

1.1 A bill for an act

1.2 relating to retirement; Teachers Retirement Association, administrative  
 1.3 provisions; clarifying coverage for charter school administrators; modifying  
 1.4 the criteria for appointing an executive director; increasing the length of  
 1.5 allowable service credit purchase periods; establishing new procedures for  
 1.6 disability applications due to private disability insurance requirements; clarifying  
 1.7 death and disability benefit payment provisions; modifying the annual benefit  
 1.8 limitations provision for federal tax code compliance; authorizing the executive  
 1.9 director to correct operational and other errors under IRS correction procedures;  
 1.10 amending Minnesota Statutes 2014, sections 354.05, subdivision 2, by adding  
 1.11 a subdivision; 354.06, subdivisions 2, 2a; 354.095; 354.45, by adding a  
 1.12 subdivision; 354.46, subdivision 6; 354.48, subdivision 1; 354.52, subdivisions  
 1.13 4, 6; 356.635, by adding subdivisions; 423A.02, subdivision 3; Minnesota  
 1.14 Statutes 2015 Supplement, sections 354.44, subdivision 9; 356.635, subdivision  
 1.15 10; repealing Minnesota Statutes 2014, section 356.611, subdivisions 3, 3a, 4, 5.

1.16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.17 Section 1. Minnesota Statutes 2014, section 354.05, subdivision 2, is amended to read:

1.18 Subd. 2. **Teacher.** (a) "Teacher" means:

1.19 (1) a person who renders service as a teacher, supervisor, principal, superintendent,  
 1.20 librarian, nurse, counselor, social worker, therapist, or psychologist in:

1.21 (i) a public school of the state other than in Independent School District No. 625 or  
 1.22 in Independent School District No. 709, or in any;

1.23 (ii) a charter school, irrespective of the location of the school, or in any; or

1.24 (iii) a charitable, penal, or correctional institutions institution of a governmental  
 1.25 subdivision;

1.26 or a person who is engaged in educational administration in connection with the  
 1.27 state public school system, whether the position be a public office or an as employment; or  
 1.28 a person who renders service as a charter school director or chief administrative officer,

2.1 provided, however, that if the charter school director or chief administrative officer is  
 2.2 covered by the Public Employees Retirement Association general employees retirement  
 2.3 plan on July 1, 2016, the charter school director or chief administrative officer shall  
 2.4 continue to be covered by that plan and not by the Teachers Retirement Association;

2.5 (2) an employee of the Teachers Retirement Association;

2.6 (3) a person who renders teaching service on a part-time basis and who also renders  
 2.7 other services for a single employing unit where the teaching service comprises at least 50  
 2.8 percent of the combined employment salary is a member of the association for all services  
 2.9 with the single employing unit or, if less than 50 percent of the combined employment  
 2.10 salary, the executive director determines all of the combined service is covered by the  
 2.11 association; or

2.12 (4) a person who is not covered by the plans established under chapter 352D, 354A,  
 2.13 or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges  
 2.14 and Universities system in an unclassified position as:

2.15 (i) a president, vice-president, or dean;

2.16 (ii) a manager or a professional in an academic or an academic support program  
 2.17 other than specified in item (i);

2.18 (iii) an administrative or a service support faculty position; or

2.19 (iv) a teacher or a research assistant.

2.20 (b) "Teacher" does not mean:

2.21 (1) a person who works for a school or institution as an independent contractor as  
 2.22 defined by the Internal Revenue Service;

2.23 ~~(2) a person who renders part-time teaching service or who is a customized trainer~~  
 2.24 ~~as defined by the Minnesota State Colleges and Universities system if (i) the service is~~  
 2.25 ~~incidental to the regular nonteaching occupation of the person; and (ii) the employer~~  
 2.26 ~~stipulates annually in advance that the part-time teaching service or customized training~~  
 2.27 ~~service will not exceed 300 hours in a fiscal year and retains the stipulation in its records;~~  
 2.28 ~~and (iii) the part-time teaching service or customized training service actually does not~~  
 2.29 ~~exceed 300 hours in a fiscal year;~~

2.30 ~~(3) a person exempt from licensure under section 122A.30;~~

2.31 ~~(4) (2)~~ annuitants of the teachers retirement plan who are employed after retirement  
 2.32 by an employing unit that participates in the teachers retirement plan during the course of  
 2.33 that reemployment;

2.34 ~~(5) (3)~~ a person who is employed by the University of Minnesota;

2.35 ~~(6) (4)~~ a member or an officer of any general governing or managing board or body  
 2.36 of an employing unit that participates in the teachers retirement plan; or

3.1 ~~(7) (5)~~ a person employed by Independent School District No. 625 ~~or Independent~~  
 3.2 ~~School District No. 709~~ as a teacher as defined in section 354A.011, subdivision 27.

3.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.

3.4 Sec. 2. Minnesota Statutes 2014, section 354.05, is amended by adding a subdivision  
 3.5 to read:

3.6 Subd. 17a. **Former spouse.** "Former spouse" means a person who is no longer a  
 3.7 spouse of a member due to dissolution of the marriage, legal separation, or annulment.

3.8 **EFFECTIVE DATE.** This section is effective July 1, 2016.

3.9 Sec. 3. Minnesota Statutes 2014, section 354.06, subdivision 2, is amended to read:

3.10 Subd. 2. **President; executive director.** The board shall annually elect one of  
 3.11 its members as president. It shall elect an executive director, whose salary shall be as  
 3.12 provided by section 15A.0815. ~~The salary of the assistant executive director who shall be~~  
 3.13 ~~in the unclassified service, shall be set in accordance with section 43A.18, subdivision 3.~~  
 3.14 The executive director shall serve during the pleasure of the board and be the executive  
 3.15 officer of the board, with such duties as the board shall prescribe. The board shall employ  
 3.16 all other clerks and employees necessary to properly administer the association. The  
 3.17 cost and expense of administering the provisions of this chapter shall be paid by the  
 3.18 association. The board shall appoint an executive director shall be appointed by the  
 3.19 board on the basis of fitness education, experience in the retirement field and leadership,  
 3.20 ability to manage and lead system staff, and ability to assist the board in setting a vision  
 3.21 for the system. The executive director shall have had at least five years of experience  
 3.22 on the administrative staff of a major retirement system in either an executive level  
 3.23 management position or in a position with responsibility for the governance, management,  
 3.24 or administration of a retirement plan.

3.25 **EFFECTIVE DATE.** This section is effective July 1, 2016.

3.26 Sec. 4. Minnesota Statutes 2014, section 354.06, subdivision 2a, is amended to read:

3.27 Subd. 2a. **Duties of executive director.** The management of the association is  
 3.28 vested in the executive director who shall be the executive and administrative head of  
 3.29 the association. The executive director shall act as advisor to the board on all matters  
 3.30 pertaining to the association and shall also act as the secretary of the board. The executive  
 3.31 director shall:

3.32 (1) attend all meetings of the board;

4.1 (2) prepare and recommend to the board appropriate rules to carry out the provisions  
4.2 of this chapter;

4.3 (3) establish and maintain an adequate system of records and accounts following  
4.4 recognized accounting principles and controls;

4.5 (4) designate, as necessary, a deputy executive director and an assistant executive  
4.6 director in the unclassified service, as defined in section 43A.08, whose salaries shall  
4.7 be set in accordance with section 43A.18, subdivision 3, and two assistant executive  
4.8 directors in the classified service, as defined in section 43A.07, with the approval of the  
4.9 board, and appoint such employees, both permanent and temporary, as are necessary to  
4.10 carry out the provisions of this chapter;

4.11 (5) organize the work of the association as the director deems necessary to fulfill the  
4.12 functions of the association, and define the duties of its employees and delegate to them  
4.13 any powers or duties, subject to the director's control and under such conditions as the  
4.14 director may prescribe;

4.15 (6) with the approval of the board, contract and set the compensation for the services  
4.16 of an approved actuary, professional management services, and any other consulting  
4.17 services. These contracts are not subject to the competitive bidding procedure prescribed  
4.18 by chapter 16C. An approved actuary retained by the executive director shall function as  
4.19 the actuarial advisor of the board and the executive director and may perform actuarial  
4.20 valuations and experience studies to supplement those performed by the actuary retained  
4.21 under section 356.214. Any supplemental actuarial valuations or experience studies shall  
4.22 be filed with the executive director of the Legislative Commission on Pensions and  
4.23 Retirement. Copies of professional management survey reports must be transmitted to the  
4.24 secretary of the senate, the chief clerk of the house of representatives, and the Legislative  
4.25 Reference Library as provided by section 3.195, and to the executive director of the  
4.26 commission at the same time as reports are furnished to the board. Only management  
4.27 firms experienced in conducting management surveys of federal, state, or local public  
4.28 retirement systems are qualified to contract with the executive director;

4.29 (7) with the approval of the board, provide in-service training for the employees  
4.30 of the association;

4.31 (8) make refunds of accumulated contributions to former members and to the  
4.32 designated beneficiary, surviving spouse, legal representative, or next of kin of deceased  
4.33 members or deceased former members, under this chapter;

4.34 (9) determine the amount of the annuities and disability benefits of members covered  
4.35 by the association and authorize payment of the annuities and benefits beginning as of the  
4.36 dates on which the annuities and benefits begin to accrue, under this chapter;

5.1 (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating  
5.2 expenses of the association;

5.3 (11) prepare and submit to the board and the legislature an annual financial report  
5.4 covering the operation of the association, as required by section 356.20;

5.5 (12) certify funds available for investment to the State Board of Investment;

5.6 (13) with the advice and approval of the board, request the State Board of Investment  
5.7 to sell securities on determining that funds are needed for the purposes of the association;

5.8 (14) prepare and submit biennial and annual budgets to the board and with the  
5.9 approval of the board submit those budgets to the Department of Management and  
5.10 Budget; and

5.11 (15) with the approval of the board, perform such other duties as may be required for  
5.12 the administration of the association and the other provisions of this chapter and for the  
5.13 transaction of its business. The executive director may:

5.14 (i) reduce all or part of the accrued interest and fines payable by an employing  
5.15 unit for reporting requirements under section 354.52, based on an evaluation of any  
5.16 extenuating circumstances of the employing unit;

5.17 (ii) assign association employees to conduct field audits of an employing unit to  
5.18 ensure compliance with the provisions of this chapter; and

5.19 (iii) recover overpayments, if not repaid to the association, by suspending or reducing  
5.20 the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional  
5.21 annuity under this chapter until the overpayment, plus interest, has been recovered.

5.22 **EFFECTIVE DATE.** This section is effective July 1, 2016.

5.23 Sec. 5. Minnesota Statutes 2014, section 354.095, is amended to read:

5.24 **354.095 MEDICAL LEAVE.**

5.25 Upon granting a medical leave, an employing unit must certify the leave to the  
5.26 association on a form specified by the executive director. A member of the association  
5.27 who is on an authorized medical leave of absence is entitled to receive allowable service  
5.28 credit, not to exceed ~~one year~~ five years, for the period of leave, upon making the  
5.29 prescribed payment to the fund under section 354.72. A member may not receive more  
5.30 than one year of allowable service credit during any fiscal year by making payment  
5.31 under this section. A member may not receive disability benefits under section 354.48  
5.32 and receive allowable service credit under this section for the same period of time. The  
5.33 executive director shall reject an application for disability benefits under section 354.48 if  
5.34 the member is applying only because an employer-sponsored provider of private disability

6.1 insurance benefits requires such an application and the member would not have applied  
6.2 for disability benefits in the absence of such requirement. The member shall submit a  
6.3 copy of the disability insurance policy that requires an application for disability benefits  
6.4 from the plan if the member wishes to assert that the application is only being submitted  
6.5 because of the disability insurance policy requirement. Notwithstanding the provisions of  
6.6 any agreement to the contrary, employee and employer contributions may not be made to  
6.7 receive allowable service credit under this section if the member does not retain the right  
6.8 to full reinstatement both during and at the end of the medical leave.

6.9 **EFFECTIVE DATE.** This section is effective July 1, 2017.

6.10 Sec. 6. Minnesota Statutes 2015 Supplement, section 354.44, subdivision 9, is  
6.11 amended to read:

6.12 Subd. 9. **Determining applicable law.** A former teacher who returns to covered  
6.13 service following a termination and who is not receiving a retirement annuity under this  
6.14 section must have earned at least ~~85 days~~ one-half year of credited service following the  
6.15 return to covered service to be eligible for improved benefits resulting from any law  
6.16 change enacted subsequent to that termination.

6.17 **EFFECTIVE DATE.** This section is effective July 1, 2016.

6.18 Sec. 7. Minnesota Statutes 2014, section 354.45, is amended by adding a subdivision  
6.19 to read:

6.20 Subd. 3. **Payment upon death of former spouse.** Upon the death of the former  
6.21 spouse to whom payments are to be made before the end of the specified payment period,  
6.22 payments shall be made according to the terms of a beneficiary form completed by the  
6.23 former spouse or, if no beneficiary form, to the estate of the former spouse.

6.24 **EFFECTIVE DATE.** This section is effective July 1, 2016.

6.25 Sec. 8. Minnesota Statutes 2014, section 354.46, subdivision 6, is amended to read:

6.26 Subd. 6. **Application.** (a) A beneficiary designation and an application for benefits  
6.27 under this section must be in writing on a form prescribed by the executive director.

6.28 (b) Sections 354.55, subdivision 11, and 354.60 apply to a deferred annuity payable  
6.29 under this section.

6.30 (c) Unless otherwise specified, the annuity must be computed under section 354.44,  
6.31 subdivision 2 or 6, whichever is applicable.

7.1 (d) Each designated beneficiary eligible for a lifetime benefit under this subdivision  
7.2 may apply for the annuity any time after the member's death. The benefit may not begin to  
7.3 accrue more than six months before the date the application is filed with the executive  
7.4 director and may not accrue before the member's death.

7.5 **EFFECTIVE DATE.** This section is effective July 1, 2016.

7.6 Sec. 9. Minnesota Statutes 2014, section 354.48, subdivision 1, is amended to read:

7.7 Subdivision 1. **Age, service and salary requirements.** A member who is totally and  
7.8 permanently disabled, who has not reached the normal retirement age as defined in section  
7.9 354.05, subdivision 38, and who has at least three years of credited allowable service at the  
7.10 time that the total and permanent disability begins is entitled to a disability benefit based  
7.11 on this allowable service in an amount provided in subdivision 3. If the disabled member's  
7.12 teaching service has terminated at any time, at least two of the required three years of  
7.13 allowable service must have been rendered after last becoming a member. ~~Any member~~  
7.14 ~~whose average salary is less than \$75 per month is not entitled to disability benefits.~~

7.15 **EFFECTIVE DATE.** This section is effective July 1, 2016.

7.16 Sec. 10. Minnesota Statutes 2014, section 354.52, subdivision 4, is amended to read:

7.17 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all  
7.18 amounts due to the association and furnish a statement indicating the amount due and  
7.19 transmitted with any other information required by the executive director. If an amount  
7.20 due is not received by the association within 14 calendar days of the payroll warrant,  
7.21 the amount accrues interest at an annual rate of 8.5 percent compounded annually from  
7.22 the due date until the amount is received by the association. All amounts due and other  
7.23 employer obligations not remitted ~~within 60 days of notification by the association must~~  
7.24 may be certified to the commissioner of management and budget who shall deduct the  
7.25 amount from any state aid or appropriation amount applicable to the employing unit.

7.26 **EFFECTIVE DATE.** This section is effective July 1, 2016.

7.27 Sec. 11. Minnesota Statutes 2014, section 354.52, subdivision 6, is amended to read:

7.28 Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not  
7.29 comply with the reporting requirements under subdivision 2a, 4a, 4b, or 4d, clause (1),  
7.30 must pay a fine of \$5 per calendar day until the association receives the required data.

8.1 (b) If the annual base salary required to be reported under subdivision 4d has not  
8.2 been settled or determined as of June 16, the fine commences if the annual base salary has  
8.3 not been reported to the association within 14 days following the settlement date.

8.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

8.5 Sec. 12. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision  
8.6 to read:

8.7 Subd. 9a. Definitions. The following definitions shall apply for purposes of  
8.8 subdivisions 10 to 12.

8.9 (a) "Annual addition" means the sum for the limitation year of all pre-tax and after-tax  
8.10 contributions made by the member or the member's employer and credited to an account  
8.11 in the name of the member in any defined contribution plan maintained by the employer.

8.12 (b) "Compensation" means the compensation actually paid or made available to  
8.13 a member for any limitation year including all items of remuneration described in  
8.14 federal treasury regulation section 1.415 (c)-2(b) and excluding all items of remuneration  
8.15 described in federal treasury regulation section 1.415 (c)-2(c). Compensation for pension  
8.16 plan purposes for any limitation year shall not exceed the applicable federal compensation  
8.17 limit described in section 356.611, subdivision 2.

8.18 (c) "Limitation year" means the calendar year or fiscal year, whichever is applicable  
8.19 to the particular pension plan.

8.20 (d) "Maximum permissible benefit" means an annual benefit of \$160,000,  
8.21 automatically adjusted under section 415(d) of the Internal Revenue Code for each  
8.22 limitation year ending after December 31, 2001, payable in the form of a single life  
8.23 annuity. The new limitation shall apply to limitation years ending with or within the  
8.24 calendar year of the date of the adjustment, but a member's benefits shall not reflect the  
8.25 adjusted limit prior to January 1 of that calendar year. The maximum permissible benefit  
8.26 amount shall be further adjusted as follows:

8.27 (i) If the member has less than 10 years of participation, the maximum permissible  
8.28 benefit shall be multiplied by a fraction, the numerator of which is the number of years (or  
8.29 part thereof, but not less than one year) of participation in the plan, and the denominator  
8.30 of which is 10.

8.31 (ii) If the annual benefit begins before the member has attained age 62, the  
8.32 determination as to whether the maximum permissible benefit limit has been satisfied shall  
8.33 be made, in accordance with regulations prescribed by the United States secretary of the  
8.34 treasury, by reducing the limit so that the limit, as so reduced, equals an annual benefit,



9.1 beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as  
9.2 adjusted, annual benefit beginning at age 62.

9.3 (iii) If the annual benefit begins after the member has attained age 65, the  
9.4 determination as to whether the maximum permissible benefit limit has been satisfied shall  
9.5 be made, in accordance with regulations prescribed by the United States secretary of the  
9.6 treasury, by increasing the limit so that the limit, as so increased, equals an annual benefit,  
9.7 beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as  
9.8 adjusted, annual benefit beginning at age 65.

9.9 **EFFECTIVE DATE.** This section is effective July 1, 2016.

9.10 Sec. 13. Minnesota Statutes 2015 Supplement, section 356.635, subdivision 10,  
9.11 is amended to read:

9.12 Subd. 10. **Annual benefit limitations, defined benefit plans.** (a) The annual benefit  
9.13 payable to a member shall not exceed the maximum permissible benefit. If the benefit the  
9.14 member would otherwise receive for a limitation year would result in the payment of an  
9.15 annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced  
9.16 to the extent necessary so the benefit does not exceed the maximum permissible benefit.

9.17 (b) For purposes of applying the limits of section 415(b) of the Internal Revenue  
9.18 Code, a retirement limitation in paragraph (a), an annual benefit that is payable in any  
9.19 form other than a single life annuity and that is subject to section 417(e)(3) of the Internal  
9.20 Revenue Code must shall be adjusted to an actuarially equivalent single life annuity  
9.21 that equals, if the annuity starting date is in a plan year beginning after 2005, the annual  
9.22 amount of the single life annuity commencing at the same annuity starting date that has  
9.23 the same actuarial present value as the participant's member's form of benefit, using  
9.24 whichever of the following produces the greatest annual amount:

9.25 (1) the interest rate and the mortality table or other tabular factor specified in the  
9.26 plan for adjusting benefits in the same form;

9.27 (2) a 5.5 percent interest rate assumption and the applicable mortality table; or

9.28 (3) the applicable interest rate under section 417(e)(3) of the federal Internal  
9.29 Revenue Code and the applicable mortality table, divided by 1.05.

9.30 (c) If a member participated in more than one pension plan in which the employer  
9.31 participates, the benefits under each plan must be reduced proportionately to satisfy the  
9.32 limitation in paragraph (a).

9.33 **EFFECTIVE DATE.** This section is effective July 1, 2016.

10.1 Sec. 14. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision  
10.2 to read:

10.3 Subd. 11. **Annual addition limitation, defined contribution plans.** The annual  
10.4 additions by or on behalf of a member to a defined contribution plan for any limitation  
10.5 year shall not exceed the applicable limitation on annual additions under section 415(c)  
10.6 of the federal Internal Revenue Code, as adjusted by the United States secretary of the  
10.7 treasury under section 415(d) of the federal Internal Revenue Code.

10.8 **EFFECTIVE DATE.** This section is effective July 1, 2016.

10.9 Sec. 15. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision  
10.10 to read:

10.11 Subd. 12. **Incorporation by reference.** Any requirements of section 415(b) and  
10.12 (c) of the federal Internal Revenue Code and related regulations and agency guidance  
10.13 not addressed by subdivisions 10 to 11 shall be considered incorporated by reference,  
10.14 including provisions applicable to qualified police and firefighters and to survivor and  
10.15 disability benefits. Subdivisions 10 to 12 shall be interpreted in a manner that is consistent  
10.16 with the requirements of section 415(b) and (c) of the federal Internal Revenue Code  
10.17 and the related regulations.

10.18 **EFFECTIVE DATE.** This section is effective July 1, 2016.

10.19 Sec. 16. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision  
10.20 to read:

10.21 Subd. 13. **Correction of errors.** In addition to the authority set forth in other  
10.22 provisions of Minnesota Statutes, the executive director of each plan has the authority to  
10.23 undertake correction of any operational errors as the executive director deems necessary or  
10.24 appropriate, including any correction deemed necessary to preserve and protect the plan's  
10.25 tax qualification under Section 401(a) of the federal Internal Revenue Code. Without  
10.26 limiting the executive director's authority in this subdivision, the executive director may  
10.27 undertake correction of plan document, operational, demographic and employer eligibility  
10.28 failures under a method described in the federal Internal Revenue Service's Employee Plans  
10.29 Compliance Resolution System ("EPCRS") or any successor thereto. To the extent deemed  
10.30 necessary by the executive director to implement correction pursuant to the EPCRS, the  
10.31 executive director may, but shall not be required to, make distributions or transfers of assets  
10.32 or, upon discovery that a benefit has been paid in error or has been incorrectly determined,

11.1 recover any overpayment, reduce the amount of any remaining benefit payments or  
11.2 identify an appropriate revenue stream until such overpayment has been recouped.

11.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.

11.4 Sec. 17. Minnesota Statutes 2014, section 423A.02, subdivision 3, is amended to read:

11.5 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the  
11.6 difference between \$5,720,000 and the current year amortization aid distributed under  
11.7 subdivision 1 that is not distributed for any reason to a municipality must be distributed  
11.8 by the commissioner of revenue according to this paragraph. The commissioner shall  
11.9 distribute 60 percent of the amounts derived under this paragraph to the Teachers  
11.10 Retirement Association, and 40 percent to the St. Paul Teachers Retirement Fund  
11.11 Association to fund the unfunded actuarial accrued liabilities of the respective funds.  
11.12 These payments must be made on July 15 each fiscal year. If the St. Paul Teachers  
11.13 Retirement Fund Association ~~or the Duluth Teachers Retirement Fund Association~~  
11.14 becomes fully funded, the association's eligibility for its portion of this aid ceases.  
11.15 Amounts remaining in the undistributed balance account at the end of the biennium if aid  
11.16 eligibility ceases cancel to the general fund.

11.17 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
11.18 Independent School District No. 625, St. Paul, must make an additional contribution of  
11.19 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

11.20 (c) Thirty percent of the difference between \$5,720,000 and the current year  
11.21 amortization aid under subdivision 1 that is not distributed for any reason to a municipality  
11.22 must be distributed under section 69.021, subdivision 7, paragraph (d), as additional  
11.23 funding to support a minimum fire state aid amount for volunteer firefighter relief  
11.24 associations.

11.25 **EFFECTIVE DATE.** This section is effective July 1, 2016.

11.26 Sec. 18. **REPEALER.**

11.27 Minnesota Statutes 2014, section 356.611, subdivisions 3, 3a, 4, and 5, are repealed.

11.28 **EFFECTIVE DATE.** This section is effective July 1, 2016.

**356.611 LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.**

Subd. 3. **Maximum benefit limitations.** An annuitant's annual benefit, if necessary, must be reduced to the extent required by section 415(b) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code for any applicable increases in the cost of living, including applicable increases in the cost of living after the member's termination of employment. If an annuitant participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately, if necessary, to satisfy the applicable limitation.

Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The annual additions on behalf of a member to a defined contribution plan for any limitation year shall not exceed the applicable limitation on annual additions under section 415(c) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code.

Subd. 4. **Compensation.** For purposes of this section, compensation means a member's compensation actually paid or made available for any limitation year including all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b) and excluding all items of remuneration described in federal treasury regulation section 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in subdivision 2.

Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of section 415 of the federal Internal Revenue Code, the limitation year of a pension plan covered by this section is the calendar year or fiscal year, whichever is applicable.