



TO: Representative Mary Murphy  
Senator Don Betzold

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

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

DATE: May 14, 2008

### Introduction

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

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

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

#### Difference #1: MSRS-Unclassified Retirement Program Changes

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

Senate Version: No provisions.

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

#### Difference #2: Retirement Savings Programs

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

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

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

#### Difference #3: Teacher Retirement Benefit and Contribution Increases

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

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

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

Senate Version: No provisions.

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

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Difference #4: Membership Dues Withholding

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

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

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

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Difference #5: Pension Commission Membership

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

Senate Version: No provision

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

Conclusion

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

cc: Laura Sayles Kathleen Lonergan  
Carolyn LaViolette

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

59.1 Sec. 2. COVERAGE TRANSFER DATES.

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

59.5 (b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3d, 59.6 paragraph (b), clause (25), is prospective only.

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

#### 59.8 ARTICLE 7

#### 59.9 MRS-UNCLASSIFIED RETIREMENT PROGRAM CHANGES

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

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

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

59.29 (c) Enumerated employees and referenced persons are:

59.30 (1) the governor, the lieutenant governor, the secretary of state, the state auditor, 59.31 and the attorney general;

59.32 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary 59.33 of State, State Auditor, Attorney General;

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

60.1 (4) the head of a department, division, or agency created by statute in the unclassified

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

58.27 Sec. 2. COVERAGE TRANSFER DATES.

58.28 (a) The coverage transfer under Minnesota Statutes, section 352.91, subdivision 3d, 58.29 paragraph (b), clause (20), also covers employment in that position after December 11, 58.30 2007, for purposes of Minnesota Statutes, section 352.955, subdivisions 1, 3, 4, 5, and 6.

58.31 (b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3d, 58.32 paragraph (b), clause (25), is prospective only.

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

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

60.4 (5) a member of the legislature;

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

60.10 (7) a person who is employed in a position established under section 43A.08,

60.11 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing 60.12 a department or agency of the state, which is at the deputy or assistant head of department 60.13 or agency or director level;

60.14 (8) the regional administrator, or executive director of the Metropolitan Council,

60.15 general counsel, division directors, operations managers, and other positions as designated 60.16 by the council, all of which may not exceed 27 positions at the council and the chair;

60.17 (9) the executive director, associate executive director, and not to exceed nine

60.18 positions of the Minnesota Office of Higher Education in the unclassified service, as

60.19 designated by the Minnesota Office of Higher Education before January 1, 1992, or

60.20 subsequently redesignated with the approval of the board of directors of the Minnesota

60.21 State Retirement System, unless the person has elected coverage by the individual

60.22 retirement account plan under chapter 354B;

60.23 (10) the clerk of the appellate courts appointed under article VI, section 2, of the

60.24 Constitution of the state of Minnesota, the state court administrator and judicial district

60.25 administrators;

60.26 (11) the chief executive officers of correctional facilities operated by the Department

60.27 of Corrections and of hospitals and nursing homes operated by the Department of Human

60.28 Services;

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

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

60.31 (14) an employee of the State Lottery who is covered by the managerial plan

60.32 established under section 43A.18, subdivision 3;

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

60.34 subdivision 22;

60.35 (16) an employee of Minnesota Technology Incorporated;

61.1 (17) a person employed by the Minnesota State Colleges and Universities as faculty

61.2 or in an eligible unclassified administrative position as defined in section 354B.20,

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

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

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

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

61.13 Subd. 3. Transfer to general plan. (a) An employee, other than a judge as

61.14 specified in subdivision 1, paragraph (c), clause (15), credited with employee shares in the

61.15 unclassified program, after acquiring credit for ten years of allowable service and not later

61.16 than one month following the termination of covered employment, may elect to terminate

61.17 participation in the unclassified program and be covered by the general plan by filing a

61.18 written election with the executive director. The executive director shall then redeem the

61.19 employee's total shares and shall credit to the employee's account in the general plan the

61.20 amount of contributions that would have been so credited had the employee been covered

61.21 by the general plan during the employee's entire covered employment or elective state

61.22 service. The balance of money so redeemed and not credited to the employee's account

61.23 shall be transferred to the general plan retirement fund, except that (1) the employee

61.24 contribution paid to the unclassified program must be compared to (2) the employee

61.25 contributions that would have been paid to the general plan for the comparable period, if

61.26 the individual had been covered by that plan. If clause (1) is greater than clause (2), the

61.27 difference must be refunded to the employee as provided in section 352.22. If clause (2) is

61.28 greater than clause (1), the difference must be paid by the employee within six months

61.29 of electing general plan coverage or before the effective date of the annuity, whichever

61.30 is sooner.

61.31 (b) An election under paragraph (a) to transfer coverage to the general plan is

61.32 irrevocable during any period of covered employment.

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

62.1 ARTICLE 8

62.2 PERA BENEFITS FOLLOWING PRIVATIZATIONS

59.1 ARTICLE 7

59.2 PERA BENEFITS FOLLOWING PRIVATIZATIONS

92.22 Section 1. Minnesota Statutes 2006, section 123B.02, subdivision 15, is amended to 92.23 read:

92.24 Subd. 15. **Annuity contract; payroll allocation.** At the request of an employee 92.25 and as part of the employee's compensation arrangement, the board may purchase an 92.26 individual annuity contract for an employee for retirement or other purposes and may 92.27 make payroll allocations in accordance with such arrangement for the purpose of paying 92.28 the entire premium due and to become due under such contract. The allocation must be 92.29 made in a manner which will qualify the annuity premiums, or a portion thereof, for 92.30 the benefit afforded under section 403(b) of the current Federal Internal Revenue Code 92.31 or any equivalent provision of subsequent federal income tax law. The employee shall 92.32 own such contract and the employee's rights under the contract shall be nonforfeitable 93.1 except for failure to pay premiums. Section 122A.40 shall not be applicable hereto and the 93.2 board shall have no liability thereunder because of its purchase of any individual annuity 93.3 contracts. This statute shall be applied in a nondiscriminatory manner to employees of the 93.4 school district. The identity and number of the available vendors under section 403(b) of 93.5 the Internal Revenue Code is a term and condition of employment under section 179A.03.

89.22 Section 1. Minnesota Statutes 2006, section 123B.02, subdivision 15, is amended to 89.23 read:

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

90.6 (b) When considering vendors under paragraph (a), the school district and the 90.7 exclusive representative of the employees shall consider all of the following:

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

## 105.2 ARTICLE 13

## 105.3 PERA POLICE AND FIRE PLAN

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

105.7 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of 105.8 the police and fire plan who is determined to qualify for duty disability as defined in 105.9 section 353.01, subdivision 41, shall receive disability benefits during the period of such 105.10 disability in an amount equal to 60 percent of the average salary as defined in section 105.11 353.01, subdivision 17a, plus an additional percentage specified under section 356.315, 105.12 subdivision 6, of that average salary for each year of service in excess of 20 years.

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

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

105.15 subdivision 1; or

105.16 (2) met the requirements under that subdivision, but does not have at least 20 years

105.17 of allowable service credit.

105.18 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a

105.19 period of 60 months from the disability benefit accrual date and at the end of that period

105.20 is subject to provisions of subdivision 5a.

105.21 (d) If the disability under this subdivision occurs before the member has at least five

105.22 years of allowable service credit in the police and fire plan, the disability benefit must be

105.23 computed on the average salary from which deductions were made for contribution to

105.24 the police and fire fund.

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

## 105.26 ARTICLE 14

## 105.27 TEACHER RETIREMENT BENEFIT AND

## 102.16 ARTICLE 12

## 102.17 PERA POLICE AND FIRE PLAN

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

102.21 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of 102.22 the police and fire plan who is determined to qualify for duty disability as defined in 102.23 section 353.01, subdivision 41, shall receive disability benefits during the period of such 102.24 disability in an amount equal to 60 percent of the average salary as defined in section 102.25 353.01, subdivision 17a, plus an additional percentage specified under section 356.315, 102.26 subdivision 6, of that average salary for each year of service in excess of 20 years.

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

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

102.29 subdivision 1; or

102.30 (2) met the requirements under that subdivision, but does not have at least 20 years

102.31 of allowable service credit.

103.1 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a

103.2 period of 60 months from the disability benefit accrual date and at the end of that period

103.3 is subject to provisions of subdivision 5a.

103.4 (d) If the disability under this subdivision occurs before the member has at least five

103.5 years of allowable service credit in the police and fire plan, the disability benefit must be

103.6 computed on the average salary from which deductions were made for contribution to

103.7 the police and fire fund.

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

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

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



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

106.17	<u>for the 2010-2011 school year</u>	<u>0.25 percent</u>
106.18	<u>for the 2011-2012 school year</u>	<u>0.50 percent</u>
106.19	<u>for the 2012-2013 school year</u>	<u>0.75 percent</u>
106.20	<u>for the 2013-2014 school year</u>	<u>1.00 percent</u>
106.21	<u>for the 2014-2015 school year</u>	<u>1.25 percent</u>
106.22	<u>for the 2015-2016 school year and</u>	
106.23	<u>each school year thereafter</u>	<u>1.50 percent</u>

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

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

106.26 for the 2010-2011 school year 0.25 percent

106.27 for the 2011-2012 school year 0.50 percent

106.28 for the 2012-2013 school year 0.75 percent

106.29 for the 2013-2014 school year 1.00 percent

106.30 for the 2014-2015 school year 1.25 percent

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

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

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

106.35	<u>for the 2010-2011 school year</u>	<u>0.25 percent</u>
106.36	<u>for the 2011-2012 school year</u>	<u>0.50 percent</u>
106.37	<u>for the 2012-2013 school year</u>	<u>0.75 percent</u>
106.38	<u>for the 2013-2014 school year</u>	<u>1.00 percent</u>
107.1	<u>for the 2014-2015 school year</u>	<u>1.25 percent</u>
107.2	<u>for the 2015-2016 school year and</u>	
107.3	<u>each school year thereafter</u>	<u>1.50 percent</u>

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

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

107.6 Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 for a  
 107.7 person who first became a member of the association or a member of a pension fund listed  
 107.8 in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a  
 107.9 member of the association after June 30, 1989, normal retirement age means the higher of  
 107.10 age 65 or "retirement age," as defined in United States Code, title 42, section 416(f), as  
 107.11 amended, but not to exceed age 66.

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

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

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

107.16 (1) after July 1, 2006, for a teacher employed by Special School District No. 1,

107.17 Minneapolis, 5.5 percent if the teacher is a coordinated member, and 9.0 percent if the  
107.18 teacher is a basic member;

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

	<u>period</u>	<u>coordinated member</u>	<u>basic member</u>
107.20	coordinated member and 9.0 percent if the teacher is a basic member.		
107.21			
107.22	<u>(1) before July 1, 2010</u>	<u>5.50 percent</u>	<u>9.00 percent</u>
107.23	<u>(2) after June 30, 2010, and</u>		
107.24	<u>before July 1, 2011</u>	<u>5.75 percent</u>	<u>9.25 percent</u>
107.25	<u>(3) after June 30, 2011, and</u>		
107.26	<u>before July 1, 2012</u>	<u>6.00 percent</u>	<u>9.50 percent</u>
107.27	<u>(4) after June 30, 2012, and</u>		
107.28	<u>before July 1, 2013</u>	<u>6.25 percent</u>	<u>9.75 percent</u>
107.29	<u>(5) unless paragraph (b)</u>		
107.30	<u>applies, after June 30, 2013,</u>		
107.31	<u>and before July 1, 2014</u>	<u>6.50 percent</u>	<u>10.00 percent</u>
107.32	<u>(6) unless paragraph (b)</u>		
107.33	<u>applies, after June 30, 2014,</u>		
107.34	<u>and before July 1, 2015</u>	<u>6.75 percent</u>	<u>10.25 percent</u>
107.35	<u>(7) unless paragraph (b)</u>		
107.36	<u>applies, after June 30, 2015</u>	<u>7.00 percent</u>	<u>10.50 percent</u>

108.1 (b) After July 1, 2012, a scheduled contribution increase under paragraph (a),  
 108.2 clause (5), (6), or (7), is suspended if the most recent actuarial valuation prepared under  
 108.3 section 356.215 indicates that there is no contribution deficiency when the total employee  
 108.4 contributions, employer contributions under subdivision 3, and direct state aid under  
 108.5 section 354A.12 are compared to the total financial requirements of the retirement plan.  
 108.6 (c) This contribution must be made by deduction from salary. Where any portion of a

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

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

108.10 Sec. 4. Minnesota Statutes 2006, section 354.42, subdivision 3, is amended to read:

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

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

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

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

109.1 (b) (c) The employer contribution to the fund for every other employer is an amount 109.2 equal to 5.0 percent of the salary of each coordinated member and 9.0 percent of the salary 109.3 of each basic member before July 1, 2007, and 5.5 percent of the salary of each coordinated 109.4 member and 9.5 percent of the salary of each basic member after June 30, 2007, and before 109.5 July 1, 2010. The regular employer contribution to the fund by every other employer is an

