** ~~(a) The commissioner may enter into a contract~~
183.13 ~~for facilities with a contractor to furnish the architectural, engineering, and related services~~
183.14 ~~as well as the labor, materials, supplies, equipment, and related construction services on~~
183.15 ~~the basis of a request for qualifications and competitive responses received through a~~
183.16 ~~request for proposals process that must include the items listed in paragraphs (b) to (i).~~

183.17 ~~(b) Before issuing a request for qualifications and a request for proposals, the~~
183.18 ~~commissioner, with the assistance of the boards, shall prepare performance criteria and~~
183.19 ~~specifications that include:~~

183.20 ~~(1) a general floor plan or layout indicating the general dimensions of the public~~
183.21 ~~building and space requirements;~~

183.22 ~~(2) design criteria for the exterior and site area;~~

183.23 ~~(3) performance specifications for all building systems and components to ensure~~
183.24 ~~quality and cost efficiencies;~~

183.25 ~~(4) conceptual floor plans for systems space;~~

183.26 ~~(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors,~~
183.27 ~~and features such as built-in counters and telephone wiring;~~

183.28 ~~(6) mechanical and electrical requirements;~~

183.29 ~~(7) special interior features required; and~~

183.30 ~~(8) a completion schedule.~~

183.31 ~~(c) The commissioner shall first solicit statements of qualifications from eligible~~
183.32 ~~contractors and select more than one qualified contractor based upon experience, technical~~
183.33 ~~competence, past performance, capability to perform, and other appropriate facts.~~

183.34 ~~Contractors selected under this process must be, employ, or have as a partner, member,~~
183.35 ~~coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide~~

184.1 ~~the services required to design and complete the project. The commissioner does not~~
184.2 ~~have to select any of the respondents if none reasonably fulfill the criteria set forth in~~
184.3 ~~this paragraph.~~

184.4 ~~(d) The contractors selected shall be asked to respond to a request for proposals.~~
184.5 ~~Responses must include site plans, design concept, elevation, statement of material to~~
184.6 ~~be used, floor layouts, a detailed development budget, and a total cost to complete the~~
184.7 ~~project. The proposal must indicate that the contractor obtained at least two proposals~~
184.8 ~~from subcontractors for each item of work and must set forth how the subcontractors~~
184.9 ~~were selected. The commissioner, with the assistance of the boards, shall evaluate the~~
184.10 ~~proposals based upon design, cost, quality, aesthetics, and the best overall value to the~~
184.11 ~~state pension funds. The commissioner need not select any of the proposals submitted~~
184.12 ~~and reserves the right to reject any and all proposals, and may terminate the process or~~
184.13 ~~revise the request for proposals and solicit new proposals if the commissioner determines~~
184.14 ~~that the best interests of the pension funds would be better served by doing so. Proposals~~
184.15 ~~submitted are nonpublic data until the contract is awarded.~~

184.16 ~~(e) The contractor selected must comply with sections 574.26 to 574.261. Before~~
184.17 ~~executing a final contract, the contractor selected shall certify a firm construction price~~
184.18 ~~and completion date.~~

184.19 ~~(f) The commissioner may consider building sites in the city of St. Paul and~~
184.20 ~~surrounding suburbs.~~

184.21 ~~(g) (a)~~ Any land, building, or facility leased, constructed, or acquired and any
184.22 leasehold interest acquired under this section must be held by the state in trust for the three
184.23 retirement systems as tenants in common. Each retirement system fund must consider its
184.24 interest as a fixed asset of its pension fund in accordance with governmental accounting
184.25 standards.

184.26 ~~(h) (b)~~ The commissioner may lease to another governmental subdivision; or to a
184.27 private company under contract with the State Board of Investment; or with the Board
184.28 of Directors of the Minnesota State Retirement System, whichever applies, to provide
184.29 deferred compensation services under section 352.965, any portion of the funds' building
184.30 and lands that is not required for ~~their~~ the direct use of the retirement systems upon terms
184.31 and conditions that they deem to be in the best interest of the pension funds. Any income
184.32 accruing from the rentals must be separately accounted for and utilized to offset ongoing
184.33 administrative expenses and any excess must be carried forward as a reserve for future
184.34 administrative expenses. The commissioner may also enter into lease agreements for
184.35 the establishment of satellite offices ~~should~~ if the retirement plan boards find them to
184.36 be necessary in order to assure their members reasonable access to their services. The

185.1 commissioner may lease under section 16B.24 any portion of the facilities not required for
185.2 the direct use of the retirement plan boards.

185.3 (†) (c) The boards shall formulate and, adopt, and periodically revise a written
185.4 working agreement that sets forth the nature of each retirement system's ownership
185.5 interest, the duties and obligations of each system toward the construction, operation, and
185.6 maintenance costs of its facilities, and identifies one retirement fund to serve as manager
185.7 for operating and maintenance purposes. The boards may contract with independent third
185.8 parties for maintenance-related activities, services, and supplies, and may use the services
185.9 of the Department of Administration where the boards determine that it is economically
185.10 feasible to do so. If the boards cannot agree or cannot resolve a dispute about the operations
185.11 or maintenance of the facilities, they may request the commissioner of administration to
185.12 appoint a representative from the department's real estate management division to serve as
185.13 arbitrator of the dispute with authority to issue a written resolution of the dispute.

185.14 Sec. 59. Minnesota Statutes 2014, section 356B.10, subdivision 4, is amended to read:

185.15 Subd. 4. **Revenue bonds.** (a) The commissioner of management and budget, on
185.16 request of the governor, may sell and issue revenue bonds in an aggregate principal amount
185.17 up to \$38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the
185.18 amount needed to pay issuance costs and interest costs and to establish necessary reserves
185.19 to secure the bonds. The commissioner of management and budget may issue bonds for the
185.20 purpose of refunding bonds issued under this subdivision Minnesota Statutes 2001, section
185.21 356.89, subdivision 4. The bonds may be sold and issued on terms and in a manner the
185.22 commissioner of management and budget determines to be in the best interests of the state.

185.23 (b) The proceeds of the bonds must be credited to a bond proceeds account in the
185.24 pension building fund which the commissioner of management and budget must create
185.25 in the state treasury.

185.26 Sec. 60. Minnesota Statutes 2014, section 356B.10, subdivision 5, is amended to read:

185.27 Subd. 5. **Security.** (a) The boards may pledge any or all assets of the retirement
185.28 fund or funds administered by the boards as security for the bonds.

185.29 (b) The bonds and the interest on them must be paid solely from and secured by ~~all~~
185.30 the assets of the boards pledged and appropriated for these purposes to the debt service
185.31 fund created in subdivision 6 and any investment income on the fund and any reserve
185.32 established for this purpose.

185.33 (c) The bonds are not public debt, and the full faith, credit, and taxing powers of
185.34 the state are not pledged for their payment. The bonds and the interest on them must not

186.1 be paid, directly or indirectly, in whole or in part, from a tax of statewide application on
186.2 any class of property, income, transaction, or privilege.

186.3 Sec. 61. Minnesota Statutes 2014, section 356B.10, subdivision 6, is amended to read:

186.4 Subd. 6. **Debt service fund.** There is established in the state treasury a separate and
186.5 special pension building debt service fund. Money in the funds managed by the boards is
186.6 appropriated to the boards for transfer to the pension building debt service fund. Money
186.7 appropriated and transferred to the fund and investment income on it on hand or required
186.8 to be transferred to the fund must be used and is irrevocably appropriated to pay when due
186.9 the principal of and interest on the bonds ~~authorized~~ referenced in subdivision 4.

186.10 Sec. 62. Minnesota Statutes 2014, section 356B.10, subdivision 7, is amended to read:

186.11 Subd. 7. **Covenants; agreements.** ~~The commissioner of management and budget~~
186.12 ~~may, for and on behalf of the state, enter into~~ covenants and agreements entered into by
186.13 the commissioner of management and budget for the construction of the pension building
186.14 that were not inconsistent with Minnesota Statutes 2001, section 356.89, subdivisions 1 to
186.15 6, and determined by the commissioner as may be necessary or desirable to facilitate the
186.16 sale and issuance of the bonds on terms favorable to the state, including, but not limited
186.17 to, covenants and agreements relating to the payment of and security for the bonds, tax
186.18 exemption, and disclosure of information required by federal and state securities laws. ~~The~~
186.19 ~~covenants and agreements of the commissioner of management and budget~~ constitute an
186.20 enforceable contract of the state and by them the state pledges and agrees with the holders
186.21 of any bonds that the state will not limit or alter the rights vested in the commissioner of
186.22 management and budget to fulfill the terms of the covenants or agreements made with the
186.23 holders of the bonds, or in any way impair the rights and remedies of the holders until
186.24 the bonds, together with the interest on them, with interest on any unpaid installments of
186.25 interest, and all costs and expenses in connection with any action or proceeding by or on
186.26 behalf of the holders, are fully met and discharged. ~~The commissioner of management and~~
186.27 ~~budget may include this pledge and agreement of the state in any covenant or agreement~~
186.28 ~~with the holders of the bonds.~~ Sections 16A.672 and 16A.675 apply to the bonds.

186.29 Sec. 63. Minnesota Statutes 2014, section 423A.02, subdivision 1b, is amended to read:

186.30 Subd. 1b. **Additional amortization state aid.** (a) ~~Beginning October 1, 2013,~~
186.31 ~~and~~ Annually thereafter, the commissioner shall allocate the additional amortization
186.32 state aid, if any, including any state aid in excess of the limitation in subdivision 4, on
186.33 the following basis:

187.1 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated
187.2 with police and firefighter retirement coverage;

187.3 (2) 25.8 percent as additional funding to support the minimum fire state aid for
187.4 volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);

187.5 (3) 12.9 percent to the city of Duluth to defray employer costs associated with
187.6 police and firefighter retirement coverage;

187.7 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the
187.8 investment performance requirement of paragraph (c) is met; and

187.9 (5) 1.3 percent to the city of Virginia to defray the employer contribution under
187.10 section 353.665, subdivision 8, paragraph (d).

187.11 If there is no additional employer contribution under section 353.665, subdivision
187.12 8, paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect
187.13 to the former Minneapolis Police Relief Association and the former Minneapolis Fire
187.14 Department Relief Association, the commissioner shall allocate that 47.1 percent of the
187.15 aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St.
187.16 Paul Teachers Retirement Fund Association, and 30 percent as additional funding to
187.17 support minimum fire state aid for volunteer firefighters relief associations under section
187.18 69.021, subdivision 7, paragraph (d). If there is no employer contribution by the city of
187.19 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire
187.20 Department Relief Association certified on or before June 30 by the executive director of
187.21 the Public Employees Retirement Association, the commissioner shall allocate that 1.3
187.22 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21
187.23 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional
187.24 funding to support minimum fire state aid for volunteer firefighters relief associations
187.25 under section 69.021, subdivision 7, paragraph (d).

187.26 (b) The allocation must be made by the commissioner of revenue on October 1
187.27 annually.

187.28 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if
187.29 the teacher's association five-year average time-weighted rate of investment return does
187.30 not equal or exceed the performance of a composite portfolio assumed passively managed
187.31 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt
187.32 securities, and 30 percent in domestic stock calculated using the formula under section
187.33 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases
187.34 until the five-year annual rate of investment return equals or exceeds the performance of
187.35 that composite portfolio.

188.1 (d) The amounts required under this subdivision are the amounts annually
188.2 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
188.3 paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

188.4 Sec. 64. Minnesota Statutes 2014, section 424A.001, subdivision 10, is amended to
188.5 read:

188.6 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:

188.7 ~~(1) was a member of the applicable fire department or the independent nonprofit~~
188.8 ~~firefighting corporation and a member of the relief association on July 1, 2006; or~~

188.9 ~~(2) became~~ is a member of the applicable fire department or the independent
188.10 nonprofit firefighting corporation and is eligible for membership in the applicable relief
188.11 association ~~after June 30, 2006~~; and:

188.12 (i) is engaged in providing emergency response services or delivering fire education
188.13 or prevention services as a member of a municipal fire department, a joint powers entity
188.14 fire department, or an independent nonprofit firefighting corporation;

188.15 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
188.16 prevention duties under subdivision 8; and

188.17 (iii) meets any other minimum firefighter and service standards established by the
188.18 fire department or the independent nonprofit firefighting corporation or specified in the
188.19 articles of incorporation or bylaws of the relief association.

188.20 Sec. 65. **REVISOR'S INSTRUCTION.**

188.21 The revisor of statutes shall make any technical cross-reference changes resulting
188.22 from amendments in this act, including any grammatical changes necessary to preserve
188.23 sentence structure.

188.24 Sec. 66. **REPEALER.**

188.25 Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, and 6;
188.26 352.76; 352.91, subdivisions 3a and 3b; 352B.29; 353.83; 353.84; 353.85; 354.146,
188.27 subdivisions 1 and 3; 354.33, subdivisions 5 and 6; 354.39; 354.55, subdivisions 13, 16,
188.28 and 19; 354.58; 354A.35, subdivision 2a; 356.405; 356.49, subdivision 2; and 424A.03,
188.29 subdivision 3, are repealed.

188.30 Sec. 67. **EFFECTIVE DATE.**

188.31 Sections 1 to 66 are effective July 1, 2015."

188.32 Delete the title and insert:

"A bill for an act

189.1 relating to retirement; various statewide and local Minnesota public employee
 189.2 retirement plans; modifying statutory actuarial assumptions; modifying refund
 189.3 and purchase payment interest rates; modifying the financial sustainability
 189.4 triggers for postretirement adjustment mechanisms; modifying provisions
 189.5 directing criteria for making recommendations to adjust employee and employer
 189.6 contribution rates; making administrative and technical modifications; making
 189.7 administrative changes to the Teachers Retirement Association; changing
 189.8 maximum excluded earnings limits from calendar to fiscal year; extending
 189.9 the interest-free period for leave of absence service credit purchases; making
 189.10 federal conformity changes affecting all state pension plans; clarifying retirement
 189.11 plan coverage for certain part-time legislative employees; including certain
 189.12 Minnesota River Area Agency on Aging employees in the Public Employees
 189.13 Retirement Association; excluding certain Minneapolis Park and Recreation
 189.14 Board employees; making changes of an administrative nature; clarifying
 189.15 coverage treatment of former MSRS-Cambridge employees; revising disability to
 189.16 retirement transfer dates for State Patrol plan disabilitants; correcting legislators
 189.17 plan postretirement adjustment trigger; permitting a service credit purchase
 189.18 for certain St. Paul public school employees; authorizing the purchase of
 189.19 allowable service credit for excluded pre-1995 seasonal Department of Revenue
 189.20 employment; eliminating various outdated or obsolete allowable service credit
 189.21 provisions; eliminating other outdated date references in pension provisions;
 189.22 clarifying or eliminating other ambiguous retirement provisions; correcting
 189.23 various pension-related headnotes; clarifying the calculation of the short service
 189.24 alternative pension computation for former defined contribution relief association
 189.25 members; adding additional service pension levels; relaxing certain deadlines
 189.26 for approval of service pension level increases; clarifying the application of
 189.27 the vesting provisions for portable service pensions; establishing a voluntary
 189.28 statewide monthly benefit volunteer firefighter retirement plan to permit
 189.29 transfers of local monthly benefit volunteer firefighters relief association plan
 189.30 administration to the Public Employees Retirement Association; implementing
 189.31 the recommendations of the state auditor's volunteer firefighter working group;
 189.32 addressing various disbursement and accounting issues; addressing various
 189.33 benefit issues; updating volunteer fire state aid references; addressing various
 189.34 relief association establishment and membership issues; providing for options for
 189.35 the governance and administration of the Roseville Volunteer Firefighters Relief
 189.36 Association; permitting a Nashville Township employee to purchase service
 189.37 credit for a period of omitted contributions; amending Minnesota Statutes 2014,
 189.38 sections 3A.03, subdivision 2; 11A.17, subdivision 2; 69.051, subdivision 1a;
 189.39 69.80; 352.01, subdivisions 2a, 11, 13a, 15; 352.017, subdivision 2; 352.021,
 189.40 subdivisions 1, 3, 4; 352.029, subdivision 2; 352.04, subdivisions 8, 9; 352.045;
 189.41 352.22, subdivisions 8, 10; 352.23; 352.27; 352.271; 352.75, subdivision 2;
 189.42 352.87, subdivision 8; 352.91, subdivision 3e; 352.955, subdivision 3; 352B.011,
 189.43 subdivision 3; 352B.013, subdivision 2; 352B.07; 352B.085; 352B.086;
 189.44 352B.10, subdivision 5; 352B.105; 352B.11, subdivision 4; 352B.25; 352D.02,
 189.45 subdivision 1; 352D.05, subdivision 4; 352D.11, subdivision 2; 352D.12; 353.01,
 189.46 subdivisions 2a, 2b, 6, 10, 11a, 16, 17, 28, 36; 353.0161, subdivision 2, by adding
 189.47 a subdivision; 353.0162; 353.017, subdivision 2; 353.03, subdivision 3; 353.031,
 189.48 subdivisions 5, 10; 353.27, subdivisions 3b, 7a, 10, 12, 12a; 353.28, subdivision
 189.49 5; 353.29, subdivision 7; 353.33, subdivisions 6, 13; 353.35, subdivision 1;
 189.50 353.37, subdivision 1; 353.46, subdivision 2; 353.64, subdivisions 7a, 8, 9,
 189.51 10; 353.656, subdivisions 1a, 1b, 2, 4, 5a; 353D.03, subdivision 3; 353D.071,
 189.52 subdivision 2; 353E.06, subdivisions 5, 6; 353F.01; 353F.02, subdivisions 3, 5a;
 189.53 353F.04, subdivision 2; 353F.051, subdivisions 1, 2, 3; 353G.01, subdivisions
 189.54 6, 7, 11, 12, by adding subdivisions; 353G.02; 353G.03; 353G.04; 353G.05;
 189.55 353G.06; 353G.07; 353G.08; 353G.09; 353G.10; 353G.11; 353G.115; 353G.12,
 189.56 subdivision 2, by adding a subdivision; 353G.13; 353G.14; 353G.15; 353G.16;
 189.57 354.05, subdivisions 10, 13, 25; 354.07, subdivision 5; 354.092, subdivision 4;

190.1 354.42, subdivisions 1a, 4b, 4d; 354.44, subdivisions 8, 9; 354.445; 354.45,
190.2 subdivision 1a; 354.48, subdivision 3; 354.51, subdivisions 1, 5; 354.52,
190.3 subdivision 4c; 354.55, subdivision 10; 354.72, subdivision 2; 354A.011,
190.4 subdivision 6; 354A.092; 354A.093, subdivision 6; 354A.096; 354A.108;
190.5 354A.12, subdivision 3c; 354A.29, subdivisions 7, 8, 9; 354A.31, subdivision 7;
190.6 354A.38, subdivision 3; 354A.42; 354B.23, subdivision 5; 354C.12, subdivision
190.7 2; 355.07; 356.195, subdivision 2; 356.215, subdivisions 1, 8, 18; 356.245;
190.8 356.32, subdivision 1; 356.40; 356.407, subdivision 1; 356.415, subdivisions 1,
190.9 1a, 1c, 1d, 1e, 1f; 356.431; 356.44; 356.50, subdivision 2; 356.551, subdivision 2;
190.10 356.62; 356.635, subdivision 9, by adding a subdivision; 356B.10, subdivisions
190.11 2, 3, 4, 5, 6, 7; 423A.02, subdivision 1b; 423A.022, subdivision 5; 424A.001,
190.12 subdivision 10, by adding a subdivision; 424A.002, subdivision 1; 424A.016,
190.13 subdivision 4; 424A.02, subdivisions 3, 3a, 9a; 424A.05, subdivisions 2, 3;
190.14 424A.092, subdivisions 3, 6; 424A.093, subdivisions 5, 6; 490.121, subdivision
190.15 4; 490.1211; 490.124, subdivision 12; proposing coding for new law in
190.16 Minnesota Statutes, chapter 353G; repealing Minnesota Statutes 2014, sections
190.17 352.271; 352.75, subdivisions 1, 3, 4, 5, 6; 352.76; 352.91, subdivisions 3a, 3b;
190.18 352B.29; 353.025; 353.83; 353.84; 353.85; 353D.03, subdivision 4; 354.146,
190.19 subdivisions 1, 3; 354.33, subdivisions 5, 6; 354.39; 354.55, subdivisions 13,
190.20 16, 19; 354.58; 354A.35, subdivision 2a; 354A.42; 356.405; 356.49, subdivision
190.21 2; 424A.03, subdivision 3."