

1.1 moves to amend S.F. No. 191; H.F. No. 723, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 MINNESOTA POST RETIREMENT
1.5 INVESTMENT FUND DISSOLUTION ACCOMMODATION

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

1.7 Subd. 3. **Appropriation.** The amounts required for payment of retirement
1.8 allowances provided by this section are appropriated annually to the director from the
1.9 ~~participation of the legislators retirement plan in the Minnesota postretirement investment~~
1.10 fund or from the general fund as provided in section 3A.115. The retirement allowance
1.11 must be paid monthly to the recipients entitled to those retirement allowances.

1.12 Sec. 2. Minnesota Statutes 2008, section 3A.02, is amended by adding a subdivision to
1.13 read:

1.14 Subd. 6. **Postretirement adjustment eligibility.** A retirement allowance under this
1.15 section is eligible for postretirement adjustments under section 356.415.

1.16 Sec. 3. Minnesota Statutes 2008, section 3A.03, is amended by adding a subdivision to
1.17 read:

1.18 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special
1.19 retirement fund, is created within the state treasury and must be credited with assets equal
1.20 to the participation of the legislators retirement plan in the Minnesota postretirement
1.21 investment fund as of June 30, 2009, and any investment proceeds on those assets.

1.22 (b) The payment of annuities under section 3A.115, paragraph (b), is appropriated
1.23 from the legislators retirement fund.

1.24 Sec. 4. Minnesota Statutes 2008, section 3A.04, is amended by adding a subdivision to
1.25 read:

1.26 Subd. 2a. **Postretirement adjustment eligibility.** A survivor benefit under this
1.27 section is eligible for postretirement adjustments under section 356.415.

1.28 Sec. 5. Minnesota Statutes 2008, section 3A.115, is amended to read:

1.29 **3A.115 RETIREMENT ALLOWANCE APPROPRIATION;**
1.30 **POSTRETIREMENT ADJUSTMENT.**

2.1 (a) The amount necessary to fund the retirement allowance granted under this
 2.2 chapter to a former legislator ~~upon retirement~~ retiring after June 30, 2003, is appropriated
 2.3 from the general fund to the director to pay pension obligations due to the retiree.

2.4 (b) The amount necessary to fund the retirement allowance granted under this
 2.5 chapter to a former legislator retiring before July 1, 2003, must be paid from the legislators
 2.6 retirement fund created under section 3A.03, subdivision 3, until the assets of the fund
 2.7 are exhausted and at that time, the amount necessary to fund the retirement allowances
 2.8 under this paragraph is appropriated from the general fund to the director to pay pension
 2.9 obligations to the retiree.

2.10 (c) Retirement allowances payable to retired legislators and their survivors under
 2.11 this chapter must be adjusted ~~in the same manner, at the same times, and in the same~~
 2.12 ~~amounts as are benefits payable from the Minnesota postretirement investment fund to~~
 2.13 ~~retirees of a participating public pension fund~~ as provided in sections 3A.02, subdivision
 2.14 6, and 356.415.

2.15 Sec. 6. Minnesota Statutes 2008, section 11A.08, subdivision 1, is amended to read:

2.16 Subdivision 1. **Membership.** There is created an Investment Advisory Council
 2.17 consisting of 17 members. Ten of these members ~~shall~~ must be experienced in general
 2.18 investment matters. ~~They shall be appointed by the state board~~ The state board must
 2.19 appoint the ten members. The other seven members ~~shall be~~ are: the commissioner of
 2.20 finance; the executive director of the Minnesota State Retirement System; the executive
 2.21 director of the Public Employees Retirement Association; the executive director of
 2.22 the Teachers Retirement Association; a retiree currently receiving benefits from ~~the~~
 2.23 ~~postretirement investment fund~~ a statewide retirement plan; and two public employees
 2.24 who are active members of funds whose assets are invested by the state board. The
 2.25 governor must appoint the retiree and the public employees ~~shall be appointed by the~~
 2.26 ~~governor~~ for four-year terms.

2.27 Sec. 7. Minnesota Statutes 2008, section 11A.23, subdivision 1, is amended to read:

2.28 Subdivision 1. **Certification of assets not needed for immediate use.** Each
 2.29 executive director administering a retirement fund or plan enumerated in subdivision 4
 2.30 shall, from time to time, certify to the state board for investment those portions of the
 2.31 assets of the retirement fund or plan which in the judgment of the executive director are
 2.32 not required for immediate use. ~~Assets of the fund or plan required for participation in~~
 2.33 ~~the Minnesota postretirement adjustment fund, the combined investment fund, or the~~
 2.34 ~~supplemental investment fund shall be transferred to those funds as provided by sections~~
 2.35 ~~11A.01 to 11A.25.~~

3.1 Sec. 8. Minnesota Statutes 2008, section 11A.23, subdivision 2, is amended to read:

3.2 Subd. 2. **Investment.** Retirement fund assets certified to the state board pursuant
3.3 to subdivision 1 shall be invested by the state board subject to the provisions of section
3.4 11A.24. Retirement fund assets transferred to ~~the Minnesota postretirement investment~~
3.5 ~~fund~~, the combined investment fund or the supplemental investment fund shall be invested
3.6 by the state board as part of those funds.

3.7 Sec. 9. Minnesota Statutes 2008, section 352.021, is amended by adding a subdivision
3.8 to read:

3.9 Subd. 5. **Determining applicable law.** An annuity under this chapter must be
3.10 computed under the law in effect as of the last day for which the employee receives pay,
3.11 or if on medial leave, the day that the leave terminates. However, if the employee has
3.12 returned to covered employment following a termination, the employee must have earned
3.13 at least six months of allowable service following their return in order to qualify for
3.14 improved benefits resulting from any law change enacted subsequent to that termination.

3.15 Sec. 10. Minnesota Statutes 2008, section 352.04, subdivision 1, is amended to read:

3.16 Subdivision 1. **Fund created.** ~~(a)~~ There is created a special fund to be known as the
3.17 general state employees retirement fund. In that fund, employee contributions, employer
3.18 contributions, and other amounts authorized by law must be deposited.

3.19 ~~(b) The general state employees retirement plan of the Minnesota State Retirement~~
3.20 ~~System must participate in the Minnesota postretirement investment fund. The amounts~~
3.21 ~~provided in section 352.119 must be deposited in the Minnesota postretirement investment~~
3.22 ~~fund.~~

3.23 Sec. 11. Minnesota Statutes 2008, section 352.04, subdivision 12, is amended to read:

3.24 Subd. 12. **Fund disbursement restricted.** The general state employees retirement
3.25 fund ~~and the participation in the Minnesota postretirement investment fund~~ must be
3.26 disbursed only for the purposes provided by law. The expenses of the system and any
3.27 benefits provided by law, ~~other than benefits payable from the Minnesota postretirement~~
3.28 ~~investment fund~~, must be paid from the general state employees retirement fund. The
3.29 retirement allowances, retirement annuities, and disability benefits, as well as refunds of
3.30 any sum remaining to the credit of a deceased retired employee or a disabled employee
3.31 must be paid ~~only~~ from the general state employees retirement fund ~~after the needs~~
3.32 ~~have been certified and the amounts withdrawn from the participation in the Minnesota~~
3.33 ~~postretirement investment fund under section 11A.18.~~ The amounts necessary to make the
3.34 payments from the general state employees retirement fund ~~and the participation in the~~

4.1 ~~Minnesota postretirement investment fund~~ are annually appropriated from ~~these funds~~
4.2 that fund for those purposes.

4.3 Sec. 12. Minnesota Statutes 2008, section 352.061, is amended to read:

4.4 **352.061 INVESTMENT BOARD TO INVEST FUNDS.**

4.5 The director shall, from time to time, certify to the State Board of Investment any
4.6 portions of the state employees retirement fund that in the judgment of the director are
4.7 not required for immediate use. ~~Assets from the state employees retirement fund must~~
4.8 ~~be transferred to the Minnesota postretirement investment fund as provided in section~~
4.9 ~~11A.18.~~ The State Board of Investment shall invest and reinvest sums so transferred, or
4.10 certified, in securities that are duly authorized legal investments under section 11A.24.

4.11 Sec. 13. Minnesota Statutes 2008, section 352.113, is amended by adding a subdivision
4.12 to read:

4.13 Subd. 13. **Postretirement adjustment eligibility.** A disability benefit under this
4.14 section is eligible for postretirement adjustments under section 356.415.

4.15 Sec. 14. Minnesota Statutes 2008, section 352.115, is amended by adding a subdivision
4.16 to read:

4.17 Subd. 14. **Postretirement adjustment eligibility.** A retirement annuity under
4.18 this section and section 352.116 is eligible for postretirement adjustments under section
4.19 356.415.

4.20 Sec. 15. Minnesota Statutes 2008, section 352.12, is amended by adding a subdivision
4.21 to read:

4.22 Subd. 2c. **Postretirement adjustment eligibility.** A survivor benefit under
4.23 subdivision 2, 2a, or 2b is eligible for postretirement adjustments under section 356.415.

4.24 Sec. 16. Minnesota Statutes 2008, section 352.75, subdivision 3, is amended to read:

4.25 Subd. 3. **Existing retired members and benefit recipients.** As of July 1, 1978,
4.26 the liability for all retirement annuities, disability benefits, survivorship annuities, and
4.27 survivor of deceased active employee benefits paid or payable by the former Metropolitan
4.28 Transit Commission-Transit Operating Division employees retirement fund is transferred
4.29 to the Minnesota State Retirement System, and is no longer the liability of the former
4.30 Metropolitan Transit Commission-Transit Operating Division employees retirement
4.31 fund. ~~The required reserves for retirement annuities, disability benefits, and optional~~
4.32 ~~joint and survivor annuities in effect on June 30, 1978, and the required reserves for the~~

5.1 ~~increase in annuities and benefits provided under subdivision 6 must be determined using~~
5.2 ~~a five percent interest assumption and the applicable Minnesota State Retirement System~~
5.3 ~~mortality table and shall be transferred by the Minnesota State Retirement System to~~
5.4 ~~the Minnesota postretirement investment fund on July 1, 1978, but shall be considered~~
5.5 ~~transferred as of June 30, 1978. The annuity or benefit amount in effect on July 1, 1978,~~
5.6 ~~including the increase granted under subdivision 6, must be used for adjustments made~~
5.7 ~~under section 11A.18. For persons receiving benefits as survivors of deceased former~~
5.8 ~~retirement annuitants, the benefits must be considered as having commenced on the date~~
5.9 ~~on which the retirement annuitant began receiving the retirement annuity.~~

5.10 Sec. 17. Minnesota Statutes 2008, section 352.75, subdivision 4, is amended to read:

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

5.15 (1) is not an active employee of the Transit Operating Division of the former
5.16 Metropolitan Transit Commission on July 1, 1978; (2) has at least ten years of active
5.17 continuous service with the Transit Operating Division of the former Metropolitan
5.18 Transit Commission as defined by the former Metropolitan Transit Commission-Transit
5.19 Operating Division employees retirement plan document in effect on December 31, 1977;
5.20 (3) has not received a refund of contributions; (4) has not retired or begun receiving an
5.21 annuity or benefit from the former Metropolitan Transit Commission-Transit Operating
5.22 Division employees retirement fund; (5) is at least 55 years old; and (6) submits a valid
5.23 application for a retirement annuity to the executive director of the Minnesota State
5.24 Retirement System.

5.25 The person is entitled to a retirement annuity in an amount equal to the normal
5.26 old age retirement allowance calculated under the former Metropolitan Transit
5.27 Commission-Transit Operating Division employees retirement fund plan document in
5.28 effect on December 31, 1977, subject to an early retirement reduction or adjustment in
5.29 amount on account of retirement before the normal retirement age specified in that former
5.30 Metropolitan Transit Commission-Transit Operating Division employees retirement fund
5.31 plan document.

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

6.1 of five percent per year compounded annually from January 1, 1978, to January 1, 1981,
6.2 and three percent per year compounded annually from January 1, 1981, to the first day
6.3 of the month in which the annuity begins to accrue. ~~Upon~~ After the commencement of
6.4 the retirement annuity, the ~~required reserves for the annuity must be transferred to the~~
6.5 ~~Minnesota postretirement investment fund in accordance with subdivision 2 and section~~
6.6 ~~352.119~~ is entitled to postretirement adjustments under section 356.415. On applying for
6.7 a retirement annuity under this subdivision, the person is entitled to elect a joint and
6.8 survivor optional annuity under section 352.116, subdivision 3.

6.9 Sec. 18. Minnesota Statutes 2008, section 352.911, subdivision 3, is amended to read:

6.10 Subd. 3. **Investment.** ~~The correctional employees retirement fund shall participate~~
6.11 ~~in the Minnesota postretirement investment fund and in that fund there shall be deposited~~
6.12 ~~the amounts provided in section 352.119.~~ The balance of any assets of the fund shall
6.13 must be deposited in the Minnesota combined investment funds as provided in section
6.14 11A.14, if applicable, or otherwise under section 11A.23.

6.15 Sec. 19. Minnesota Statutes 2008, section 352.911, subdivision 5, is amended to read:

6.16 Subd. 5. **Fund disbursement restricted.** The correctional employees retirement
6.17 fund ~~and its share of participation in the Minnesota postretirement investment fund shall~~
6.18 must be disbursed only for the purposes provided for in the applicable provisions in this
6.19 chapter. The proportional share of the expenses of the system and any benefits provided
6.20 in ~~sections~~ section 352.90 to 352.951, ~~other than benefits payable from the Minnesota~~
6.21 ~~postretirement investment fund, shall~~ must be paid from the correctional employees
6.22 retirement fund. The retirement allowances, retirement annuities, the disability benefits,
6.23 the survivorship benefits, and any refunds of accumulated deductions shall be paid ~~only~~
6.24 from the correctional employees retirement fund ~~after those needs have been certified by~~
6.25 ~~the executive director and the amounts withdrawn from the share of participation in the~~
6.26 ~~Minnesota postretirement fund under section 11A.18.~~ The amounts necessary to make the
6.27 payments from the correctional employees retirement fund ~~and the participation in the~~
6.28 ~~Minnesota postretirement investment fund~~ are annually appropriated from ~~those funds~~
6.29 that fund for those purposes.

6.30 Sec. 20. Minnesota Statutes 2008, section 352.93, is amended by adding a subdivision
6.31 to read:

6.32 Subd. 7. **Postretirement adjustment eligibility.** A retirement annuity under this
6.33 section is eligible for postretirement adjustments under section 356.415.

7.1 Sec. 21. Minnesota Statutes 2008, section 352.931, is amended by adding a subdivision
7.2 to read:

7.3 Subd. 6. **Postretirement adjustment eligibility.** A survivor benefit under this
7.4 section is eligible for postretirement adjustments under section 356.415.

7.5 Sec. 22. Minnesota Statutes 2008, section 352.95, is amended by adding a subdivision
7.6 to read:

7.7 Subd. 8. **Postretirement adjustment eligibility.** A disability benefit under this
7.8 section is eligible for postretirement adjustments under section 356.415.

7.9 Sec. 23. Minnesota Statutes 2008, section 352B.02, subdivision 1d, is amended to read:

7.10 Subd. 1d. **Fund revenue and expenses.** The amounts provided for in this section
7.11 must be credited to the State Patrol retirement fund. All money received must be deposited
7.12 by the commissioner of finance in the State Patrol retirement fund. The fund must be used
7.13 to pay the administrative expenses of the retirement fund, and the benefits and annuities
7.14 provided in this chapter. ~~Appropriate amounts shall be transferred to or withdrawn from~~
7.15 ~~the Minnesota postretirement investment fund as provided in section 352B.26.~~

7.16 Sec. 24. Minnesota Statutes 2008, section 352B.08, is amended by adding a
7.17 subdivision to read:

7.18 Subd. 4. **Postretirement adjustment eligibility.** A retirement annuity under this
7.19 section is eligible for postretirement adjustments under section 356.415.

7.20 Sec. 25. Minnesota Statutes 2008, section 352B.10, is amended by adding a
7.21 subdivision to read:

7.22 Subd. 6. **Postretirement adjustment eligibility.** A disability benefit under this
7.23 section is eligible for postretirement adjustments under section 356.415.

7.24 Sec. 26. Minnesota Statutes 2008, section 352B.11, is amended by adding a subdivision
7.25 to read:

7.26 Subd. 2e. **Postretirement adjustment eligibility.** A survivor benefit under
7.27 subdivision 2, 2b, or 2c is eligible for postretirement adjustments under section 356.415.

7.28 Sec. 27. Minnesota Statutes 2008, section 352C.10, is amended to read:

7.29 **352C.10 BENEFIT ADJUSTMENTS.**

7.30 Retirement allowances payable to retired constitutional officers and surviving spouse
7.31 benefits payable must be adjusted ~~in the same manner, at the same times and in the same~~

8.1 ~~amounts as are benefits payable from the Minnesota postretirement investment fund to~~
8.2 ~~retirees of a participating public pension fund~~ under section 356.415.

8.3 Sec. 28. Minnesota Statutes 2008, section 352D.06, subdivision 1, is amended to read:

8.4 Subdivision 1. **Annuity; reserves.** When a participant attains at least age 55,
8.5 terminates from covered service, and applies for a retirement annuity, the cash value of the
8.6 participant's shares ~~shall~~ must be transferred to the ~~Minnesota postretirement investment~~
8.7 general state employees retirement fund and must be used to provide an annuity for the
8.8 retired employee based upon the participant's age when the benefit begins to accrue
8.9 according to the reserve basis used by the general state employees retirement plan in
8.10 determining pensions and reserves. The annuity under this subdivision is eligible for
8.11 postretirement adjustments under section 356.415.

8.12 Sec. 29. Minnesota Statutes 2008, section 352D.065, is amended by adding a
8.13 subdivision to read:

8.14 Subd. 3a. **Postretirement adjustment eligibility.** A disability benefit under this
8.15 section is eligible for postretirement adjustments under section 356.415.

8.16 Sec. 30. Minnesota Statutes 2008, section 352D.075, is amended by adding a
8.17 subdivision to read:

8.18 Subd. 2b. **Postretirement adjustment eligibility.** A survivor benefit under this
8.19 section is eligible for postretirement adjustments under section 356.415.

8.20 Sec. 31. Minnesota Statutes 2008, section 353.06, is amended to read:

8.21 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

8.22 The executive director shall from time to time certify to the State Board of
8.23 Investment for investment such portions of the retirement fund as in its judgment may not
8.24 be required for immediate use. ~~Assets from the public employees retirement fund shall~~
8.25 ~~be transferred to the Minnesota postretirement investment fund as provided in section~~
8.26 ~~HA-18.~~ The State Board of Investment shall thereupon invest and reinvest the sum so
8.27 certified, or transferred, in such securities as are duly authorized as legal investments for
8.28 state employees retirement fund and shall have authority to sell, convey, and exchange
8.29 such securities and invest and reinvest the securities when it deems it desirable to do so
8.30 and shall sell securities upon request of the board of trustees when such funds are needed
8.31 for its purposes. All of the provisions regarding accounting procedures and restrictions
8.32 and conditions for the purchase and sale of securities ~~for the state employees retirement~~

9.1 ~~fund shall~~ under chapter 11A must apply to the accounting, purchase and sale of securities
9.2 for the public employees retirement fund.

9.3 Sec. 32. Minnesota Statutes 2008, section 353.27, subdivision 1, is amended to read:

9.4 Subdivision 1. **Income; disbursements.** There is a special fund known as the
9.5 "public employees retirement fund," the "retirement fund," or the "fund," which shall
9.6 include all the assets of the association. This fund shall be credited with all contributions,
9.7 all interest and all other income authorized by law. From this fund there is appropriated
9.8 the payments authorized by this chapter in the amounts and at such time provided herein,
9.9 including the expenses of administering the fund, ~~and including the proper share of the~~
9.10 ~~Minnesota postretirement investment fund.~~

9.11 Sec. 33. Minnesota Statutes 2008, section 353.29, is amended by adding a subdivision
9.12 to read:

9.13 Subd. 9. **Postretirement adjustment eligibility.** An annuity under this section or
9.14 section 353.30 is eligible for postretirement adjustments under section 356.415.

9.15 Sec. 34. Minnesota Statutes 2008, section 353.31, subdivision 1b, is amended to read:

9.16 Subd. 1b. **Joint and survivor option.** (a) Prior to payment of a surviving spouse
9.17 benefit under subdivision 1, the surviving spouse may elect to receive the 100 percent
9.18 joint and survivor optional annuity under section 353.32, subdivision 1a, rather than a
9.19 surviving spouse benefit.

9.20 (b) If there is a dependent child or children, and the 100 percent joint and survivor
9.21 optional annuity for the surviving spouse, when added to the dependent children's benefit
9.22 under subdivisions 1 and 1a, exceeds an amount equal to 70 percent of the member's
9.23 specified average monthly salary, the 100 percent joint and survivor annuity under section
9.24 353.32, subdivision 1a, must be reduced by the amount necessary so that the total family
9.25 benefit does not exceed the 70 percent maximum family benefit amount under subdivision
9.26 1a.

9.27 (c) The 100 percent joint and survivor optional annuity must be restored to the
9.28 surviving spouse, plus applicable postretirement ~~fund~~ adjustments under Minnesota
9.29 Statutes 2008, section 356.41, through January 1, 2009, and thereafter under section
9.30 356.415, as the dependent child or children become no longer dependent under section
9.31 353.01, subdivision 15.

9.32 Sec. 35. Minnesota Statutes 2008, section 353.31, is amended by adding a subdivision
9.33 to read:

10.1 Subd. 12. **Postretirement adjustment eligibility.** A survivor benefit under
10.2 subdivision 1 or 1b or section 353.32, subdivision 1a, 1b, or 1c is eligible for
10.3 postretirement adjustments under section 356.415.

10.4 Sec. 36. Minnesota Statutes 2008, section 353.33, subdivision 3b, is amended to read:

10.5 Subd. 3b. **Optional annuity election.** A disabled member may elect to receive the
10.6 normal disability benefit or an optional annuity under section 353.30, subdivision 3. The
10.7 election of an optional annuity must be made prior to the commencement of payment of
10.8 the disability benefit. The optional annuity must begin to accrue on the same date as
10.9 provided for the disability benefit.

10.10 (1) If a person who is not the spouse of a member is named as beneficiary of the
10.11 joint and survivor optional annuity, the person is eligible to receive the annuity only
10.12 if the spouse, on the disability application form prescribed by the executive director,
10.13 permanently waives the surviving spouse benefits under sections 353.31, subdivision 1,
10.14 and 353.32, subdivision 1a. If the spouse of the member refuses to permanently waive
10.15 the surviving spouse coverage, the selection of a person other than the spouse of the
10.16 member as a joint annuitant is invalid.

10.17 (2) If the spouse of the member permanently waives survivor coverage, the
10.18 dependent children, if any, continue to be eligible for survivor benefits under section
10.19 353.31, subdivision 1, including the minimum benefit in section 353.31, subdivision 1a.
10.20 The designated optional annuity beneficiary may draw the monthly benefit; however, the
10.21 amount payable to the dependent child or children and joint annuitant must not exceed
10.22 the 70 percent maximum family benefit under section 353.31, subdivision 1a. If the
10.23 maximum is exceeded, the benefit of the joint annuitant must be reduced to the amount
10.24 necessary so that the total family benefit does not exceed the 70 percent maximum family
10.25 benefit amount.

10.26 (3) If the spouse is named as the beneficiary of the joint and survivor optional
10.27 annuity, the spouse may draw the monthly benefits; however, the amount payable to
10.28 the dependent child or children and the joint annuitant must not exceed the 70 percent
10.29 maximum family benefit under section 353.31, subdivision 1a. If the maximum is
10.30 exceeded, each dependent child will receive ten percent of the member's specified
10.31 average monthly salary, and the benefit to the joint annuitant must be reduced to the
10.32 amount necessary so that the total family benefit does not exceed the 70 percent maximum
10.33 family benefit amount. The joint and survivor optional annuity must be restored to the
10.34 surviving spouse, plus applicable postretirement adjustments under Minnesota Statutes

11.1 2008, section 356.41 or section 356.415, as the dependent child or children become no
11.2 longer dependent under section 353.01, subdivision 15.

11.3 Sec. 37. Minnesota Statutes 2008, section 353.33, subdivision 7, is amended to read:

11.4 Subd. 7. **Partial reemployment.** If, following a work or non-work-related injury
11.5 or illness, a disabled person who remains totally and permanently disabled as defined
11.6 in section 353.01, subdivision 19, has income from employment that is not substantial
11.7 gainful activity and the rate of earnings from that employment are less than the salary
11.8 rate at the date of disability or the salary rate currently paid for positions similar to the
11.9 employment position held by the disabled person immediately before becoming disabled,
11.10 whichever is greater, the executive director shall continue the disability benefit in an
11.11 amount that, when added to the earnings and any workers' compensation benefit, does not
11.12 exceed the salary rate at the date of disability or the salary currently paid for positions
11.13 similar to the employment position held by the disabled person immediately before
11.14 becoming disabled, whichever is higher. The disability benefit under this subdivision may
11.15 not exceed the disability benefit originally allowed, plus any postretirement adjustments
11.16 payable after December 31, 1988, in accordance with Minnesota Statutes 2008, section
11.17 11A.18, subdivision 10, or Minnesota Statutes 2008, section 356.41, through January 1,
11.18 2009, and thereafter as provided in section 356.415. No deductions for the retirement fund
11.19 may be taken from the salary of a disabled person who is receiving a disability benefit
11.20 as provided in this subdivision.

11.21 Sec. 38. Minnesota Statutes 2008, section 353.33, is amended by adding a subdivision
11.22 to read:

11.23 Subd. 13. **Postretirement adjustment eligibility.** A disability benefit under this
11.24 section is eligible for postretirement adjustments under section 356.415.

11.25 Sec. 39. Minnesota Statutes 2008, section 353.651, is amended by adding a subdivision
11.26 to read:

11.27 Subd. 5. **Postretirement adjustment eligibility.** An annuity under this section is
11.28 eligible for postretirement adjustments under section 356.415.

11.29 Sec. 40. Minnesota Statutes 2008, section 353.656, subdivision 5a, is amended to read:

11.30 Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the
11.31 payment of any disability benefit the first of the month following the reinstatement of a
11.32 member to full time or less than full-time service in a position covered by the police
11.33 and fire fund.

12.1 (b) A disability benefit paid to a disabled member of the police and fire plan, that
12.2 was granted under laws in effect after June 30, 2007, terminates at the end of the month in
12.3 which the member:

12.4 (1) reaches normal retirement age;

12.5 (2) if the disability benefit is payable for a 60-month period as determined under
12.6 subdivisions 1 and 3, as applicable, the first of the month following the expiration of
12.7 the 60-month period; or

12.8 (3) if the disabled member so chooses, the end of the month in which the member
12.9 has elected to convert to an early retirement annuity under section 353.651, subdivision 4.

12.10 (c) If the police and fire plan member continues to be disabled when the disability
12.11 benefit terminates under this subdivision, the member is deemed to be retired. The
12.12 individual is entitled to receive a normal retirement annuity or an early retirement annuity
12.13 under section 353.651, whichever is applicable, as further specified in paragraph (d)
12.14 or (e). If the individual did not previously elect an optional annuity under subdivision
12.15 1a, paragraph (a), the individual may elect an optional annuity under subdivision 1a,
12.16 paragraph (b).

12.17 (d) A member of the police and fire plan who is receiving a disability benefit under
12.18 this section may, upon application, elect to receive an early retirement annuity under
12.19 section 353.651, subdivision 4, at any time after attaining age 50, but must convert to a
12.20 retirement annuity no later than the end of the month in which the disabled member attains
12.21 normal retirement age. An early retirement annuity elected under this subdivision must be
12.22 calculated on the disabled member's accrued years of service and average salary as defined
12.23 in section 353.01, subdivision 17a, and when elected, the member is deemed to be retired.

12.24 (e) When an individual's benefit is recalculated as a retirement annuity under this
12.25 section, the annuity must be based on clause (1) or clause (2), whichever provides the
12.26 greater amount:

12.27 (1) the benefit amount at the time of reclassification, including all prior adjustments
12.28 provided under Minnesota Statutes 2008, section 11A.18, through January 1, 2009, and
12.29 thereafter as provided in section 356.415; or

12.30 (2) a benefit amount computed on the member's actual years of accrued allowable
12.31 service credit and the law in effect at the time the disability benefit first accrued, plus any
12.32 increases that would have applied since that date under section Minnesota Statutes 2008,
12.33 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

12.34 Sec. 41. Minnesota Statutes 2008, section 353.656, is amended by adding a subdivision
12.35 to read:

13.1 Subd. 14. **Postretirement adjustment eligibility.** A disability benefit under this
13.2 section is eligible for postretirement adjustments under section 356.415.

13.3 Sec. 42. Minnesota Statutes 2008, section 353.657, subdivision 3a, is amended to read:

13.4 Subd. 3a. **Maximum and minimum family benefits.** (a) The maximum monthly
13.5 benefit per family must not exceed the following percentages of the member's average
13.6 monthly salary as specified in subdivision 3:

13.7 (1) 80 percent, if the member's death was a line of duty death; or

13.8 (2) 70 percent, if the member's death was not a line of duty death or occurred while
13.9 the member was receiving a disability benefit that accrued before July 1, 2007.

13.10 (b) The minimum monthly benefit per family, including the joint and survivor
13.11 optional annuity under subdivision 2a, and section 353.656, subdivision 1a, must not be
13.12 less than the following percentage of the member's average monthly salary as specified in
13.13 subdivision 3:

13.14 (1) 60 percent, if the death was a line of duty death; or

13.15 (2) 50 percent, if the death was not a line of duty death or occurred while the member
13.16 was receiving a disability benefit that accrued before July 1, 2007.

13.17 (c) If the maximum under paragraph (a) is exceeded, the monthly benefit of the
13.18 joint annuitant must be reduced to the amount necessary so that the total family benefit
13.19 does not exceed the applicable maximum. The joint and survivor optional annuity must
13.20 be restored, plus applicable postretirement adjustments under Minnesota Statutes 2008,
13.21 section 356.41 or section 356.415, as the dependent child or children become no longer
13.22 dependent under section 353.01, subdivision 15.

13.23 Sec. 43. Minnesota Statutes 2008, section 353.657, is amended by adding a subdivision
13.24 to read:

13.25 Subd. 5. **Postretirement adjustment eligibility.** A survivor benefit under this
13.26 section is eligible for postretirement adjustments under section 356.415.

13.27 Sec. 44. Minnesota Statutes 2008, section 353.665, subdivision 3, is amended to read:

13.28 Subd. 3. **Transfer of assets.** Unless the municipality has elected to retain the
13.29 consolidation account under subdivision 1, paragraph (b), the assets of the former local
13.30 police or fire consolidation account must be transferred and upon transfer, the actuarial
13.31 value of the assets of a former local police or fire consolidation account less an amount
13.32 equal to the residual assets as determined under subdivision 7, paragraph (f), are the
13.33 assets of the public employees police and fire fund as of July 1, 1999. ~~The participation~~
13.34 ~~of a consolidation account in the Minnesota postretirement investment fund becomes~~

14.1 ~~part of the participation of the public employees police and fire fund in the Minnesota~~
14.2 ~~postretirement investment fund.~~ The remaining assets, excluding the amounts for
14.3 distribution under subdivision 7, paragraph (f), become an asset of the public employees
14.4 police and fire fund. The public employees police and fire fund also must be credited as an
14.5 asset with the amount of receivable assets under subdivision 7, paragraph (e).

14.6 Sec. 45. Minnesota Statutes 2008, section 353A.02, subdivision 14, is amended to read:

14.7 Subd. 14. **Ineligible investments.** "Ineligible investments" means any investment
14.8 security or other asset held by the relief association at or after the initiation of the
14.9 consolidation procedure which does not comply with the applicable requirements or
14.10 limitations of sections 11A.09, ~~11A.18~~, 11A.23, and 11A.24.

14.11 Sec. 46. Minnesota Statutes 2008, section 353A.02, subdivision 23, is amended to read:

14.12 Subd. 23. **Postretirement adjustment.** "Postretirement adjustment" means any
14.13 periodic or regular procedure for modifying the amount of a retirement annuity, service
14.14 pension, disability benefit, or survivor benefit after the start of that annuity, pension,
14.15 or benefit, including but not limited to modifications of amounts ~~from the Minnesota~~
14.16 ~~postretirement investment fund~~ under section ~~11A.18, subdivision 9~~ 356.415, or any
14.17 benefit escalation or benefit amount modification based on changes in the salaries payable
14.18 to active police officers or salaried firefighters or changes in a cost-of-living index as
14.19 provided for in the existing relief association benefit plan.

14.20 Sec. 47. Minnesota Statutes 2008, section 353A.05, subdivision 1, is amended to read:

14.21 Subdivision 1. **Commission actions.** (a) Upon initiation of consolidation as
14.22 provided in section 353A.04, the executive director of the commission shall direct the
14.23 actuary retained under section 356.214 to undertake the preparation of the actuarial
14.24 calculations necessary to complete the consolidation.

14.25 (b) These actuarial calculations shall include for each active member, each deferred
14.26 former member, each retired member, and each current beneficiary the computation of the
14.27 present value of future benefits, the future normal costs, if any, and the actuarial accrued
14.28 liability on the basis of the existing relief association benefit plan and on the basis of the
14.29 public employees police and fire fund benefit plan. These actuarial calculations shall also
14.30 include for the total active, deferred, retired, and benefit recipient membership the sum
14.31 of the present value of future benefits, the future normal costs, if any, and the actuarial
14.32 accrued liability on the basis of the existing relief association benefit plan, on the basis of
14.33 the public employees police and fire fund benefit plan, and on the basis of the benefit plan
14.34 which produced the largest present value of future benefits for each person. The actuarial

15.1 calculations shall be prepared using the entry age actuarial cost method for all components
15.2 of the benefit plan and using the actuarial assumptions applicable to the fund for the
15.3 most recent actuarial valuation prepared under section 356.215, except that the actuarial
15.4 calculations on the basis of the existing relief association benefit plan shall be prepared
15.5 using an interest rate actuarial assumption during the postretirement period which is in
15.6 the same amount as the interest rate actuarial assumption applicable to the preretirement
15.7 period. The actuarial calculations shall include the computation of the present value of the
15.8 initial postretirement adjustment anticipated by the executive director of the state board as
15.9 payable after the effective date of the consolidation ~~from the Minnesota postretirement~~
15.10 ~~investment fund~~ under section ~~11A.18~~ 356.415.

15.11 (c) The chief administrative officer of the relief association shall, upon request,
15.12 provide in a timely manner to the executive director of the commission and to the actuary
15.13 retained under section 356.214 the most current available information or documents,
15.14 whichever applies, regarding the demographics of the active, deferred, retired, and
15.15 benefit recipient membership of the relief association, the financial condition of the relief
15.16 association, and the existing benefit plan of the relief association.

15.17 (d) Upon completion of the actuarial calculations required by this subdivision, the
15.18 actuary retained under section 356.214 shall issue a report in the form of an appropriate
15.19 summary of the actuarial calculations and shall provide a copy of that report to the
15.20 executive director of the commission, the executive director of the Public Employees
15.21 Retirement Association, the chief administrative officer of the relief association, the chief
15.22 administrative officer of the municipality in which the relief association is located, and
15.23 the state auditor.

15.24 Sec. 48. Minnesota Statutes 2008, section 353A.05, subdivision 2, is amended to read:

15.25 Subd. 2. **State board actions.** (a) Upon approval of consolidation by the
15.26 membership as provided in section 353A.04, the executive director of the state board
15.27 shall review the existing investment portfolio of the relief association for compliance
15.28 with the requirements and limitations set forth in sections 11A.09, 11A.14, ~~11A.18~~,
15.29 11A.23, and 11A.24 and for appropriateness for retention in the light of the established
15.30 investment objectives of the state board. The executive director of the state board, using
15.31 any reporting service retained by the state board, shall determine the approximate market
15.32 value of the existing assets of the relief association upon the effective date of consolidation
15.33 and the transfer of assets from the relief association to the individual relief association
15.34 consolidation accounts at market value.

16.1 (b) The state board may require that the relief association liquidate any investment
16.2 security or other item of value which is determined to be ineligible or inappropriate for
16.3 retention by the state board. The liquidation shall occur before the effective date of
16.4 consolidation and transfer of assets.

16.5 (c) If requested to do so by the chief administrative officer of the relief association
16.6 or of the municipality, the state board shall provide advice on the means and procedures
16.7 available to liquidate investment securities and other assets determined to be ineligible or
16.8 inappropriate.

16.9 Sec. 49. Minnesota Statutes 2008, section 353A.08, subdivision 1, is amended to read:

16.10 Subdivision 1. **Election of coverage by current retirees.** (a) A person who is
16.11 receiving a service pension, disability benefit, or survivor benefit is eligible to elect benefit
16.12 coverage provided under the relevant provisions of the public employees police and fire
16.13 fund benefit plan or to retain benefit coverage provided under the relief association benefit
16.14 plan in effect on the effective date of the consolidation. The relevant provisions of the
16.15 public employees police and fire fund benefit plan for the person electing that benefit
16.16 coverage are limited to ~~participation in the Minnesota postretirement investment fund for~~
16.17 ~~any future postretirement adjustments under section 356.415~~ based on the amount of
16.18 the benefit or pension payable on December 31, if December 31 is the effective date of
16.19 consolidation, or on the December 1 following the effective date of the consolidation, if
16.20 other than December 31. The survivor benefit payable on behalf of any service pension
16.21 or disability benefit recipient who elects benefit coverage under the public employees
16.22 police and fire fund benefit plan must be calculated under the relief association benefit
16.23 plan and is subject to ~~participation in the Minnesota postretirement investment fund for~~
16.24 ~~any~~ future postretirement adjustments under section 356.415 based on the amount of the
16.25 survivor benefit payable.

16.26 (b) A survivor benefit calculated under the relief association benefit plan which is first
16.27 payable after June 30, 1997, to the surviving spouse of a retired member of a consolidation
16.28 account who, before July 1, 1997, chose to ~~participate in the Minnesota~~ postretirement
16.29 ~~investment fund~~ adjustments as provided under ~~this subdivision~~ section 356.415 must be
16.30 increased on the effective date of the survivor benefit on an actuarial equivalent basis to
16.31 reflect the change in the postretirement interest rate actuarial assumption under section
16.32 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
16.33 tables adopted by the board and approved by the actuary retained under section 356.214.

16.34 (c) By electing the public employees police and fire fund benefit plan, a current
16.35 service pension or disability benefit recipient who, as of the first January 1 occurring after

17.1 the effective date of consolidation, has been receiving the pension or benefit for at least
17.2 seven months, or any survivor benefit recipient who, as of the first January 1 occurring
17.3 after the effective date of consolidation, has been receiving the benefit on the person's own
17.4 behalf or in combination with a prior applicable service pension or disability benefit for at
17.5 least seven months is eligible to receive a partial adjustment payable ~~from the Minnesota~~
17.6 ~~postretirement investment fund~~ under section ~~11A.18, subdivision 9~~ 356.415.

17.7 (d) The election by any pension or benefit recipient must be made on or before
17.8 the deadline established by the board of the Public Employees Retirement Association
17.9 in a manner that recognizes the number of persons eligible to make the election and the
17.10 anticipated time required to conduct any required benefit counseling.

17.11 Sec. 50. Minnesota Statutes 2008, section 353A.08, subdivision 3, is amended to read:

17.12 Subd. 3. **Election of coverage by active members.** (a) A person who is an active
17.13 member of a police or fire relief association, other than a volunteer firefighter, has the
17.14 option to elect benefit coverage under the relevant provisions of the public employees
17.15 police and fire fund or to retain benefit coverage provided by the relief association benefit
17.16 plan in effect on the effective date of consolidation. The relevant provisions of the public
17.17 employee police and fire fund benefit plan for the person electing that benefit coverage
17.18 are the relevant provisions of the public employee police and fire fund benefit plan
17.19 applicable to retirement annuities, disability benefits, and survivor benefits, including
17.20 ~~participation in the Minnesota postretirement investment fund~~ adjustments under section
17.21 356.415, but excluding any provisions governing the purchase of credit for prior service
17.22 or making payments in lieu of member contribution deductions applicable to any period
17.23 which occurred before the effective date of consolidation.

17.24 (b) An active member is eligible to make an election at one of the following times:

17.25 (1) within six months of the effective date of consolidation;

17.26 (2) between the date on which the active member attains the age of 49 years and six
17.27 months and the date on which the active member attains the age of 50 years; or

17.28 (3) on the date on which the active member terminates active employment for
17.29 purposes of receiving a service pension or disability benefits, or within 90 days of the
17.30 date the member terminates active employment and defers receipt of a service pension,
17.31 whichever applies.

17.32 Sec. 51. Minnesota Statutes 2008, section 353A.081, subdivision 2, is amended to read:

17.33 Subd. 2. **Election of coverage.** (a) Individuals eligible under subdivision 1 may
17.34 elect, on a form prescribed by the executive director of the Public Employees Retirement
17.35 Association, to have survivor benefits calculated under the relevant provisions of the

18.1 public employees police and fire fund benefit plan or to have survivor benefits calculated
18.2 under the relief association benefit plan. The relevant provisions of the public employee
18.3 police and fire fund benefit plan for the person electing that benefit coverage are the
18.4 relevant provisions of the public employee police and fire fund benefit plan applicable
18.5 to survivor benefits, including ~~participation in the Minnesota postretirement investment~~
18.6 ~~fund~~ adjustments under section 356.415.

18.7 (b) If the election results in an increased benefit amount to the surviving spouse
18.8 eligible under subdivision 1, or to eligible children if there is no surviving spouse, the
18.9 increased benefit accrues as of the date on which the survivor benefits payable to the
18.10 survivors from the consolidation account were first paid. The back payment of any
18.11 increase in prior benefit amounts, plus any postretirement adjustments payable under
18.12 section ~~356.41~~ 356.415, or any increase payable under the local relief association bylaws
18.13 is payable as soon as practicable after the effective date of the election.

18.14 Sec. 52. Minnesota Statutes 2008, section 353A.09, subdivision 1, is amended to read:

18.15 Subdivision 1. **Establishment of consolidation accounts.** (a) The board of trustees
18.16 of the Public Employees Retirement Association shall establish a separate consolidation
18.17 account for each local relief association of a municipality that consolidates with the Public
18.18 Employees Retirement Association. The association shall credit to the consolidation
18.19 account the assets of the individual consolidating local relief association upon transfer,
18.20 member contributions received after consolidation under subdivision 4, municipal
18.21 contributions received after consolidation under subdivision 5, and a proportionate share
18.22 of any investment income earned after consolidation. From the consolidation account,
18.23 the association shall pay ~~for the transfer of any required reserves to the Minnesota~~
18.24 ~~postretirement investment fund on account of persons electing the type of benefit coverage~~
18.25 ~~provided by the public employees police and fire fund under subdivisions 2 and 3 and~~
18.26 ~~section 353.271, subdivision 2~~; the pension and benefit amounts on account of persons
18.27 electing coverage by the relief association benefit plan under section 353A.08, the benefit
18.28 amounts ~~not payable from the Minnesota postretirement investment fund~~ on account of
18.29 persons electing the type of benefit coverage provided by the public employees police and
18.30 fire fund under section 353A.08, and any direct administrative expenses related to the
18.31 consolidation account, and the proportional share of the general administrative expenses
18.32 of the association.

18.33 (b) Except as otherwise provided for in this section, the liabilities and the assets
18.34 of a consolidation account must be considered for all purposes to be separate from the
18.35 balance of the public employees police and fire fund. The consolidation account must be

19.1 subject to separate accounting, a separate actuarial valuation, and must be reported as a
19.2 separate exhibit in any annual financial report or actuarial valuation report of the public
19.3 employees police and fire consolidation fund, whichever applies. The executive director
19.4 of the public employees retirement association shall maintain separate accounting records
19.5 and balances for each consolidation account.

19.6 Sec. 53. Minnesota Statutes 2008, section 353A.10, subdivision 2, is amended to read:

19.7 Subd. 2. **Collection of late contributions.** In the event of a refusal by a
19.8 municipality in which was located a local police or firefighters relief association which
19.9 has consolidated with the fund to pay to the fund any amount or amounts due under
19.10 section 353A.09, subdivisions ~~2~~ 4 to 6, the executive director of the public employees
19.11 retirement association may notify the Department of Revenue, the Department of Finance,
19.12 and the state auditor of the refusal and commence the necessary procedure to collect the
19.13 amount or amounts due from the amount of any state aid under sections 69.011 to 69.051,
19.14 amortization state aid under section 423A.02, or supplemental amortization state aid under
19.15 Laws 1984, chapter 564, section 48, as amended by Laws 1986, chapter 359, section 20,
19.16 which is payable to the municipality or to certify the amount or amounts due to the county
19.17 auditor for inclusion in the next tax levy of the municipality or for collection from other
19.18 revenue available to the municipality, or both.

19.19 Sec. 54. Minnesota Statutes 2008, section 353A.10, subdivision 3, is amended to read:

19.20 Subd. 3. **Levy and bonding authority.** A municipality in which was located a local
19.21 police or firefighters relief association that has consolidated with the fund may issue
19.22 general obligation bonds of the municipality to defray all or a portion of the principal
19.23 amounts specified in section 353A.09, subdivisions ~~2~~ 4 to 6, or certify to the county
19.24 auditor a levy in the amount necessary to defray all or a portion of the principal amount
19.25 specified in section 353A.09, subdivisions ~~2~~ 4 to 6, or the annual amount specified in
19.26 section 353A.09, subdivisions ~~2~~ 4 to 6. The municipality may pledge the full faith, credit,
19.27 and taxing power of the municipality for the payment of the principal of and interest on the
19.28 general obligation bonds. Any municipal bond may be issued without an election under
19.29 section 475.58 and may not be included in the net debt of the municipality for purposes of
19.30 any charter or statutory debt limitation, nor may any tax levy for the payment of bond
19.31 principal or interest be subject to any limitation concerning rate or amount established
19.32 by charter or law.

19.33 Sec. 55. Minnesota Statutes 2008, section 353E.01, subdivision 3, is amended to read:

20.1 Subd. 3. **Investment.** ~~(a) The public employees local government correctional~~
20.2 ~~service retirement fund participates in the Minnesota postretirement investment fund.~~

20.3 ~~(b) The amounts provided in section 353.271 must be deposited in that fund.~~

20.4 ~~(c) The balance of any~~ Assets of the public employees local government correctional
20.5 service retirement fund must be deposited in the Minnesota combined investment fund as
20.6 provided in section 11A.14, if applicable, or otherwise invested under section 11A.23.

20.7 Sec. 56. Minnesota Statutes 2008, section 353E.01, subdivision 5, is amended to read:

20.8 Subd. 5. **Fund disbursement restricted.** (a) The public employees local
20.9 government correctional service retirement fund ~~and its share of participation in the~~
20.10 ~~Minnesota postretirement investment fund~~ may be disbursed only for the purposes
20.11 provided for in this chapter.

20.12 (b) The proportional share of the necessary and reasonable administrative expenses
20.13 of the association and any benefits provided in this chapter, ~~other than benefits payable~~
20.14 ~~from the Minnesota postretirement investment fund,~~ must be paid from the public
20.15 employees local government correctional service retirement fund. Retirement annuities,
20.16 disability benefits, survivorship benefits, and any refunds of accumulated deductions may
20.17 be paid only from the correctional service retirement fund after those needs have been
20.18 certified by the executive director ~~and any applicable amounts withdrawn from the share~~
20.19 ~~of participation in the Minnesota postretirement fund under section 11A.18.~~

20.20 (c) The amounts necessary to make the payments from the public employees local
20.21 government correctional service retirement fund ~~and its participation in the Minnesota~~
20.22 ~~postretirement investment fund~~ are annually appropriated from those funds for those
20.23 purposes.

20.24 Sec. 57. Minnesota Statutes 2008, section 353E.04, is amended by adding a subdivision
20.25 to read:

20.26 Subd. 7. **Postretirement adjustment eligibility.** An annuity under this section is
20.27 eligible for postretirement adjustments under section 356.415.

20.28 Sec. 58. Minnesota Statutes 2008, section 353E.06, is amended by adding a subdivision
20.29 to read:

20.30 Subd. 9. **Postretirement adjustment eligibility.** A disability benefit under this
20.31 section is eligible for postretirement adjustments under section 356.415.

20.32 Sec. 59. Minnesota Statutes 2008, section 353E.07, is amended by adding a subdivision
20.33 to read:

21.1 Subd. 8. Postretirement adjustment eligibility. A survivor benefit under this
21.2 section is eligible for postretirement adjustments under section 356.415.

21.3 Sec. 60. Minnesota Statutes 2008, section 354.07, subdivision 4, is amended to read:

21.4 Subd. 4. **Certification of funds to State Board of Investment.** It shall be the
21.5 duty of the board from time to time to certify to the State Board of Investment for
21.6 investment as much of the funds in its hands as shall not be needed for current purposes.
21.7 ~~Such funds that are certified as to investment in the postretirement investment fund shall~~
21.8 ~~include the amount as required for the total reserves needed for the purposes described in~~
21.9 ~~section 354.63.~~ The State Board of Investment shall thereupon transfer such assets to the
21.10 ~~appropriate fund provided herein, in accordance with the procedure set forth in section~~
21.11 ~~354.63, or~~ invest and reinvest an amount equal to the sum so certified in such securities
21.12 as are now or may hereafter be duly authorized legal investments for state employees
21.13 retirement fund and all such securities so transferred or purchased shall be deposited with
21.14 the commissioner of finance. All interest from these investments shall be credited to the
21.15 ~~appropriate funds~~ teachers retirement fund and used for current purposes or investments,
21.16 except as hereinafter provided. The State Board of Investment shall have authority to sell,
21.17 convey, and exchange such securities and invest and reinvest the funds when it deems it
21.18 desirable to do so, and shall sell securities upon request of the officers of the association
21.19 when such officers determine funds are needed for its purposes. All of the provisions
21.20 regarding accounting procedures and restrictions and conditions for the purchase and sale
21.21 of securities ~~for the state employees retirement fund shall~~ under chapter 11A must apply to
21.22 the accounting, purchase and sale of securities for the Teachers' Retirement Association.

21.23 Sec. 61. Minnesota Statutes 2008, section 354.33, subdivision 5, is amended to read:

21.24 Subd. 5. **Retirees not eligible for federal benefits.** When any person retires after
21.25 July 1, 1973, who (1) has ten or more years of allowable service, and (2) does not have any
21.26 retroactive Social Security coverage by reason of the person's position in the retirement
21.27 system, and (3) does not qualify for federal old age and survivor primary benefits at the
21.28 time of retirement, the annuity must be computed under section 354.44, subdivision 2, of
21.29 the law in effect on June 30, 1969, except that accumulations after June 30, 1957, must be
21.30 calculated using the ~~same~~ most recent mortality table approved under section 356.215,
21.31 subdivision 18, and ~~interest assumption as are used to transfer the required reserves to the~~
21.32 ~~Minnesota postretirement investment fund~~ using the applicable postretirement interest rate
21.33 assumption specified in section 356.215, subdivision 8.

22.1 Sec. 62. Minnesota Statutes 2008, section 354.35, is amended by adding a subdivision
22.2 to read:

22.3 Subd. 3. **Postretirement adjustment eligibility.** An annuity under this section is
22.4 eligible for postretirement adjustments under section 356.415.

22.5 Sec. 63. Minnesota Statutes 2008, section 354.42, subdivision 1a, is amended to read:

22.6 Subd. 1a. **Teachers retirement fund.** (a) Within the Teachers Retirement
22.7 Association and the state treasury is created a special retirement fund, which must include
22.8 all the assets of the Teachers Retirement Association and all revenue of the association.
22.9 The fund is the continuation of the fund established under Laws 1931, chapter 406, section
22.10 2, notwithstanding the repeal of Minnesota Statutes 1973, section 354.42, subdivision 1,
22.11 by Laws 1974, chapter 289, section 59.

22.12 (b) The teachers retirement fund must be credited with all employee and employer
22.13 contributions, all investment revenue and gains, and all other income authorized by law.

22.14 (c) From the teachers retirement fund is appropriated the payments of annuities
22.15 and benefits authorized by this chapter, ~~the transfers to the Minnesota postretirement~~
22.16 ~~investment fund,~~ and the reasonable and necessary expenses of administering the fund
22.17 and the association.

22.18 Sec. 64. Minnesota Statutes 2008, section 354.44, is amended by adding a subdivision
22.19 to read:

22.20 Subd. 7a. **Postretirement adjustment eligibility.** (a) A retirement annuity under
22.21 subdivision 2 or 6 is eligible for postretirement adjustments under section 356.415.

22.22 (b) Retirement annuities payable from the teachers retirement plan must not be in
22.23 an amount less than the amount originally determined on the date of retirement and as
22.24 adjusted on each succeeding January 1 under Minnesota Statutes 2008, section 11A.18,
22.25 before January 1, 2010, and under section 356.415 after December 31, 2009.

22.26 Sec. 65. Minnesota Statutes 2008, section 354.46, is amended by adding a subdivision
22.27 to read:

22.28 Subd. 7. **Postretirement adjustment eligibility.** A survivor benefit under
22.29 subdivision 1, 2, 2a, or 2b, is eligible for postretirement adjustments under section 356.415.

22.30 Sec. 66. Minnesota Statutes 2008, section 354.48, is amended by adding a subdivision
22.31 to read:

22.32 Subd. 11. **Postretirement adjustment eligibility.** A disability benefit under this
22.33 section is eligible for postretirement adjustments under section 356.415.

23.1 Sec. 67. Minnesota Statutes 2008, section 354.55, subdivision 13, is amended to read:

23.2 Subd. 13. **Pre-1969 law retirements.** Any person who ceased teaching service
23.3 prior to July 1, 1968, who has ten years or more of allowable service and left accumulated
23.4 deductions in the fund for the purpose of receiving when eligible a retirement annuity,
23.5 and retires shall have the annuity computed in accordance with the law in effect on June
23.6 30, 1969, except that the portion of the annuity based on accumulations after June 30,
23.7 1957, under Minnesota Statutes 1967, section 354.44, subdivision 2, and accumulations
23.8 under Minnesota Statutes 1967, section 354.33, subdivision 1, ~~shall~~ must be calculated
23.9 using the mortality table established by the board under section 354.07, subdivision 1,
23.10 and approved under section 356.215, subdivision 18, and the postretirement interest rate
23.11 assumption specified in section 356.215, ~~to transfer the required reserves to the Minnesota~~
23.12 ~~postretirement investment fund~~ subdivision 8.

23.13 Sec. 68. Minnesota Statutes 2008, section 354.70, subdivision 5, is amended to read:

23.14 Subd. 5. **Transfer of assets.** (a) On or before June 30, 2006, the chief administrative
23.15 officer of the Minneapolis Teachers Retirement Fund Association shall transfer to the
23.16 Teachers Retirement Association the entire assets of the special retirement fund of the
23.17 Minneapolis Teachers Retirement Fund Association. The transfer of the assets of the
23.18 Minneapolis Teachers Retirement Fund Association special retirement fund must include
23.19 any accounts receivable that are determined by the executive director of the State Board of
23.20 Investment as reasonably capable of being collected. Legal title to account receivables that
23.21 are determined by the executive director of the State Board of Investment as not reasonably
23.22 capable of being collected transfers to Special School District No. 1, Minneapolis, as of
23.23 the date of the determination of the executive director of the State Board of Investment.
23.24 If the account receivables transferred to Special School District No. 1, Minneapolis,
23.25 are subsequently recovered by the school district, the superintendent of Special School
23.26 District No. 1, Minneapolis, shall transfer the recovered amount to the executive director
23.27 of the Teachers Retirement Association, in cash, for deposit in the teachers retirement
23.28 fund, less the reasonable expenses of the school district related to the recovery.

23.29 (b) As of June 30, 2006, assets of the special retirement fund of the Minneapolis
23.30 Teachers Retirement Fund Association are assets of the Teachers Retirement Association
23.31 to be invested by the State Board of Investment pursuant to the provisions of section
23.32 354.07, subdivision 4. The Teachers Retirement Association is the successor in interest to
23.33 all claims which the Minneapolis Teachers Retirement Fund Association may have or may
23.34 assert against any person and is the successor in interest to all claims which could have

24.1 been asserted against the former Minneapolis Teachers Retirement Fund Association,
24.2 subject to the following exceptions and qualifications:

24.3 (1) the Teachers Retirement Association is not liable for any claim against the
24.4 Minneapolis Teachers Retirement Fund Association, its former board or board members,
24.5 which is founded upon a claim of breach of fiduciary duty, where the act or acts
24.6 constituting the claimed breach were not done in good faith;

24.7 (2) the Teachers Retirement Association may assert any applicable defense to any
24.8 claim in any judicial or administrative proceeding that the former Minneapolis Teachers
24.9 Retirement Fund Association or its board would otherwise have been entitled to assert;

24.10 (3) the Teachers Retirement Association may assert any applicable defense that the
24.11 Teachers Retirement Association may assert in its capacity as a statewide agency; and

24.12 (4) the Teachers Retirement Association shall indemnify any former fiduciary of the
24.13 Minneapolis Teachers Retirement Fund Association consistent with the provisions of the
24.14 Public Pension Fiduciary Responsibility Act, in section 356A.11.

24.15 (c) From the assets of the former Minneapolis Teachers Retirement Fund Association
24.16 transferred to the Teachers Retirement Association, an amount equal to the percentage
24.17 figure that represents the ratio between the market value of the Minnesota postretirement
24.18 investment fund as of June 30, 2006, and the required reserves of the Minnesota
24.19 postretirement investment fund as of June 30, 2006, applied to the present value of
24.20 future benefits payable to annuitants of the former Minneapolis Teachers Retirement
24.21 Fund Association as of June 30, 2006, including any postretirement adjustment from the
24.22 Minnesota postretirement investment fund expected to be payable on January 1, 2007,
24.23 must be transferred to the Minnesota postretirement investment fund. The executive
24.24 director of the State Board of Investment shall estimate this ratio at the time of the
24.25 transfer. By January 1, 2007, after all necessary financial information becomes available
24.26 to determine the actual funded ratio of the Minnesota postretirement investment fund, the
24.27 postretirement investment fund must refund to the Teachers Retirement Association any
24.28 excess assets or the Teachers Retirement Association must contribute any deficiency to
24.29 the Minnesota postretirement investment fund with interest under Minnesota Statutes
24.30 2008, section 11A.18, subdivision 6. The balance of the assets of the former Minneapolis
24.31 Teachers Retirement Fund Association after the transfer to the Minnesota postretirement
24.32 investment fund must be credited to the Teachers Retirement Association.

24.33 (d) If the assets transferred by the Minneapolis Teachers Retirement Fund
24.34 Association to the Teachers Retirement Association are insufficient to meet its obligation
24.35 to the Minnesota postretirement investment fund, additional assets must be transferred by
24.36 the executive director of the Teachers Retirement Association to meet the amount required.

25.1 Sec. 69. Minnesota Statutes 2008, section 354.70, subdivision 6, is amended to read:

25.2 Subd. 6. **Benefit calculation.** (a) For every deferred, inactive, disabled, and retired
25.3 member of the Minneapolis Teachers Retirement Fund Association transferred under
25.4 subdivision 1, and the survivors of these members, annuities or benefits earned before
25.5 the date of the transfer, other than future postretirement adjustments, must be calculated
25.6 and paid by the Teachers Retirement Association under the laws, articles of incorporation,
25.7 and bylaws of the former Minneapolis Teachers Retirement Fund Association that were
25.8 in effect relative to the person on the date of the person's termination of active service
25.9 covered by the former Minneapolis Teachers Retirement Fund Association.

25.10 (b) Former Minneapolis Teachers Retirement Fund Association members who
25.11 retired before July 1, 2006, must receive postretirement adjustments after December 31,
25.12 2006, only as provided in Minnesota Statutes 2008, section 11A.18 or section 356.415. All
25.13 other benefit recipients of the former Minneapolis Teachers Retirement Fund Association
25.14 must receive postretirement adjustments after December 31, 2006, only as provided in
25.15 section ~~356.41~~ 356.415.

25.16 (c) This consolidation does not impair or diminish benefits for an active, deferred,
25.17 or retired member or a survivor of an active, deferred, or retired member under the
25.18 former Minneapolis Teachers Retirement Fund Association in existence at the time of the
25.19 consolidation, except that any future guaranteed or investment-related postretirement
25.20 adjustments must be paid after July 1, 2006, in accordance with paragraph (b), and all
25.21 benefits based on service on or after July 1, 2006, must be determined only by laws
25.22 governing the Teachers Retirement Association.

25.23 Sec. 70. Minnesota Statutes 2008, section 356.215, subdivision 1, is amended to read:

25.24 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
25.25 356.23, each of the terms in the following paragraphs has the meaning given.

25.26 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
25.27 under section 356.214 if so required under section 3.85, or otherwise, by an approved
25.28 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
25.29 plan, according to the entry age actuarial cost method and based upon stated assumptions
25.30 including, but not limited to rates of interest, mortality, salary increase, disability,
25.31 withdrawal, and retirement and to determine the payment necessary to amortize over a
25.32 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
25.33 valuation of the benefit plan.

25.34 (c) "Approved actuary" means a person who is regularly engaged in the business of
25.35 providing actuarial services and who is a fellow in the Society of Actuaries.

26.1 (d) "Entry age actuarial cost method" means an actuarial cost method under which
26.2 the actuarial present value of the projected benefits of each individual currently covered
26.3 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
26.4 the service of the individual, if the benefit plan is governed by section 69.773, or over the
26.5 earnings of the individual, if the benefit plan is governed by any other law, between the
26.6 entry age and the assumed exit age, with the portion of the actuarial present value which is
26.7 allocated to the valuation year to be the normal cost and the portion of the actuarial present
26.8 value not provided for at the valuation date by the actuarial present value of future normal
26.9 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
26.10 the sum of the calculated result for each covered individual and with recognition given to
26.11 any different benefit formulas which may apply to various periods of service.

26.12 (e) "Experience study" means a report providing experience data and an actuarial
26.13 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are
26.14 based.

26.15 (f) "Actuarial value of assets" means:

26.16 (1) For the July 1, 2009, actuarial valuation, the market value of all assets as of
26.17 ~~the preceding~~ June 30, 2009, reduced by:

26.18 ~~(1)~~ (i) 20 percent of the difference between the actual net change in the market value
26.19 of assets other than the Minnesota postretirement investment fund between the June 30
26.20 that occurred three years earlier, 2006, and the June 30 that occurred four years earlier,
26.21 2005, and the computed increase in the market value of assets other than the Minnesota
26.22 postretirement investment fund over that fiscal year period if the assets had increased at
26.23 the percentage preretirement interest rate assumption used in the actuarial valuation for
26.24 the July 1 that occurred four years earlier earned a rate of return on assets equal to the
26.25 annual percentage preretirement interest rate assumption used in the actuarial valuation
26.26 for July 1, 2005;

26.27 ~~(2)~~ (ii) 40 percent of the difference between the actual net change in the market
26.28 value of assets other than the Minnesota postretirement investment fund between the
26.29 June 30 that occurred two years earlier, 2007, and the June 30 that occurred three years
26.30 earlier, 2006, and the computed increase in the market value of assets other than the
26.31 Minnesota postretirement investment fund over that fiscal year period if the assets had
26.32 increased at the percentage preretirement interest rate assumption used in the actuarial
26.33 valuation for the July 1 that occurred three years earlier earned a rate of return on assets
26.34 equal to the annual percentage preretirement interest rate assumption used in the actuarial
26.35 valuation for July 1, 2006;

27.1 ~~(3)~~ (iii) 60 percent of the difference between the actual net change in the market
27.2 value of assets other than the Minnesota postretirement investment fund between ~~the~~
27.3 June 30 ~~that occurred one year earlier, 2008,~~ and ~~the~~ June 30 ~~that occurred two years~~
27.4 ~~earlier, 2007,~~ and the computed increase in the market value of assets other than the
27.5 Minnesota postretirement investment fund over that fiscal year period if the assets had
27.6 ~~increased at the percentage preretirement interest rate assumption used in the actuarial~~
27.7 ~~valuation for the July 1 that occurred two years earlier~~ earned a rate of return on assets
27.8 equal to the annual percentage preretirement interest rate assumption used in the actuarial
27.9 valuation for July 1, 2007; and

27.10 ~~(4)~~ (iv) 80 percent of the difference between the actual net change in the market
27.11 value of assets other than the Minnesota postretirement investment fund between ~~the~~
27.12 ~~immediately prior~~ June 30, 2009, and ~~the~~ June 30 ~~that occurred one year earlier, 2008,~~
27.13 and the computed increase in the market value of assets other than the Minnesota
27.14 postretirement investment fund over that fiscal year period if the assets had ~~increased at~~
27.15 ~~the percentage preretirement interest rate assumption used in the actuarial valuation for~~
27.16 ~~the July 1 that occurred one year earlier.~~ earned a rate of return on assets equal to the
27.17 annual percentage preretirement interest rate assumption used in the actuarial valuation
27.18 for July 1, 2008; and

27.19 (v) if applicable, 80 percent of the difference between the actual net change in the
27.20 market value of the Minnesota postretirement investment fund between June 30, 2009,
27.21 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
27.22 year period if the assets had increased at 8.5 percent annually.

27.23 (2) For the July 1, 2010, actuarial valuation, the market value of all assets as of
27.24 June 30, 2010, reduced by:

27.25 (i) 20 percent of the difference between the actual net change in the market value of
27.26 assets other than the Minnesota postretirement investment fund between June 30, 2007,
27.27 and June 30, 2006, and the computed increase in the market value of assets other than the
27.28 Minnesota postretirement investment fund over that fiscal year period if the assets had
27.29 earned a rate of return on assets equal to the annual percentage preretirement interest rate
27.30 assumption used in the actuarial valuation for July 1, 2006;

27.31 (ii) 40 percent of the difference between the actual net change in the market value of
27.32 assets other than the Minnesota postretirement investment fund between June 30, 2008,
27.33 and June 30, 2007, and the computed increase in the market value of assets other than the
27.34 Minnesota postretirement investment fund over that fiscal year period if the assets had
27.35 earned a rate of return on assets equal to the annual percentage preretirement interest rate
27.36 assumption used in the actuarial valuation for July 1, 2007;

28.1 (iii) 60 percent of the difference between the actual net change in the market value
28.2 of assets other than the Minnesota postretirement investment fund between June 30, 2009,
28.3 and June 30, 2008, and the computed increase in the market value of assets other than the
28.4 Minnesota postretirement investment fund over that fiscal year period if the assets had
28.5 earned a rate of return on assets equal to the annual percentage preretirement interest rate
28.6 assumption used in the actuarial valuation for July 1, 2008;

28.7 (iv) 80 percent of the difference between the actual net change in the market value of
28.8 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the
28.9 market value of total assets over that fiscal year period if the assets had earned a rate of
28.10 return on assets equal to the annual percentage preretirement interest rate assumption used
28.11 in the actuarial valuation for July 1, 2009; and

28.12 (v) if applicable, 60 percent of the difference between the actual net change in the
28.13 market value of the Minnesota postretirement investment fund between June 30, 2009,
28.14 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
28.15 year period if the assets had increased at 8.5 percent annually.

28.16 (3) For the July 1, 2011, actuarial valuation, the market value of all assets as of
28.17 June 30, 2011, reduced by:

28.18 (i) 20 percent of the difference between the actual net change in the market value of
28.19 assets other than the Minnesota postretirement investment fund between June 30, 2008,
28.20 and June 30, 2007, and the computed increase in the market value of assets other than the
28.21 Minnesota postretirement investment fund over that fiscal year period if the assets had
28.22 earned a rate of return on assets equal to the annual percentage preretirement interest rate
28.23 assumption used in the actuarial valuation for July 1, 2007;

28.24 (ii) 40 percent of the difference between the actual net change in the market value of
28.25 assets other than the Minnesota postretirement investment fund between June 30, 2009,
28.26 and the June 30, 2008, and the computed increase in the market value of assets other than
28.27 the Minnesota postretirement investment fund over that fiscal year period if the assets had
28.28 earned a rate of return on assets equal to the annual percentage preretirement interest rate
28.29 assumption used in the actuarial valuation for July 1, 2008;

28.30 (iii) 60 percent of the difference between the actual net change in the market value
28.31 of the total assets between June 30, 2010, and June 30, 2009, and the computed increase in
28.32 the market value of the total assets over that fiscal year period if the assets had earned
28.33 a rate of return on assets equal to the annual percentage preretirement interest rate
28.34 assumption used in the actuarial valuation for July 1, 2009;

28.35 (iv) 80 percent of the difference between the actual net change in the market value of
28.36 total assets between June 30, 2011, and June 30, 2010, and the computed increase in the

29.1 market value of total assets over that fiscal year period if the assets had earned a rate of
29.2 return on assets equal to the annual percentage preretirement interest rate assumption used
29.3 in the actuarial valuation for July 1, 2010; and

29.4 (v) if applicable, 40 percent of the difference between the actual net change in the
29.5 market value of the Minnesota postretirement investment fund between June 30, 2009,
29.6 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
29.7 year period if the assets had increased at 8.5 percent annually.

29.8 (4) For the July 1, 2012, actuarial valuation, the market value of all assets as of
29.9 June 30, 2012, reduced by:

29.10 (i) 20 percent of the difference between the actual net change in the market value of
29.11 assets other than the Minnesota postretirement investment fund between June 30, 2009,
29.12 and June 30, 2008, and the computed increase in the market value of assets other than the
29.13 Minnesota postretirement investment fund over that fiscal year period if the assets had
29.14 earned a rate of return on assets equal to the annual percentage preretirement interest rate
29.15 assumption used in the actuarial valuation for July 1, 2008;

29.16 (ii) 40 percent of the difference between the actual net change in the market value of
29.17 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the
29.18 market value of total assets over that fiscal year period if the assets had earned a rate of
29.19 return on assets equal to the annual percentage preretirement interest rate assumption used
29.20 in the actuarial valuation for July 1, 2009;

29.21 (iii) 60 percent of the difference between the actual net change in the market value
29.22 of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the
29.23 market value of total assets over that fiscal year period if the assets had earned a rate of
29.24 return on assets equal to the annual percentage preretirement interest rate assumption used
29.25 in the actuarial valuation for July 1, 2010;

29.26 (iv) 80 percent of the difference between the actual net change in the market value of
29.27 total assets between June 30, 2012, and June 30, 2011, and the computed increase in the
29.28 market value of total assets over that fiscal year period if the assets had earned a rate of
29.29 return on assets equal to the annual percentage preretirement interest rate assumption used
29.30 in the actuarial valuation for July 1, 2011; and

29.31 (v) if applicable, 20 percent of the difference between the actual net change in the
29.32 market value of the Minnesota postretirement investment fund between June 30, 2009,
29.33 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
29.34 year period if the assets had increased at 8.5 percent annually.

29.35 (5) For the July 1, 2013, and following actuarial valuations, the market value of all
29.36 assets as of the preceding June 30, reduced by:

30.1 (i) 20 percent of the difference between the actual net change in the market value
30.2 of total assets between the June 30 that occurred three years earlier and the June 30 that
30.3 occurred four years earlier and the computed increase in the market value of total assets
30.4 over that fiscal year period if the assets had earned a rate of return on assets equal to the
30.5 annual percentage preretirement interest rate assumption used in the actuarial valuation
30.6 for the July 1 that occurred four years earlier;

30.7 (ii) 40 percent of the difference between the actual net change in the market value
30.8 of total assets between the June 30 that occurred two years earlier and the June 30 that
30.9 occurred three years earlier and the computed increase in the market value of total assets
30.10 over that fiscal year period if the assets had earned a rate of return on assets equal to the
30.11 annual percentage preretirement interest rate assumption used in the actuarial valuation
30.12 for the July 1 that occurred three years earlier;

30.13 (iii) 60 percent of the difference between the actual net change in the market value
30.14 of total assets between the June 30 that occurred one year earlier and the June 30 that
30.15 occurred two years earlier and the computed increase in the market value of total assets
30.16 over that fiscal year period if the assets had earned a rate of return on assets equal to the
30.17 annual percentage preretirement interest rate assumption used in the actuarial valuation
30.18 for the July 1 that occurred two years earlier; and

30.19 (iv) 80 percent of the difference between the actual net change in the market value
30.20 of total assets between the most recent June 30 and the June 30 that occurred one year
30.21 earlier and the computed increase in the market value of total assets over that fiscal year
30.22 period if the assets had earned a rate of return on assets equal to the annual percentage
30.23 preretirement interest rate assumption used in the actuarial valuation for the July 1 that
30.24 occurred one year earlier.

30.25 (g) "Unfunded actuarial accrued liability" means the total current and expected
30.26 future benefit obligations, reduced by the sum of the actuarial value of assets and the
30.27 present value of future normal costs.

30.28 (h) "Pension benefit obligation" means the actuarial present value of credited
30.29 projected benefits, determined as the actuarial present value of benefits estimated to be
30.30 payable in the future as a result of employee service attributing an equal benefit amount,
30.31 including the effect of projected salary increases and any step rate benefit accrual rate
30.32 differences, to each year of credited and expected future employee service.

30.33 Sec. 71. Minnesota Statutes 2008, section 356.215, subdivision 11, is amended to read:

30.34 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
30.35 the level normal cost, the actuarial valuation of the retirement plan must contain an

31.1 exhibit for financial reporting purposes indicating the additional annual contribution
31.2 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
31.3 for contribution determination purposes indicating the additional contribution sufficient
31.4 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
31.5 subdivision 8, paragraph (c), the additional contribution must be calculated on a level
31.6 percentage of covered payroll basis by the established date for full funding in effect when
31.7 the valuation is prepared, assuming annual payroll growth at the applicable percentage
31.8 rate set forth in subdivision 8, paragraph (c). For all other retirement plans, the additional
31.9 annual contribution must be calculated on a level annual dollar amount basis.

31.10 (b) For any retirement plan other than the Minneapolis Employees Retirement Fund,
31.11 the general employees retirement plan of the Public Employees Retirement Association,
31.12 and the St. Paul Teachers Retirement Fund Association, if there has not been a change in
31.13 the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
31.14 change in the benefit plan governing annuities and benefits payable from the fund, a
31.15 change in the actuarial cost method used in calculating the actuarial accrued liability of all
31.16 or a portion of the fund, or a combination of the three, which change or changes by itself
31.17 or by themselves without inclusion of any other items of increase or decrease produce a
31.18 net increase in the unfunded actuarial accrued liability of the fund, the established date for
31.19 full funding is the first actuarial valuation date occurring after June 1, 2020.

31.20 (c) For any retirement plan other than the Minneapolis Employees Retirement
31.21 Fund and the general employees retirement plan of the Public Employees Retirement
31.22 Association, if there has been a change in any or all of the actuarial assumptions used
31.23 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
31.24 governing annuities and benefits payable from the fund, a change in the actuarial cost
31.25 method used in calculating the actuarial accrued liability of all or a portion of the fund,
31.26 or a combination of the three, and the change or changes, by itself or by themselves and
31.27 without inclusion of any other items of increase or decrease, produce a net increase in the
31.28 unfunded actuarial accrued liability in the fund, the established date for full funding must
31.29 be determined using the following procedure:

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

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

32.1 (iii) the unfunded actuarial accrued liability of the fund must be determined in
32.2 accordance with any new plan provisions governing annuities and benefits payable from
32.3 the fund and any new actuarial assumptions and the remaining plan provisions governing
32.4 annuities and benefits payable from the fund and actuarial assumptions in effect before
32.5 the change;

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

32.12 (v) the level annual dollar or level percentage amortization contribution under item
32.13 (iv) must be added to the level annual dollar amortization contribution or level percentage
32.14 calculated under item (ii);

32.15 (vi) the period in which the unfunded actuarial accrued liability amount determined
32.16 in item (iii) is amortized by the total level annual dollar or level percentage amortization
32.17 contribution computed under item (v) must be calculated using the interest assumption
32.18 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
32.19 integral number of years, but not to exceed 30 years from the end of the plan year in
32.20 which the determination of the established date for full funding using the procedure set
32.21 forth in this clause is made and not to be less than the period of years beginning in the
32.22 plan year in which the determination of the established date for full funding using the
32.23 procedure set forth in this clause is made and ending by the date for full funding in effect
32.24 before the change; and

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

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

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

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

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

33.1 (h) For the judges retirement plan, the established date for full funding is June
33.2 30, 2038.

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

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

33.11 (k) For the retirement plans for which the annual actuarial valuation indicates an
33.12 excess of valuation assets over the actuarial accrued liability, the valuation assets in
33.13 excess of the actuarial accrued liability must be recognized as a reduction in the current
33.14 contribution requirements by an amount equal to the amortization of the excess expressed
33.15 as a level percentage of pay over a 30-year period beginning anew with each annual
33.16 actuarial valuation of the plan.

33.17 ~~(l) In addition to calculating the unfunded actuarial accrued liability of the retirement~~
33.18 ~~plan for financial reporting purposes under paragraphs (a) to (j), the actuarial valuation~~
33.19 ~~of the retirement plan must also include a calculation of the unfunded actuarial accrued~~
33.20 ~~liability of the retirement plan for purposes of determining the amortization contribution~~
33.21 ~~sufficient to amortize the unfunded actuarial liability of the Minnesota Post Retirement~~
33.22 ~~Investment Fund. For this exhibit, the calculation must be the unfunded actuarial accrued~~
33.23 ~~liability net of the postretirement adjustment liability funded from the investment~~
33.24 ~~performance of the Minnesota Post Retirement Investment Fund or the retirement benefit~~
33.25 ~~fund.~~

33.26 Sec. 72. Minnesota Statutes 2008, section 356.351, subdivision 2, is amended to read:

33.27 Subd. 2. **Incentive.** (a) For an employee eligible under subdivision 1, if approved
33.28 under paragraph (b), the employer may provide an amount up to \$17,000, to an employee
33.29 who terminates service, to be used:

33.30 (1) unless the appointing authority has designated the use under clause (2) or the use
33.31 under clause (3) for the initial retirement incentive applicable to that employing entity
33.32 under Laws 2007, chapter 134, after May 26, 2007, for deposit in the employee's account
33.33 in the health care savings plan established by section 352.98;

33.34 (2) notwithstanding section 352.01, subdivision 11, or 354.05, subdivision 13,
33.35 whichever applies, if the appointing authority has designated the use under this clause

34.1 for the initial retirement incentive applicable to that employing entity under Laws 2007,
 34.2 chapter 134, after May 26, 2007, for purchase of service credit for unperformed service
 34.3 sufficient to enable the employee to retire under section 352.116, subdivision 1, paragraph
 34.4 (b); 353.30; 354.44, subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph
 34.5 (b), whichever applies; or

34.6 (3) if the appointing authority has designated the use under this clause for the initial
 34.7 retirement incentive applicable to the employing entity under Laws 2007, chapter 134,
 34.8 after May 26, 2007, for purchase of a lifetime annuity or an annuity for a specific number
 34.9 of years from the applicable retirement plan to provide additional benefits, as provided in
 34.10 paragraph (d).

34.11 (b) Approval to provide the incentive must be obtained from the commissioner
 34.12 of finance if the eligible employee is a state employee and must be obtained from the
 34.13 applicable governing board with respect to any other employing entity. An employee is
 34.14 eligible for the payment under paragraph (a), clause (2), if the employee uses money from
 34.15 a deferred compensation account that, combined with the payment under paragraph (a),
 34.16 clause (2), would be sufficient to purchase enough service credit to qualify for retirement
 34.17 under section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a; 354.44,
 34.18 subdivision 6, paragraph (b), or 354A.31, subdivision 6, paragraph (b), whichever applies.

34.19 (c) The cost to purchase service credit under paragraph (a), clause (2), must be
 34.20 made in accordance with section 356.551.

34.21 (d) The annuity purchase under paragraph (a), clause (3), must be made using
 34.22 annuity factors, as determined by the actuary retained under section 356.214, derived from
 34.23 the applicable factors used by the applicable retirement plan ~~to transfer amounts to the~~
 34.24 ~~Minnesota postretirement investment fund and~~ to calculate optional annuity forms. The
 34.25 purchased annuity must be the actuarial equivalent of the incentive amount.

34.26 Sec. 73. **[356.415] POSTRETIREMENT ADJUSTMENTS; STATEWIDE**
 34.27 **RETIREMENT PLANS.**

34.28 Subdivision 1. Annual postretirement adjustments. (a) Retirement annuity,
 34.29 disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to
 34.30 a postretirement adjustment annually on January 1, as follows:

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

35.1 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
35.2 benefit for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent
35.3 for each month the person has been receiving an annuity or benefit must be applied,
35.4 effective January 1 following the year in which the person has been retired for less than
35.5 12 months.

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

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

35.10 (d) The retirement annuity payable to a person who retires before becoming eligible
35.11 for Social Security benefits and who has elected the optional payment as provided in
35.12 section 353.29, subdivision 6, or 354.35 must be treated as the sum of a period certain
35.13 retirement annuity and a life retirement annuity for the purposes of any postretirement
35.14 adjustment. The period certain retirement annuity plus the life retirement annuity must be
35.15 the annuity amount payable until age 62 for section 353.29, subdivision 6, or age 62, 65,
35.16 or normal retirement age, as selected by the member at retirement, for an annuity amount
35.17 payable under section 354.35. A postretirement adjustment granted on the period certain
35.18 retirement annuity must terminate when the period certain retirement annuity terminates.

35.19 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
35.20 following retirement plans:

35.21 (1) the legislators retirement plan established under chapter 3A;

35.22 (2) the correctional state employees retirement plan of the Minnesota State
35.23 Retirement System established under chapter 352;

35.24 (3) the general state employees retirement plan of the Minnesota State Retirement
35.25 System established under chapter 352;

35.26 (4) the State Patrol retirement plan established under chapter 352B;

35.27 (5) the elective state officers retirement plan established under chapter 352C;

35.28 (6) the general employee retirement plan of the Public Employees Retirement
35.29 Association established under chapter 353;

35.30 (7) the public employees police and fire retirement plan of the Public Employees
35.31 Retirement Association established under chapter 353;

35.32 (8) the local government correctional employees retirement plan of the Public
35.33 Employees Retirement Association established under chapter 353E;

35.34 (9) the teachers retirement plan established under chapter 354; and

35.35 (10) the judges retirement plan established under chapter 490.

36.1 Sec. 74. Minnesota Statutes 2008, section 490.123, subdivision 1, is amended to read:

36.2 Subdivision 1. **Fund creation; revenue and authorized disbursements.** (a) There
36.3 is created a special fund to be known as the "judges' retirement fund."

36.4 (b) The judges' retirement fund must be credited with all contributions; all interest,
36.5 dividends, and other investment proceeds; and all other income authorized by this chapter
36.6 or other applicable law.

36.7 (c) From this fund there are appropriated the payments authorized by this chapter, in
36.8 the amounts and at the times provided, including the necessary and reasonable expenses of
36.9 the Minnesota State Retirement System in administering the fund ~~and the transfers to the~~
36.10 ~~Minnesota postretirement investment fund.~~

36.11 Sec. 75. Minnesota Statutes 2008, section 490.123, subdivision 3, is amended to read:

36.12 Subd. 3. **Investment.** (a) The executive director of the Minnesota State Retirement
36.13 System shall, from time to time, certify to the State Board of Investment such portions
36.14 of the judges' retirement fund as in the director's judgment may not be required for
36.15 immediate use.

36.16 ~~(b) Assets from the judges' retirement fund must be transferred to the Minnesota~~
36.17 ~~postretirement investment fund for retirement and disability benefits as provided in~~
36.18 ~~sections 11A.18 and 352.119.~~

36.19 ~~(c)~~ (b) The State Board of Investment shall thereupon invest and reinvest sums so
36.20 transferred, or certified, in such securities as are duly authorized legal investments for such
36.21 purposes under section 11A.24 in compliance with sections 356A.04 and 356A.06.

36.22 Sec. 76. Minnesota Statutes 2008, section 490.124, is amended by adding a subdivision
36.23 to read:

36.24 Subd. 14. **Postretirement adjustment eligibility.** A retirement annuity under
36.25 subdivision 1, 3, or 5, a disability benefit under subdivision 4, and a survivor's annuity
36.26 under subdivision 9 or 11 are eligible for postretirement adjustments under section
36.27 356.415.

36.28 Sec. 77. **REPEALER.**

36.29 Minnesota Statutes 2008, sections 11A.041; 11A.18; 11A.181; 352.119, subdivisions
36.30 2, 3, and 4; 352B.26, subdivisions 1 and 3; 353.271; 353A.02, subdivision 20; 353A.09,
36.31 subdivisions 2 and 3; 354.05, subdivision 26; 354.55, subdivision 14; 354.63; 356.41;
36.32 356.431, subdivision 2; 422A.01, subdivision 13; 422A.06, subdivision 4; and 490.123,
36.33 subdivisions 1c and 1e, are repealed.

37.1 Sec. 78. **EFFECTIVE DATE.**

37.2 Sections 1 to 76 are effective July 1, 2009.

37.3 **ARTICLE 2**

37.4 **DISABILITY BENEFIT PROVISION CHANGES**

37.5 Section 1. Minnesota Statutes 2008, section 43A.34, subdivision 4, is amended to read:

37.6 Subd. 4. **Officers exempted.** Notwithstanding any provision to the contrary, (a)
 37.7 conservation officers and crime bureau officers who were first employed on or after July
 37.8 1, 1973, and who are members of the State Patrol retirement fund by reason of their
 37.9 employment, and members of the Minnesota State Patrol Division and Alcohol and
 37.10 Gambling Enforcement Division of the Department of Public Safety who are members
 37.11 of the State Patrol Retirement Association by reason of their employment, shall not
 37.12 continue employment after attaining the age of 60 years, except for a fractional portion
 37.13 of one year that will enable the employee to complete the employee's next full year of
 37.14 allowable service as defined pursuant to section ~~352B.01~~ 352B.011, subdivision 3; and (b)
 37.15 conservation officers and crime bureau officers who were first employed and are members
 37.16 of the State Patrol retirement fund by reason of their employment before July 1, 1973,
 37.17 shall not continue employment after attaining the age of 70 years.

37.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

37.19 Sec. 2. Minnesota Statutes 2008, section 299A.465, subdivision 1, is amended to read:

37.20 Subdivision 1. **Officer or firefighter disabled in line of duty.** (a) This subdivision
 37.21 applies to any peace officer or firefighter:

37.22 (1) who the Public Employees Retirement Association or the Minnesota State
 37.23 Retirement System determines is eligible to receive a duty disability benefit pursuant to
 37.24 section 353.656 or 352B.10, subdivision 1, respectively; or

37.25 (2) who (i) does not qualify to receive disability benefits by operation of the
 37.26 eligibility requirements set forth in section 353.656, subdivision 1, paragraph (b), (ii)
 37.27 retires pursuant to section 353.651, subdivision 4, or (iii) is a member of a local police or
 37.28 salaried firefighters relief association and qualifies for a duty disability benefit under the
 37.29 terms of plans of the relief associations, and the peace officer or firefighter described in
 37.30 item (i), (ii), or (iii) has discontinued public service as a peace officer or firefighter as a
 37.31 result of a disabling injury and has been determined, by the Public Employees Retirement
 37.32 Association, to have otherwise met the duty disability criteria set forth in section 353.01,
 37.33 subdivision 41.

38.1 (b) A determination made on behalf of a peace officer or firefighter described in
38.2 paragraph (a), clause (2), must be at the request of the peace officer or firefighter made for
38.3 the purposes of this section. Determinations made in accordance with paragraph (a) are
38.4 binding on the peace officer or firefighter, employer, and state. The determination must be
38.5 made by the executive director of the Public Employees Retirement Association and is
38.6 not subject to section 356.96, subdivision 2. Upon making a determination, the executive
38.7 director shall provide written notice to the peace officer or firefighter and the employer.

38.8 This notice must include:

38.9 (1) a written statement of the reasons for the determination;

38.10 (2) a notice that the person may petition for a review of the determination by
38.11 requesting that a contested case be initiated before the Office of Administrative Hearings,
38.12 the cost of which must be borne by the peace officer or firefighter and the employer; and

38.13 (3) a statement that any person who does not petition for a review within 60 days
38.14 is precluded from contesting issues determined by the executive director in any other
38.15 administrative review or court procedure.

38.16 If, prior to the contested case hearing, additional information is provided to support the
38.17 claim for duty disability as defined in section 353.01, subdivision 41, the executive
38.18 director may reverse the determination without the requested hearing. If a hearing is held
38.19 before the Office of Administrative Hearings, the determination rendered by the judge
38.20 conducting the fact-finding hearing is a final decision and order under section 14.62,
38.21 subdivision 2a, and is binding on the executive director, the peace officer or firefighter,
38.22 employer, and state. Review of a final determination made by the Office of Administrative
38.23 Hearings under this section may only be obtained by writ of certiorari to the Minnesota
38.24 Court of Appeals under sections 14.63 to 14.68. Only the peace officer or firefighter,
38.25 employer, and state have standing to participate in a judicial review of the decision of the
38.26 Office of Administrative Hearings.

38.27 (c) The officer's or firefighter's employer shall continue to provide health coverage
38.28 for:

38.29 (1) the officer or firefighter; and

38.30 (2) the officer's or firefighter's dependents if the officer or firefighter was receiving
38.31 dependent coverage at the time of the injury under the employer's group health plan.

38.32 (d) The employer is responsible for the continued payment of the employer's
38.33 contribution for coverage of the officer or firefighter and, if applicable, the officer's
38.34 or firefighter's dependents. Coverage must continue for the officer or firefighter and, if
38.35 applicable, the officer's or firefighter's dependents until the officer or firefighter reaches or,

39.1 if deceased, would have reached the age of 65. However, coverage for dependents does
39.2 not have to be continued after the person is no longer a dependent.

39.3 **EFFECTIVE DATE.** This section is effective the day following final enactment
39.4 and also applies to any member of the State Patrol retirement plan who was awarded a
39.5 duty disability benefit on or after July 1, 2008.

39.6 Sec. 3. Minnesota Statutes 2008, section 352.01, subdivision 2b, is amended to read:

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

39.8 (1) students employed by the University of Minnesota, or the state colleges and
39.9 universities, unless approved for coverage by the Board of Regents of the University of
39.10 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
39.11 whichever is applicable;

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

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

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

39.21 (5) election officers;

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

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

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

39.30 (9) patient and inmate help in state charitable, penal, and correctional institutions
39.31 including the Minnesota Veterans Home;

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

39.35 (11) employees of the Sibley House Association;

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

40.6 (13) state troopers and persons who are described in section ~~352B.01, subdivision 2~~
40.7 352B.011, subdivision 10, clauses (2) to ~~(6)~~ (8);

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

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

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

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

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

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

40.26 (20) state employees who in any year have credit for 12 months service as teachers
40.27 in the public schools of the state and as teachers are members of the Teachers Retirement
40.28 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
40.29 incidental employment as a state employee that is not covered by one of the teacher
40.30 retirement associations or systems;

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

40.34 (22) chaplains and nuns who are excluded from coverage under the federal Old
40.35 Age, Survivors, Disability, and Health Insurance Program for the performance of service
40.36 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no

41.1 irrevocable election of coverage has been made under section 3121(r) of the Internal
41.2 Revenue Code of 1986, as amended through December 31, 1992;

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

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

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

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

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

41.16 (28) persons who are employed in positions designated by the Department of
41.17 Finance as student workers;

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

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

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

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

41.26 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
41.27 valid for less than three years of employment, unless notice of extension is supplied which
41.28 allows them to work for three or more years as of the date the extension is granted, in
41.29 which case they are eligible for coverage from the date extended; and

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

41.34 **EFFECTIVE DATE.** This section is effective July 1, 2009.

42.1 Sec. 4. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
42.2 to read:

42.3 Subd. 17a. **Occupational disability.** "Occupational disability," for purposes of
42.4 determining eligibility for disability benefits for a correctional employee, means a
42.5 disabling condition that is expected to prevent the correctional employee, for a period of
42.6 not less than 12 months, from performing the normal duties of the position held by the
42.7 correctional employee.

42.8 **EFFECTIVE DATE.** This section is effective July 1, 2009.

42.9 Sec. 5. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
42.10 to read:

42.11 Subd. 17b. **Duty disability, physical or psychological.** "Duty disability, physical
42.12 or psychological," for a correctional employee, means an occupational disability that is the
42.13 direct result of an injury incurred during, or a disease arising out of, the performance of
42.14 normal duties or the performance of less frequent duties either of which are specific to
42.15 the correctional employee.

42.16 **EFFECTIVE DATE.** This section is effective July 1, 2009.

42.17 Sec. 6. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
42.18 to read:

42.19 Subd. 17c. **Regular disability, physical or psychological.** "Regular disability,
42.20 physical or psychological," for a correctional employee, means an occupational disability
42.21 resulting from a disease or an injury that arises from any activities while not at work or
42.22 from activities while at work performing normal or less frequent duties that do not present
42.23 inherent dangers specific to covered correctional positions.

42.24 **EFFECTIVE DATE.** This section is effective July 1, 2009.

42.25 Sec. 7. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
42.26 to read:

42.27 Subd. 17d. **Normal duties.** "Normal duties" means specific tasks designated in the
42.28 applicant's job description and which the applicant performs on a day-to-day basis, but
42.29 do not include less frequent duties which may be requested to be done by the employer
42.30 from time to time.

42.31 **EFFECTIVE DATE.** This section is effective July 1, 2009.

43.1 Sec. 8. Minnesota Statutes 2008, section 352.01, is amended by adding a subdivision
43.2 to read:

43.3 Subd. 17e. **Less frequent duties.** "Less frequent duties" means tasks designated
43.4 in the applicant's job description as either required from time to time or as assigned, but
43.5 which are not carried out as part of the normal routine of the applicant's job.

43.6 **EFFECTIVE DATE.** This section is effective July 1, 2009.

43.7 Sec. 9. Minnesota Statutes 2008, section 352.113, subdivision 4, is amended to read:

43.8 Subd. 4. **Medical or psychological examinations; authorization for payment of**
43.9 **benefit.** (a) An applicant shall provide medical, chiropractic, or psychological evidence to
43.10 support an application for total and permanent disability.

43.11 (b) The director shall have the employee examined by at least one additional
43.12 licensed chiropractor, physician, or psychologist designated by the medical adviser. The
43.13 chiropractors, physicians, or psychologists shall make written reports to the director
43.14 concerning the employee's disability including expert opinions as to whether the employee
43.15 is permanently and totally disabled within the meaning of section 352.01, subdivision 17.

43.16 (c) The director shall also obtain written certification from the employer stating
43.17 whether the employment has ceased or whether the employee is on sick leave of
43.18 absence because of a disability that will prevent further service to the employer and as a
43.19 consequence the employee is not entitled to compensation from the employer.

43.20 (d) The medical adviser shall consider the reports of the physicians, psychologists,
43.21 and chiropractors and any other evidence supplied by the employee or other interested
43.22 parties. If the medical adviser finds the employee totally and permanently disabled, the
43.23 adviser shall make appropriate recommendation to the director in writing together with the
43.24 date from which the employee has been totally disabled. The director shall then determine
43.25 if the disability occurred within ~~180 days~~ 18 months of filing the application, while still
43.26 in the employment of the state, and the propriety of authorizing payment of a disability
43.27 benefit as provided in this section.

43.28 (e) A terminated employee may apply for a disability benefit within ~~180 days~~ 18
43.29 months of termination as long as the disability occurred while in the employment of the
43.30 state. The fact that an employee is placed on leave of absence without compensation
43.31 because of disability does not bar that employee from receiving a disability benefit.

43.32 (f) Unless the payment of a disability benefit has terminated because the employee is
43.33 no longer totally disabled, or because the employee has reached normal retirement age as
43.34 provided in this section, the disability benefit must cease with the last payment received
43.35 by the disabled employee or which had accrued during the lifetime of the employee unless

44.1 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability
44.2 benefit for the calendar month in which the disabled employee died.

44.3 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
44.4 benefit applicants whose last day of public employment was after June 30, 2009.

44.5 Sec. 10. Minnesota Statutes 2008, section 352.95, subdivision 1, is amended to read:

44.6 Subdivision 1. ~~Job-related disability~~ **Duty disability; computation of benefit.**

44.7 A covered correctional employee who ~~becomes disabled and who is expected to be~~
44.8 ~~physically or mentally unfit to perform the duties of the position for at least one year as a~~
44.9 ~~direct result of an injury, sickness, or other disability that incurred in or arose out of any~~
44.10 ~~act of duty that makes the employee physically or mentally unable to perform the duties is~~
44.11 determined to have a duty disability, physical or psychological, as defined under section
44.12 352.01, subdivision 17b, is entitled to a duty disability benefit. The duty disability benefit
44.13 ~~may~~ must be based on covered correctional service only. The duty disability benefit
44.14 amount is 50 percent of the average salary defined in section 352.93, plus an additional
44.15 percent equal to that specified in section 356.315, subdivision 5, for each year of covered
44.16 correctional service in excess of 20 years, ten months, prorated for completed months.

44.17 **EFFECTIVE DATE.** This section is effective July 1, 2009.

44.18 Sec. 11. Minnesota Statutes 2008, section 352.95, subdivision 2, is amended to read:

44.19 Subd. 2. ~~Non-job-related~~ **Regular disability; computation of benefit.** A covered
44.20 correctional employee who was hired before July 1, 2009, after rendering at least one year
44.21 of covered correctional service, or a covered correctional employee who was first hired
44.22 after June 30, 2009, after rendering at least three years of covered correctional plan service,
44.23 ~~becomes disabled and who is expected to be physically or mentally unfit to perform the~~
44.24 ~~duties of the position for at least one year because of sickness or injury that occurred while~~
44.25 ~~not engaged in covered employment~~ and who is determined to have a regular disability,
44.26 physical or psychological, as defined under section 352.01, subdivision 17c, is entitled
44.27 to a regular disability benefit. The regular disability benefit must be based on covered
44.28 correctional service only. The regular disability benefit must be computed as provided
44.29 in section 352.93, subdivisions 1 and 2, and. The regular disability benefit of a covered
44.30 correctional employee who was first hired before July 1, 2009, and who is determined
44.31 to have a regular disability, physical or psychological, under this subdivision must be
44.32 computed as though the employee had at least 15 years of covered correctional service.

44.33 **EFFECTIVE DATE.** This section is effective July 1, 2009.

45.1 Sec. 12. Minnesota Statutes 2008, section 352.95, subdivision 3, is amended to read:

45.2 Subd. 3. **Applying for benefits; accrual.** No application for disability benefits
45.3 shall be made until after the last day physically on the job. The disability benefit shall
45.4 begin to accrue the day following the last day for which the employee is paid sick leave
45.5 or annual leave but not earlier than 180 days before the date the application is filed. A
45.6 terminated employee must file a written application within the time frame specified under
45.7 section 352.113, subdivision 4, paragraph (e).

45.8 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
45.9 benefit applicants whose last day of public employment was after June 30, 2009.

45.10 Sec. 13. Minnesota Statutes 2008, section 352.95, subdivision 4, is amended to read:

45.11 Subd. 4. **Medical or psychological evidence.** (a) An applicant shall provide
45.12 medical, chiropractic, or psychological evidence to support an application for disability
45.13 benefits. The director shall have the employee examined by at least one additional
45.14 licensed physician, chiropractor, or psychologist who is designated by the medical adviser.
45.15 The physicians, chiropractors, or psychologists with respect to a mental impairment,
45.16 shall make written reports to the director concerning the question of the employee's
45.17 disability, including their expert opinions as to whether the employee ~~is disabled~~ has an
45.18 occupational disability within the meaning of ~~this section~~ section 352.01, subdivision 17a, and
45.19 whether the employee has a duty disability, physical or psychological, under section
45.20 352.01, subdivision 17b, or has a regular disability, physical or psychological, under
45.21 section 352.01, subdivision 17c. The director shall also obtain written certification from
45.22 the employer stating whether or not the employee is on sick leave of absence because of a
45.23 disability that will prevent further service to the employer performing normal duties as
45.24 defined in section 352.01, subdivision 17d, or performing less frequent duties as defined in
45.25 section 352.01, subdivision 17e, and as a consequence, the employee is not entitled to
45.26 compensation from the employer.

45.27 (b) If, on considering the reports by the physicians, chiropractors, or psychologists
45.28 and any other evidence supplied by the employee or others, the medical adviser finds that
45.29 the employee ~~disabled~~ has an occupational disability within the meaning of ~~this section~~
45.30 352.01, subdivision 17a, the advisor shall make the appropriate recommendation to the
45.31 director, in writing, together with the date from which the employee has been disabled.
45.32 The director shall then determine the propriety of authorizing payment of a duty disability
45.33 benefit or a regular disability benefit as provided in this section.

45.34 (c) Unless the payment of a disability benefit has terminated because the employee
45.35 ~~is no longer disabled~~ has an occupational disability, or because the employee has reached

46.1 either age ~~65~~ 55 or the five-year anniversary of the effective date of the disability benefit,
46.2 whichever is later, the disability benefit must cease with the last payment which was
46.3 received by the disabled employee or which had accrued during the employee's lifetime.
46.4 While disability benefits are paid, the director has the right, at reasonable times, to
46.5 require the disabled employee to submit proof of the continuance of ~~the~~ an occupational
46.6 disability claimed. If any examination indicates to the medical adviser that the employee
46.7 ~~is no longer disabled~~ has an occupational disability, the disability payment must be
46.8 discontinued upon the person's reinstatement to state service or within 60 days of the
46.9 finding, whichever is sooner.

46.10 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
46.11 benefit applicants whose last day of public employment was after June 30, 2009.

46.12 Sec. 14. Minnesota Statutes 2008, section 352.95, subdivision 5, is amended to read:

46.13 Subd. 5. **Retirement status at normal retirement age.** The disability benefit
46.14 paid to a disabled correctional employee under this section shall terminate at the end of
46.15 the month in which the employee reaches age ~~65~~ 55, or the five-year anniversary of the
46.16 effective date of the disability benefit, whichever is later. If the disabled correctional
46.17 employee is still disabled when the employee reaches age ~~65~~ 55, or the five-year
46.18 anniversary of the effective date of the disability benefit, whichever is later, the employee
46.19 shall be deemed to be a retired employee. If the employee had elected an optional annuity
46.20 under subdivision 1a, the employee shall receive an annuity in accordance with the
46.21 terms of the optional annuity previously elected. If the employee had not elected an
46.22 optional annuity under subdivision 1a, the employee may within 90 days of attaining age
46.23 ~~65~~ 55 or reaching the five-year anniversary of the effective date of the disability benefit,
46.24 whichever is later, either elect to receive a normal retirement annuity computed in the
46.25 manner provided in section 352.93 or elect to receive an optional annuity as provided
46.26 in section 352.116, subdivision 3, based on the same length of service as used in the
46.27 calculation of the disability benefit. Election of an optional annuity must be made within
46.28 90 days before attaining age ~~65~~ 55 or reaching the five-year anniversary of the effective
46.29 date of the disability benefit, whichever is later. If an optional annuity is elected, the
46.30 optional annuity shall begin to accrue on the first of the month following the month in
46.31 which the employee reaches age ~~65~~ 55 or the five-year anniversary of the effective date of
46.32 the disability benefit, whichever is later.

46.33 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
46.34 benefit applicants whose last day of public employment was after June 30, 2009.

47.1 Sec. 15. **[352B.011] DEFINITIONS.**

47.2 Subdivision 1. **Scope.** For the purposes of this chapter, the terms defined in this
47.3 section have the meanings given them.

47.4 Subd. 2. **Accumulated deductions.** "Accumulated deductions" means the total
47.5 sums deducted from the salary of a member and the total amount of assessments paid by
47.6 a member in place of deductions and credited to the member's individual account as
47.7 permitted by law without interest.

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

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

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

47.13 (3) for members defined in subdivision 10, clauses (2) and (3), service for which
47.14 payments have been made to the State Patrol retirement fund under law, service for which
47.15 payments were made to the State Police officers retirement fund under law after June
47.16 30, 1961, and all prior service which was credited to a member for service on or before
47.17 June 30, 1961.

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

47.23 Subd. 4. **Average monthly salary.** (a) Subject to the limitations of section 356.611,
47.24 "average monthly salary" means the average of the highest monthly salaries for five
47.25 years of service as a member upon which contributions were deducted from pay under
47.26 section 352B.02, or upon which appropriate contributions or payments were made to
47.27 the fund to receive allowable service and salary credit as specified under the applicable
47.28 law. Average monthly salary must be based upon all allowable service if this service is
47.29 less than five years.

47.30 (b) The salary used for the calculation of "average monthly salary" means the
47.31 salary of the member as defined in section 352.01, subdivision 13. The salary used for
47.32 the calculation of "average monthly salary" does not include any lump-sum annual leave
47.33 payments and overtime payments made at the time of separation from state service, any
47.34 amounts of severance pay, or any reduced salary paid during the period the person is
47.35 entitled to workers' compensation benefit payments for temporary disability.

48.1 Subd. 5. **Department head.** "Department head" means the head of any department,
48.2 institution, or branch of the state service that directly pays salaries from state funds
48.3 to a member who prepares, approves, and submits salary abstracts of employees to the
48.4 commissioner of management and budget.

48.5 Subd. 6. **Dependent child.** "Dependent child" means a natural or adopted unmarried
48.6 child of a deceased member under the age of 18 years, including any child of the member
48.7 conceived during the lifetime of the member and born after the death of the member.

48.8 Subd. 7. **Duty disability.** "Duty disability" means a physical or psychological
48.9 condition that is expected to prevent a member, for a period of not less than 12 months,
48.10 from performing the normal duties of the position held by the person as a member of the
48.11 State Patrol retirement fund, and that is the direct result of any injury incurred during, or a
48.12 disease arising out of, the performance of normal duties or the actual performance of less
48.13 frequent duties, either of which are specific to protecting the property and personal safety
48.14 of others and that present inherent dangers that are specific to the positions covered by
48.15 the State Patrol retirement fund.

48.16 Subd. 8 **Fund.** "Fund" means the State Patrol retirement fund.

48.17 Subd. 9. **Less frequent duties.** "Less frequent duties" means tasks which are
48.18 designated in the member's job description as either required from time to time or as
48.19 assigned, but which are not carried out as part of the normal routine of the member's
48.20 position.

48.21 Subd. 10. **Member.** "Member" means:

48.22 (1) a State Patrol member currently employed under section 299D.03 by the state,
48.23 who is a peace officer under section 626.84, and whose salary or compensation is paid
48.24 out of state funds;

48.25 (2) a conservation officer employed under section 97A.201, currently employed by
48.26 the state, whose salary or compensation is paid out of state funds;

48.27 (3) a crime bureau officer who was employed by the crime bureau and was a member
48.28 of the Highway Patrolmen's retirement fund on July 1, 1978, whether or not that person
48.29 has the power of arrest by warrant after that date, or who is employed as police personnel,
48.30 with powers of arrest by warrant under section 299C.04, and who is currently employed
48.31 by the state, and whose salary or compensation is paid out of state funds;

48.32 (4) a person who is employed by the state in the Department of Public Safety in a
48.33 data processing management position with salary or compensation paid from state funds,
48.34 who was a crime bureau officer covered by the State Patrol retirement plan on August
48.35 15, 1987, and who was initially hired in the data processing management position within

49.1 the department during September 1987, or January 1988, with membership continuing
49.2 for the duration of the person's employment in that position, whether or not the person
49.3 has the power of arrest by warrant after August 15, 1987;

49.4 (5) a public safety employee who is a peace officer under section 626.84, subdivision
49.5 1, paragraph (c), and who is employed by the Division of Alcohol and Gambling
49.6 Enforcement under section 299L.01;

49.7 (6) a Fugitive Apprehension Unit officer after October 31, 2000, who is employed
49.8 by the Office of Special Investigations of the Department of Corrections and who is a
49.9 peace officer under section 626.84;

49.10 (7) an employee of the Department of Commerce defined as a peace officer in section
49.11 626.84, subdivision 1, paragraph (c), who is employed by the Division of Insurance Fraud
49.12 Prevention under section 45.0135 after January 1, 2005, and who has not attained the
49.13 mandatory retirement age specified in section 43A.34, subdivision 4; and

49.14 (8) an employee of the Department of Public Safety, who is a licensed peace officer
49.15 under section 626.84, subdivision 1, paragraph (c), and is employed as the statewide
49.16 coordinator of the Gang and Drug Oversight Council.

49.17 Subd. 11. **Normal duties.** "Normal duties" means specific tasks which are
49.18 designated in the member's job description and which the applicant performs on a
49.19 day-to-day basis, but do not include less frequent duties which may be requested to be
49.20 done by the employer from time to time.

49.21 Subd. 12. **Regular disability.** "Regular disability" means a physical or
49.22 psychological condition that is expected to prevent a member, for a period of not less than
49.23 12 months, from performing the normal duties of the position held by a person who is a
49.24 member of the State Patrol retirement plan, and which results from a disease or an injury
49.25 that arises from any activities while not at work, or while at work and performing those
49.26 normal or less frequent duties that do not present inherent dangers that are specific to the
49.27 occupations covered by the State Patrol retirement plan.

49.28 Subd. 13. **Surviving spouse.** "Surviving spouse" means a member's or former
49.29 member's legally married spouse who resided with the member or former member at the
49.30 time of death and was married to the member or former member, for a period of at least
49.31 one year, during or before the time of membership.

49.32 **EFFECTIVE DATE.** (a) Except as provided in paragraph (b), this section is
49.33 effective July 1, 2009.

50.1 (b) Subdivision 3, paragraph (a), clause (1), is effective retroactively from July
50.2 1, 1969, and allowable service on the records of the State Patrol retirement plan credit
50.3 consistent with that provision is validated.

50.4 Sec. 16. Minnesota Statutes 2008, section 352B.02, subdivision 1, is amended to read:

50.5 Subdivision 1. **Fund created; membership.** A State Patrol retirement fund is
50.6 established. Its membership consists of all persons defined in section ~~352B.01, subdivision~~
50.7 352B.011, subdivision 10.

50.8 **EFFECTIVE DATE.** This section is effective July 1, 2009.

50.9 Sec. 17. **[352B.085] SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES**
50.10 **OF ABSENCE.**

50.11 A member on leave of absence receiving temporary workers' compensation
50.12 payments and a reduced salary or no salary from the employer who is entitled to allowable
50.13 service credit for the period of absence under section 352B.011, subdivision 3, paragraph
50.14 (b), may make payment to the fund for the difference between salary received, if any,
50.15 and the salary that the member would normally receive if the member was not on leave
50.16 of absence during the period. The member shall pay an amount equal to the member
50.17 and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on
50.18 the differential salary amount for the period of the leave of absence. The employing
50.19 department, at its option, may pay the employer amount on behalf of the member. Payment
50.20 made under this subdivision must include interest at the rate of 8.5 percent per year, and
50.21 must be completed within one year of the member's return from the leave of absence.

50.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

50.23 Sec. 18. **[352B.086] SERVICE CREDIT FOR UNIFORMED SERVICE.**

50.24 (a) A member who is absent from employment by reason of service in the uniformed
50.25 services, as defined in United States Code, title 38, section 4303(13), and who returns to
50.26 state employment in a position covered by the plan upon discharge from service in the
50.27 uniformed services within the time frame required in United States Code, title 38, section
50.28 4312(e), may obtain service credit for the period of the uniformed service, provided that
50.29 the member did not separate from uniformed service with a dishonorable or bad conduct
50.30 discharge or under other than honorable conditions.

50.31 (b) The member may obtain credit by paying into the fund an equivalent member
50.32 contribution based on the member contribution rate or rates in effect at the time that
50.33 the uniformed service was performed multiplied by the full and fractional years being
50.34 purchased and applied to the annual salary rate. The annual salary rate is the average

51.1 annual salary during the purchase period that the member would have received if the
 51.2 member had continued to provide employment services to the state rather than to provide
 51.3 uniformed service, or if the determination of that rate is not reasonably certain, the annual
 51.4 salary rate is the member's average salary rate during the 12-month period of covered
 51.5 employment rendered immediately preceding the purchase period.

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

51.11 (d) If the member equivalent contributions provided for in this subdivision are not
 51.12 paid in full, the member's allowable service credit must be prorated by multiplying the
 51.13 full and fractional number of years of uniformed service eligible for purchase by the
 51.14 ratio obtained by dividing the total member contributions received by the total member
 51.15 contributions otherwise required under this subdivision.

51.16 (e) To receive allowable service credit under this subdivision, the contributions
 51.17 specified in this section must be transmitted to the fund during the period which begins
 51.18 with the date on which the individual returns to state employment covered by the plan and
 51.19 which has a duration of three times the length of the uniformed service period, but not
 51.20 to exceed five years. If the determined payment period is calculated to be less than one
 51.21 year, the contributions required under this subdivision to receive service credit may be
 51.22 within one year from the discharge date.

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

51.26 (g) The employing unit shall pay interest on all equivalent member and employer
 51.27 contribution amounts payable under this section. Interest must be computed at a rate of
 51.28 8.5 percent compounded annually from the end of each fiscal year of the leave or break in
 51.29 service to the end of the month in which payment is received.

51.30 **EFFECTIVE DATE.** This section is effective July 1, 2009.

51.31 Sec. 19. Minnesota Statutes 2008, section 352B.10, subdivision 1, is amended to read:

51.32 Subdivision 1. ~~Injuries; payment amounts~~ Duty disability. A member who
 51.33 ~~becomes disabled and who is expected to be physically or mentally unfit to perform duties~~
 51.34 ~~for at least one year as a direct result of an injury, sickness, or other disability that incurred~~
 51.35 ~~in or arose out of any act of duty~~ is determined to qualify for duty disability as defined in

52.1 section 352B.011, subdivision 7, is entitled to receive a duty disability benefits benefit
 52.2 while disabled. The benefits must be paid in monthly ~~installments~~. The duty disability
 52.3 benefit is an amount equal to the member's average monthly salary multiplied by 60
 52.4 percent, plus an additional percent equal to that specified in section 356.315, subdivision
 52.5 6, for each year and pro rata for completed months of service in excess of 20 years, if any.

52.6 **EFFECTIVE DATE.** This section is effective July 1, 2009.

52.7 Sec. 20. Minnesota Statutes 2008, section 352B.10, subdivision 2, is amended to read:

52.8 Subd. 2. ~~Disabled while not on duty~~ **Regular disability benefit.** If A member with
 52.9 at least one year of service ~~becomes disabled and is expected to be physically or mentally~~
 52.10 ~~unfit to perform the duties of the position for at least one year because of sickness or injury~~
 52.11 ~~that occurred while not engaged in covered employment, the individual who qualifies for~~
 52.12 a regular disability benefit as defined in section 352B.011, subdivision 12, is entitled to
 52.13 a regular disability benefits benefit . The regular disability benefit must be computed as if
 52.14 the individual were 55 years old at the date of disability and as if the annuity was payable
 52.15 under section 352B.08. If a regular disability under this subdivision occurs after one year
 52.16 of service but before 15 years of service, the regular disability benefit must be computed
 52.17 as though the individual had credit for 15 years of service.

52.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

52.19 Sec. 21. Minnesota Statutes 2008, section 352B.10, is amended by adding a
 52.20 subdivision to read:

52.21 Subd. 2a. **Applying for benefits; accrual.** No application for disability benefits
 52.22 shall be made until after the last day physically on the job. The disability benefit shall
 52.23 begin to accrue the day following the last day for which the employee is paid sick leave
 52.24 or annual leave but not earlier than 180 days before the date the application is filed. A
 52.25 member who is terminated must file a written application within the time frame specified
 52.26 under section 352.113, subdivision 4, paragraph (e).

52.27 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
 52.28 benefit applicants whose last day of public employment was after June 30, 2009.

52.29 Sec. 22. Minnesota Statutes 2008, section 352B.10, subdivision 5, is amended to read:

52.30 Subd. 5. **Optional annuity.** A disabilitant may elect, in lieu of spousal survivorship
 52.31 coverage under section 352B.11, subdivisions 2b and 2c, the normal disability benefit or
 52.32 an optional annuity as provided in section 352B.08, subdivision 3. The choice of an
 52.33 optional annuity must be made in writing, on a form prescribed by the executive director,

53.1 and must be made before the commencement of the payment of the disability benefit, or
53.2 within 90 days before reaching age ~~65~~ 55 or before reaching the five-year anniversary
53.3 of the effective date of the disability benefit, whichever is later. The optional annuity
53.4 is effective on the date on which the disability benefit begins to accrue, or the month
53.5 following the attainment of age ~~65~~ 55 or following the five-year anniversary of the
53.6 effective date of the disability benefit, whichever is later.

53.7 **EFFECTIVE DATE.** This section is effective July 1, 2009, and applies to disability
53.8 benefit applicants whose last day of public employment was after June 30, 2009.

53.9 Sec. 23. Minnesota Statutes 2008, section 352B.11, subdivision 2, is amended to read:

53.10 Subd. 2. **Death; payment to dependent children; family maximums.** (a) Each
53.11 dependent child, as defined in section ~~352B.01, subdivision 10~~ 352B.011, subdivision 6, is
53.12 entitled to receive a monthly annuity equal to ten percent of the average monthly salary
53.13 of the deceased member.

53.14 (b) A dependent child over 18 and under 23 years of age also may receive the
53.15 monthly benefit provided in this section if the child is continuously attending an accredited
53.16 school as a full-time student during the normal school year as determined by the director.
53.17 If the child does not continuously attend school, but separates from full-time attendance
53.18 during any part of a school year, the annuity must cease at the end of the month of
53.19 separation.

53.20 (c) In addition, a payment of \$20 per month must be prorated equally to the
53.21 surviving dependent children when the former member is survived by more than one
53.22 dependent child.

53.23 (d) Payments for the benefit of any dependent child must be made to the surviving
53.24 spouse, or if there is none, to the legal guardian of the child.

53.25 (e) The monthly benefit for any one family, including a surviving spouse benefit, if
53.26 applicable, must not be less than 50 percent nor exceed 70 percent of the average monthly
53.27 salary of the deceased member.

53.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

53.29 Sec. 24. **REPEALER.**

53.30 Minnesota Statutes 2008, section 352B.01, subdivisions 1, 2, 3, 3b, 4, 6, 7, 9, 10,
53.31 and 11, are repealed.

53.32 **EFFECTIVE DATE.** This section is effective July 1, 2009.

ARTICLE 3**STATE CORRECTIONAL RETIREMENT PLAN
MEMBERSHIP CHANGES**

54.1
54.2
54.3

54.4 Section 1. Minnesota Statutes 2008, section 352.91, subdivision 3d, is amended to read:

54.5 Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means
54.6 service by a state employee in one of the employment positions at a correctional facility or
54.7 at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the
54.8 employee's working time is spent in direct contact with inmates or patients and the fact of
54.9 this direct contact is certified to the executive director by the appropriate commissioner.

54.10 (b) The employment positions are:

54.11 (1) automotive mechanic;

54.12 (2) baker;

54.13 ~~(2)~~ (3) central services administrative specialist, intermediate;

54.14 ~~(3)~~ (4) central services administrative specialist, principal;

54.15 ~~(4)~~ (5) chaplain;

54.16 ~~(5)~~ (6) chief cook;

54.17 ~~(6)~~ (7) cook;

54.18 ~~(7)~~ (8) cook coordinator;

54.19 ~~(8)~~ (9) corrections program therapist 1;

54.20 ~~(9)~~ (10) corrections program therapist 2;

54.21 ~~(10)~~ (11) corrections program therapist 3;

54.22 ~~(11)~~ (12) corrections program therapist 4;

54.23 ~~(12)~~ (13) corrections inmate program coordinator;

54.24 ~~(13)~~ (14) corrections transitions program coordinator;

54.25 ~~(14)~~ (15) corrections security caseworker;

54.26 ~~(15)~~ (16) corrections security caseworker career;

54.27 ~~(16)~~ (17) corrections teaching assistant;

54.28 ~~(17)~~ (18) delivery van driver;

54.29 ~~(18)~~ (19) dentist;

54.30 ~~(19)~~ (20) electrician supervisor;

54.31 ~~(20)~~ (21) general maintenance worker lead;

54.32 ~~(21)~~ (22) general repair worker;

54.33 ~~(22)~~ (23) library/information research services specialist;

54.34 ~~(23)~~ (24) library/information research services specialist senior;

54.35 ~~(24)~~ (25) library technician;

54.36 ~~(25)~~ (26) painter lead;

- 55.1 ~~(26)~~ (27) plant maintenance engineer lead;
- 55.2 ~~(27)~~ (28) plumber supervisor;
- 55.3 ~~(28)~~ (29) psychologist 1;
- 55.4 ~~(29)~~ (30) psychologist 3;
- 55.5 ~~(30)~~ (31) recreation therapist;
- 55.6 ~~(31)~~ (32) recreation therapist coordinator;
- 55.7 ~~(32)~~ (33) recreation program assistant;
- 55.8 ~~(33)~~ (34) recreation therapist senior;
- 55.9 ~~(34)~~ (35) sports medicine specialist;
- 55.10 ~~(35)~~ (36) work therapy assistant;
- 55.11 ~~(36)~~ (37) work therapy program coordinator; and
- 55.12 ~~(37)~~ (38) work therapy technician.

55.13 **EFFECTIVE DATE.** This section is effective retroactively from May 29, 2007.

55.14 Sec. 2. **MSRS-CORRECTIONAL; ELIMINATION OF CERTAIN POSITION**
 55.15 **FROM COVERAGE.**

55.16 Notwithstanding any provision of Minnesota Statutes, section 352.91, to the contrary,
 55.17 including Minnesota Statutes, section 352.91, subdivision 2, "covered correctional service"
 55.18 does not mean service rendered by a state employee as an automotive mechanic lead.

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

55.20 **ARTICLE 4**

55.21 **ADMINISTRATIVE PROVISIONS**

55.22 Section 1. Minnesota Statutes 2008, section 43A.346, subdivision 2, is amended to
 55.23 read:

55.24 Subd. 2. **Eligibility.** (a) This section applies to a terminated state employee who:
 55.25 (1) for at least the five years immediately preceding separation under clause (2),
 55.26 was regularly scheduled to work 1,044 or more hours per year in a position covered by
 55.27 a pension plan administered by the Minnesota State Retirement System or the Public
 55.28 Employees Retirement Association;

55.29 (2) terminated state or Metropolitan Council employment;

55.30 (3) at the time of termination under clause (2), met the age and service requirements
 55.31 necessary to receive an unreduced retirement annuity from the plan and satisfied
 55.32 requirements for the commencement of the retirement annuity or, for a terminated
 55.33 employee under the unclassified employees retirement plan, met the age and service
 55.34 requirements necessary to receive an unreduced retirement annuity from the plan and

56.1 satisfied requirements for the commencement of the retirement annuity or elected a
56.2 lump-sum payment; and

56.3 (4) agrees to accept a postretirement option position with the same or a different
56.4 appointing authority, working a reduced schedule that is both (i) a reduction of at least 25
56.5 percent from the employee's number of previously regularly scheduled work hours; and
56.6 (ii) 1,044 hours or less in state or Metropolitan Council service.

56.7 (b) For purposes of this section, an unreduced retirement annuity includes a
56.8 retirement annuity computed under a provision of law which permits retirement, without
56.9 application of an earlier retirement reduction factor, whenever age plus years of allowable
56.10 service total at least 90.

56.11 (c) For purposes of this section, as it applies to ~~staff~~ state employees who are
56.12 members of the Public Employees Retirement Association who are at least age 62, the
56.13 length of separation requirement and termination of service requirement prohibiting return
56.14 to work agreements under section 353.01, subdivisions 11a and 28, are not applicable.

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

56.16 Sec. 2. Minnesota Statutes 2008, section 43A.346, subdivision 6, is amended to read:

56.17 Subd. 6. **Duration.** Postretirement option employment shall be for an initial period
56.18 not to exceed one year. During that period, the appointing authority may not modify the
56.19 conditions specified in the written offer without the person's consent, except as required
56.20 by law or by the collective bargaining agreement or compensation plan applicable to the
56.21 person. At the end of the initial period, the appointing authority has sole discretion to
56.22 determine if the offer of a postretirement option position will be renewed, renewed with
56.23 modifications, or terminated. ~~If the person is under age 62, an offer of renewal and any~~
56.24 ~~related verbal offer or agreement must not be made until at least 30 days after termination~~
56.25 ~~of the person's previous postretirement option employment.~~ Postretirement option
56.26 employment may be renewed for periods of up to one year, not to exceed a total duration
56.27 of five years. No person shall be employed in one or a combination of postretirement
56.28 option positions under this section for a total of more than five years.

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

56.30 Sec. 3. Minnesota Statutes 2008, section 352B.02, subdivision 1a, is amended to read:

56.31 Subd. 1a. **Member contributions.** (a) ~~Each~~ The member shall pay a sum equal to
56.32 the following contribution is 10.40 percent of the member's salary, which constitutes the
56.33 member contribution to the fund.

57.1	before July 1, 2007	8.40
57.2	from July 1, 2007, to June 30, 2008	9.10
57.3	from July 1, 2008, to June 30, 2009	9.80
57.4	from July 1, 2009, and thereafter	10.40

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

57.7 **EFFECTIVE DATE.** This section is effective July 1, 2009.

57.8 Sec. 4. Minnesota Statutes 2008, section 352B.02, subdivision 1c, is amended to read:

57.9 Subd. 1c. **Employer contributions.** (a) In addition to member contributions,
57.10 department heads shall pay a sum equal to ~~the following~~ 15.60 percent of the salary upon
57.11 which deductions were made, which shall constitute the employer contribution to the fund;

57.12	before July 1, 2007	12.60
57.13	from July 1, 2007, to June 30, 2008	13.60
57.14	from July 1, 2008, to June 30, 2009	14.60
57.15	from July 1, 2009, and thereafter	15.60

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

57.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

57.19 Sec. 5. Minnesota Statutes 2008, section 353.01, subdivision 16, is amended to read:

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

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

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

57.27 ~~(2)~~ (3) service in years during which the public employee was not a member but for
57.28 which the member later elected, while a member, to obtain credit by making payments to
57.29 the fund as permitted by any law then in effect;

57.30 ~~(3)~~ (4) a period of authorized leave of absence with pay from which deductions for
57.31 employee contributions are made, deposited, and credited to the fund;

57.32 ~~(4)~~ (5) a period of authorized personal, parental, or medical leave of absence without
57.33 pay, including a leave of absence covered under the federal Family Medical Leave Act,
57.34 that does not exceed one year, and for which a member obtained service credit for each

58.1 month in the leave period by payment under section 353.0161 to the fund made in place of
58.2 salary deductions. An employee must return to public service and render a minimum of
58.3 three months of allowable service in order to be eligible to make payment under section
58.4 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
58.5 employee must be granted allowable service credit for the purchased period;

58.6 ~~(5)~~ (6) a periodic, repetitive leave that is offered to all employees of a governmental
58.7 subdivision. The leave program may not exceed 208 hours per annual normal work
58.8 cycle as certified to the association by the employer. A participating member obtains
58.9 service credit by making employee contributions in an amount or amounts based on the
58.10 member's average salary that would have been paid if the leave had not been taken. The
58.11 employer shall pay the employer and additional employer contributions on behalf of the
58.12 participating member. The employee and the employer are responsible to pay interest on
58.13 their respective shares at the rate of 8.5 percent a year, compounded annually, from the
58.14 end of the normal cycle until full payment is made. An employer shall also make the
58.15 employer and additional employer contributions, plus 8.5 percent interest, compounded
58.16 annually, on behalf of an employee who makes employee contributions but terminates
58.17 public service. The employee contributions must be made within one year after the end of
58.18 the annual normal working cycle or within ~~20~~ 30 days after termination of public service,
58.19 whichever is sooner. The executive director shall prescribe the manner and forms to be
58.20 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
58.21 payment, the member must be granted allowable service credit for the purchased period;

58.22 ~~(6)~~ (7) an authorized temporary or seasonal layoff under subdivision 12, limited
58.23 to three months allowable service per authorized temporary or seasonal layoff in one
58.24 calendar year. An employee who has received the maximum service credit allowed for an
58.25 authorized temporary or seasonal layoff must return to public service and must obtain a
58.26 minimum of three months of allowable service subsequent to the layoff in order to receive
58.27 allowable service for a subsequent authorized temporary or seasonal layoff; ~~or~~

58.28 ~~(7)~~ (8) a period during which a member is absent from employment by a
58.29 governmental subdivision by reason of service in the uniformed services, as defined in
58.30 United States Code, title 38, section 4303(13), if the member returns to public service with
58.31 the same governmental subdivision upon discharge from service in the uniformed service
58.32 within the time frames required under United States Code, title 38, section 4312(e),
58.33 provided that the member did not separate from uniformed service with a dishonorable or
58.34 bad conduct discharge or under other than honorable conditions. The service is credited
58.35 if the member pays into the fund equivalent employee contributions based upon the
58.36 contribution rate or rates in effect at the time that the uniformed service was performed

59.1 multiplied by the full and fractional years being purchased and applied to the annual salary
59.2 rate. The annual salary rate is the average annual salary during the purchase period that
59.3 the member would have received if the member had continued to be employed in covered
59.4 employment rather than to provide uniformed service, or, if the determination of that
59.5 rate is not reasonably certain, the annual salary rate is the member's average salary rate
59.6 during the 12-month period of covered employment rendered immediately preceding the
59.7 period of the uniformed service. Payment of the member equivalent contributions must
59.8 be made during a period that begins with the date on which the individual returns to
59.9 public employment and that is three times the length of the military leave period, or
59.10 within five years of the date of discharge from the military service, whichever is less. If
59.11 the determined payment period is less than one year, the contributions required under
59.12 this clause to receive service credit may be made within one year of the discharge date.
59.13 Payment may not be accepted following ~~20~~ 30 days after termination of public service
59.14 under subdivision 11a. If the member equivalent contributions provided for in this clause
59.15 are not paid in full, the member's allowable service credit must be prorated by multiplying
59.16 the full and fractional number of years of uniformed service eligible for purchase by the
59.17 ratio obtained by dividing the total member contributions received by the total member
59.18 contributions otherwise required under this clause. The equivalent employer contribution,
59.19 and, if applicable, the equivalent additional employer contribution must be paid by the
59.20 governmental subdivision employing the member if the member makes the equivalent
59.21 employee contributions. The employer payments must be made from funds available to
59.22 the employing unit, using the employer and additional employer contribution rate or
59.23 rates in effect at the time that the uniformed service was performed, applied to the same
59.24 annual salary rate or rates used to compute the equivalent member contribution. The
59.25 governmental subdivision involved may appropriate money for those payments. The
59.26 amount of service credit obtainable under this section may not exceed five years unless a
59.27 longer purchase period is required under United States Code, title 38, section 4312. The
59.28 employing unit shall pay interest on all equivalent member and employer contribution
59.29 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
59.30 compounded annually from the end of each fiscal year of the leave or the break in service
59.31 to the end of the month in which the payment is received. Upon payment, the employee
59.32 must be granted allowable service credit for the purchased period; or
59.33 (9) a period specified under subdivision 40.

59.34 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
59.35 state officers and employees displaced by the Community Corrections Act, chapter 401,
59.36 and transferred into county service under section 401.04, "allowable service" means the

60.1 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
60.2 section 352.01, subdivision 11.

60.3 (c) For a public employee who has prior service covered by a local police or
60.4 firefighters relief association that has consolidated with the Public Employees Retirement
60.5 Association or to which section 353.665 applies, and who has elected the type of benefit
60.6 coverage provided by the public employees police and fire fund either under section
60.7 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
60.8 service" is a period of service credited by the local police or firefighters relief association
60.9 as of the effective date of the consolidation based on law and on bylaw provisions
60.10 governing the relief association on the date of the initiation of the consolidation procedure.

60.11 (d) No member may receive more than 12 months of allowable service credit in a
60.12 year either for vesting purposes or for benefit calculation purposes.

60.13 (e) MS 2002 [Expired]

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

60.15 Sec. 6. Minnesota Statutes 2008, section 353.01, subdivision 16b, is amended to read:

60.16 Subd. 16b. **Uncredited military service credit purchase.** (a) A public employee
60.17 who has at least three years of allowable service with the Public Employees Retirement
60.18 Association or the public employees police and fire plan and who performed service in the
60.19 United States armed forces before becoming a public employee, or who failed to obtain
60.20 service credit for a military leave of absence under subdivision 16, paragraph ~~(a)~~ (a),
60.21 clause 7, is entitled to purchase allowable service credit for the initial period of enlistment,
60.22 induction, or call to active duty without any voluntary extension by making payment under
60.23 section 356.551. This authority is voided if the public employee has ~~not~~ purchased service
60.24 credit from any other Minnesota defined benefit public employee pension plan, other than
60.25 a volunteer fire plan, for the same period of service, or if the separation from the United
60.26 States armed forces was under less than honorable conditions.

60.27 (b) A public employee who desires to purchase service credit under paragraph
60.28 (a) must apply with the executive director to make the purchase. The application must
60.29 include all necessary documentation of the public employee's qualifications to make the
60.30 purchase, signed written permission to allow the executive director to request and receive
60.31 necessary verification of applicable facts and eligibility requirements, and any other
60.32 relevant information that the executive director may require.

60.33 (c) Allowable service credit for the purchase period must be granted by the
60.34 Public Employees Retirement Association or the public employees police and fire plan,
60.35 whichever applies, to the purchasing public employee upon receipt of the purchase

61.1 payment amount. Payment must be made before the ~~effective date of retirement of the~~
 61.2 ~~public employee~~ employee's termination of public service or termination of membership,
 61.3 whichever is earlier.

61.4 (d) This subdivision is repealed July 1, 2013.

61.5 **EFFECTIVE DATE.** This section is effective the day after final enactment.

61.6 Sec. 7. Minnesota Statutes 2008, section 353.0161, subdivision 1, is amended to read:

61.7 Subdivision 1. **Application.** This section applies to employees covered by any plan
 61.8 specified in this chapter or chapter 353E for any period of authorized leave of absence
 61.9 specified in section 353.01, subdivision 16, paragraph (a), clause ~~(4)~~ (5), for which the
 61.10 employee obtains credit for allowable service by making payment as specified in this
 61.11 section to the applicable fund.

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

61.13 Sec. 8. Minnesota Statutes 2008, section 353.27, subdivision 2, is amended to read:

61.14 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
 61.15 contribution is ~~the following applicable percentage of the total~~ 9.10 percent of salary
 61.16 ~~amount for a "basic member" and.~~ For a "coordinated member": coordinated member,
 61.17 the employee contribution is six percent of salary plus any contribution rate adjustment
 61.18 under subdivision 3b.

	Basic Program	Coordinated Program
61.19		
61.20	Effective before January 1, 2006	9.10 5.10
61.21	Effective January 1, 2006	9.10 5.50
61.22	Effective January 1, 2007	9.10 5.75
61.23	Effective January 1, 2008	9.10 6.00 plus any contribution
61.24		rate adjustment under
61.25		subdivision 3b

61.26 (b) These contributions must be made by deduction from salary as defined in section
 61.27 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
 61.28 member's salary is paid from other than public funds, the member's employee contribution
 61.29 must be based on the total salary received by the member from all sources.

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

61.31 Sec. 9. Minnesota Statutes 2008, section 353.27, subdivision 3, is amended to read:

61.32 Subd. 3. **Employer contribution.** (a) For a basic member, the employer
 61.33 contribution is ~~the following applicable percentage of the total~~ 9.10 percent of salary
 61.34 ~~amount for "basic members" and.~~ For "coordinated members": a coordinated member,

62.1 the employer contribution is six percent of salary plus any contribution rate adjustment
 62.2 under subdivision 3b.

62.3	Basic Program	Coordinated Program
62.4	Effective before January 1, 2006	9.10 5.10
62.5	Effective January 1, 2006	9.10 5.50
62.6	Effective January 1, 2007	9.10 5.75
62.7	Effective January 1, 2008	9.10 6.00 plus any contribution
62.8		rate adjustment under
62.9		subdivision 3b

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

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

62.13 Sec. 10. Minnesota Statutes 2008, section 353.27, subdivision 7, is amended to read:

62.14 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
 62.15 as provided in paragraph (b), erroneous employee deductions and erroneous employer
 62.16 contributions and additional employer contributions for a person, who otherwise does not
 62.17 qualify for membership under this chapter, are considered:

62.18 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
 62.19 determination of the error by the association, the person may continue membership in the
 62.20 association while employed in the same position for which erroneous deductions were
 62.21 taken, or file a written election to terminate membership and apply for a refund upon
 62.22 termination of public service or defer an annuity under section 353.34; or

62.23 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
 62.24 1990. Upon determination of the error, the association shall refund all erroneous employee
 62.25 deductions and all erroneous employer contributions as specified in paragraph (d). No
 62.26 person may claim a right to continued or past membership in the association based on
 62.27 erroneous deductions which began on or after January 1, 1990.

62.28 (b) Erroneous deductions taken from the salary of a person who did not qualify
 62.29 for membership in the association by virtue of concurrent employment before July 1,
 62.30 1978, which required contributions to another retirement fund or relief association
 62.31 established for the benefit of officers and employees of a governmental subdivision, are
 62.32 invalid. Upon discovery of the error, the association shall remove all invalid service and,
 62.33 upon termination of public service, the association shall refund all erroneous employee
 62.34 deductions to the person, with interest as determined under section 353.34, subdivision 2,
 62.35 and all erroneous employer contributions without interest to the employer. This paragraph
 62.36 has both retroactive and prospective application.

63.1 (c) Adjustments to correct employer contributions and employee deductions taken in
 63.2 error from amounts which are not salary under section 353.01, subdivision 10, are invalid
 63.3 upon discovery by the association and must be refunded made as specified in paragraph
 63.4 ~~(d)~~ (e), except that the period of adjustment must be limited to the fiscal year in which the
 63.5 error is discovered by the association and the immediate two preceding fiscal years.

63.6 (d) If there is evidence of fraud or other misconduct on the part of the employee or
 63.7 the employer, the board of trustees may authorize adjustments to the account of a member
 63.8 or former member to correct erroneous employee deductions and employer contributions
 63.9 on invalid salary and the recovery of any overpayments for a period longer than provided
 63.10 for under paragraph (c).

63.11 ~~(d)~~ (e) Upon discovery of the receipt of erroneous employee deductions and
 63.12 employer contributions under paragraph (a), clause (2), or paragraph (c), the association
 63.13 must require the employer to discontinue the erroneous employee deductions and
 63.14 erroneous employer contributions reported on behalf of a member. Upon discontinuation,
 63.15 the association either must refund:

63.16 (1) for a member, provide a refund or credit to the employer in the amount of the
 63.17 invalid employee deductions to the person without interest and with interest on the
 63.18 employee deductions as determined under section 353.34, subdivision 2, and the employer
 63.19 must pay the refunded employee deductions plus interest to the member;

63.20 (2) for a former member who:

63.21 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
 63.22 deductions to the former member through a refund with interest as determined under
 63.23 section 353.34, subdivision 2; or

63.24 (ii) is receiving a retirement annuity or disability benefit, or a person who is
 63.25 receiving an optional annuity or survivor benefit, for whom it has been determined an
 63.26 overpayment must be recovered, adjust the payment amount and recover the overpayments
 63.27 as provided under this section; and

63.28 (3) return the invalid employer contributions reported on behalf of a member
 63.29 or former member to the employer or provide by providing a credit against future
 63.30 contributions payable by the employer for the amount of all erroneous deductions and
 63.31 contributions. If the employing unit receives a credit under this paragraph, the employing
 63.32 unit is responsible for refunding to the applicable employee any amount that had been
 63.33 erroneously deducted from the person's salary. In the event that a retirement annuity or
 63.34 disability benefit has been computed using invalid service or salary, the association must
 63.35 adjust the annuity or benefit and recover any overpayment under subdivision 7b.

64.1 ~~(e)~~ (f) In the event that a salary warrant or check from which a deduction for the
 64.2 retirement fund was taken has been canceled or the amount of the warrant or check
 64.3 returned to the funds of the department making the payment, a refund of the sum
 64.4 deducted, or any portion of it that is required to adjust the deductions, must be made
 64.5 to the department or institution.

64.6 ~~(f) Any refund to a member under this subdivision that is reasonably determined~~
 64.7 ~~to cause the plan to fail to be a qualified plan under section 401(a) of the federal~~
 64.8 ~~Internal Revenue Code, as amended, may not be refunded and instead must be credited~~
 64.9 ~~against future contributions payable by the employer. The employer receiving the~~
 64.10 ~~credit is responsible for refunding to the applicable employee any amount that had been~~
 64.11 ~~erroneously deducted from the person's salary.~~

64.12 (g) If the association discovers, within three years of the accrual date of any
 64.13 retirement annuity, survivor benefit, or disability benefit that an overpayment has resulted
 64.14 by using invalid service or salary, or due to any erroneous calculation procedure, the
 64.15 association must recalculate the annuity or benefit payable and recover any overpayment
 64.16 as provided under subdivision 7b.

64.17 (h) Notwithstanding the provisions of this subdivision, the association may apply the
 64.18 Revenue Procedures defined in the Internal Revenue Service Employee Plans Compliance
 64.19 Resolution System and not issue a refund of erroneous employee deductions and employer
 64.20 contributions or not recover a small overpayment of benefits if the cost to correct the error
 64.21 would exceed the amount of the member refund or overpayment.

64.22 (i) Any fees or penalties assessed by the Internal Revenue Service for any failure
 64.23 by an employer to follow the statutory requirements for reporting eligible members and
 64.24 salary must be paid by the employer.

64.25 **EFFECTIVE DATE.** (a) This section is effective the day following enactment
 64.26 except that the statute of limitations under paragraphs (c) and (g) does not apply to any
 64.27 adjustments or corrections already in process.

64.28 (b) The interest required on deductions in error as provided in paragraph (e) must
 64.29 be applied to any refunds paid on or after June 1, 2009.

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

64.31 Subd. 7b. **Recovery of overpayments to members.** (a) In the event of an
 64.32 overpayment to a member, retiree, beneficiary, or other person, the executive director shall
 64.33 recover the overpayment by suspending or reducing the payment of a retirement annuity,
 64.34 refund, disability benefit, survivor benefit, or optional annuity payable to the applicable
 64.35 person or the person's estate, whichever applies, under this chapter until all outstanding

65.1 ~~money has been recovered.~~ determines that an overpaid annuity or benefit that is the result
65.2 of invalid salary included in the average salary used to calculate the payment amount must
65.3 be recovered, the association must determine the amount of the employee deductions
65.4 taken in error on the invalid salary, with interest as determined under 353.34, subdivision
65.5 2, and must subtract that amount from the total annuity or benefit overpayment, and the
65.6 remaining balance of the overpaid annuity or benefit, if any, must be recovered.

65.7 (b) If the invalid employee deductions plus interest exceed the amount of the
65.8 overpaid benefits, the balance must be refunded to the person to whom the benefit or
65.9 annuity is being paid.

65.10 (c) Any invalid employer contributions reported on the invalid salary must be
65.11 credited to the employer as provided in subdivision 7, paragraph (e).

65.12 (d) If a member or former member, who is receiving a retirement annuity or
65.13 disability benefit for which an overpayment is being recovered, dies before recovery of
65.14 the overpayment is completed and a joint and survivor optional annuity is payable, the
65.15 remaining balance of the overpaid annuity or benefit must continue to be recovered from
65.16 the payment to the optional annuity beneficiary.

65.17 (e) If the association finds that a refund has been overpaid to a former member,
65.18 beneficiary or other person, the amount of the overpayment must be recovered.

65.19 (f) The board of trustees shall adopt policies directing the period of time and manner
65.20 for the collection of any overpaid retirement or optional annuity, and survivor or disability
65.21 benefit, or a refund that the executive director determines must be recovered as provided
65.22 under this section.

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

65.24 Sec. 12. Minnesota Statutes 2008, section 353.33, subdivision 1, is amended to read:

65.25 Subdivision 1. **Age, service, and salary requirements.** A coordinated or basic
65.26 member who has at least three years of allowable service and becomes totally and
65.27 permanently disabled before normal retirement age, ~~and a basic member who has at least~~
65.28 ~~three years of allowable service and who becomes totally and permanently disabled,~~ upon
65.29 application as defined under section 353.031, is entitled to a disability benefit in an amount
65.30 determined under subdivision 3. If the disabled person's public service has terminated
65.31 at any time, at least two of the required three years of allowable service must have been
65.32 rendered after last becoming an active member.

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

66.1 Sec. 13. Minnesota Statutes 2008, section 353.33, is amended by adding a subdivision
66.2 to read:

66.3 Subd. 1a. **Benefit restriction.** No person is entitled to receive disability benefits
66.4 and a retirement annuity at the same time.

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

66.6 Sec. 14. Minnesota Statutes 2008, section 353.33, subdivision 11, is amended to read:

66.7 Subd. 11. **Coordinated member disabilitant transfer to retirement status.** ~~No~~
66.8 ~~person is entitled to receive disability benefits and a retirement annuity at the same time.~~

66.9 The disability benefits paid to a coordinated member must terminate when the person
66.10 reaches normal retirement age. If the coordinated member is still totally and permanently
66.11 disabled upon attaining normal retirement age, the coordinated member is deemed to be on
66.12 retirement status. If an optional annuity is elected under subdivision 3a, the coordinated
66.13 member shall receive an annuity under the terms of the optional annuity previously
66.14 elected, or, if an optional annuity is not elected under subdivision 3a, the coordinated
66.15 member may elect to receive a normal retirement annuity under section 353.29 or an
66.16 annuity equal to the disability benefit paid before the coordinated member reaches normal
66.17 retirement age, whichever amount is greater, or elect to receive an optional annuity
66.18 under section 353.30, subdivision 3. The annuity of a disabled coordinated member who
66.19 attains normal retirement age must be computed under the law in effect upon attainment
66.20 of normal retirement age. Election of an optional annuity must be made before the
66.21 coordinated member attains normal retirement age. If an optional annuity is elected, the
66.22 election is effective on the date on which the person attains normal retirement age and
66.23 the optional annuity begins to accrue on the first day of the month next following the
66.24 month in which the person attains that age.

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

66.26 Sec. 15. Minnesota Statutes 2008, section 353.33, subdivision 12, is amended to read:

66.27 Subd. 12. **Basic ~~disability~~ disabilitant transfer to retirement status; survivor**
66.28 **benefits.** (a) If a basic member who is receiving a disability benefit under subdivision 3:

66.29 (1) dies before attaining age 65 or within five years of the effective date of the
66.30 disability, whichever is later, the surviving spouse is entitled to receive a survivor
66.31 benefit under section 353.31, ~~unless~~ and any dependent child or children are entitled to
66.32 dependent child benefits under section 353.31, subdivision 1b, paragraph (b). If there are
66.33 no dependent children, in lieu of the survivor benefit specified under section 353.31, the
66.34 surviving spouse ~~elected~~ may elect to receive a refund under section 353.32, subdivision 1;

67.1 ~~(2)~~ (b) If a basic member who is receiving a disability benefit under subdivision 3 is
 67.2 living at age 65 or five years after the effective date of the disability, whichever is later, the
 67.3 basic member may ~~continue to~~ receive a normal retirement annuity equal to the disability
 67.4 benefit previously received, adjusted for the amount no longer payable under subdivision
 67.5 3, paragraph (b), or the person may elect a joint and survivor optional annuity under
 67.6 section 353.31, subdivision 1b. The election of the joint and survivor optional annuity
 67.7 must occur within 90 days of attaining age 65 or of reaching the five-year anniversary
 67.8 of the effective date of the disability benefit, whichever is later. The optional annuity
 67.9 takes effect on the first day of the month following the month in which the person attains
 67.10 age 65 or reaches the five-year anniversary of the effective date of the disability benefit,
 67.11 whichever is later; ~~or~~.

67.12 ~~(3) if there is a dependent child or children under clause (1) or (2), the dependent~~
 67.13 ~~child is entitled to a dependent child benefit under section 353.31, subdivision 1b,~~
 67.14 ~~paragraph (b).~~

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

67.16 Sec. 16. Minnesota Statutes 2008, section 353.65, subdivision 2, is amended to read:

67.17 Subd. 2. **Employee contribution rate.** ~~(a)~~ The employee contribution is ~~an amount~~
 67.18 ~~equal to the~~ 9.4 percent of the ~~total~~ salary of the member ~~specified in paragraph (b).~~ This
 67.19 contribution must be made by deduction from salary in the manner provided in subdivision
 67.20 4. Where any portion of a member's salary is paid from other than public funds, the
 67.21 member's employee contribution is based on the total salary received from all sources.

67.22 ~~(b) For calendar year 2006, the employee contribution rate is 7.0 percent. For~~
 67.23 ~~calendar year 2007, the employee contribution rate is 7.8 percent. For calendar year 2008,~~
 67.24 ~~the employee contribution rate is 8.6 percent. For calendar year 2009 and thereafter, the~~
 67.25 ~~employee contribution rate is 9.4 percent.~~

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

67.27 Sec. 17. Minnesota Statutes 2008, section 353.65, subdivision 3, is amended to read:

67.28 Subd. 3. **Employer contribution rate.** ~~(a)~~ The employer contribution ~~shall be an~~
 67.29 ~~amount equal to the~~ is 14.1 percent of the ~~total~~ salary of ~~every the~~ member ~~as specified in~~
 67.30 ~~paragraph (b).~~ This contribution ~~shall~~ must be made from funds available to the employing
 67.31 subdivision by the means and in the manner provided in section 353.28.

67.32 ~~(b) For calendar year 2006, the employer contribution rate is 10.5 percent. For~~
 67.33 ~~calendar year 2007, the employer contribution rate is 11.7 percent. For calendar year 2008,~~

68.1 ~~the employer contribution rate is 12.9 percent. For calendar year 2009 and thereafter, the~~
68.2 ~~employer contribution rate is 14.1 percent.~~

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

68.4 Sec. 18. Minnesota Statutes 2008, section 353A.08, subdivision 6a, is amended to read:

68.5 Subd. 6a. **Military service contribution and refund.** A person who was an active
68.6 member of a local police or firefighters relief association upon its consolidation with the
68.7 public employees retirement association, and who was otherwise eligible for automatic
68.8 service credit for military service under Minnesota Statutes 2000, section 423.57, and
68.9 who has not elected the type of benefit coverage provided by the public employees
68.10 police and fire fund at the time of consolidation, must make employee contributions
68.11 under section 353.01, subdivision 16, paragraph ~~(h)~~ (a), clause (8), to receive allowable
68.12 service credit from the association for a military service leave after the effective date of the
68.13 consolidation. A person who later elects, under subdivision 3, to retain benefit coverage
68.14 under the bylaws of the local relief association is eligible for a refund from the association
68.15 at the time of retirement. The association shall refund the employee contributions
68.16 plus interest at the rate of six percent, compounded quarterly, from the date on which
68.17 contributions were made until the first day of the month in which the refund is paid. The
68.18 employer shall receive a refund of the employer contributions. The association shall not
68.19 pay a refund to a person who later elects, under subdivision 3, the type of benefit coverage
68.20 provided by the public employees police and fire fund or to the person's employer.

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

68.22 Sec. 19. Minnesota Statutes 2008, section 353F.02, subdivision 4, is amended to read:

68.23 Subd. 4. **Medical facility.** "Medical facility" means:

68.24 (1) Bridges Medical Services;

68.25 (2) the City of Cannon Falls Hospital;

68.26 (3) Clearwater County Memorial Hospital doing business as Clearwater Health
68.27 Services in Bagley;

68.28 (4) the Dassel Lakeside Community Home;

68.29 (5) the Fair Oaks Lodge, Wadena;

68.30 (6) the Glencoe Area Health Center;

68.31 (7) Hutchinson Area Health Care;

68.32 (8) the Lakefield Nursing Home;

68.33 (9) the Lakeview Nursing Home in Gaylord;

68.34 (10) the Luverne Public Hospital;

- 69.1 (11) the Oakland Park Nursing Home;
- 69.2 (12) the RenVilla Nursing Home;
- 69.3 (13) the Rice Memorial Hospital in Willmar, with respect to the Department of
- 69.4 Radiology and the Department of Radiation/Oncology;
- 69.5 (14) the St. Peter Community Health Care Center;
- 69.6 (15) the Waconia-Ridgeview Medical Center; ~~and~~
- 69.7 (16) the Weiner Memorial Medical Center, Inc.; and
- 69.8 (17) the Worthington Regional Hospital.

69.9 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota

69.10 Statutes, section 353F.02, subdivision 3.

69.11 Sec. 20. Minnesota Statutes 2008, section 354.05, is amended by adding a subdivision

69.12 to read:

69.13 **Subd. 42. Fiscal year.** The fiscal year of the association begins on July 1 of each

69.14 calendar year and ends on June 30 of the following calendar year.

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

69.16 Sec. 21. Minnesota Statutes 2008, section 354.42, subdivision 2, is amended to read:

69.17 Subd. 2. **Employee contribution.** (a) For a basic member, the employee

69.18 contribution to the fund is an amount equal to the following percentage 9.0 percent of the

69.19 member's salary of a member. For a coordinated member, the employee contribution is

69.20 5.5 percent of the member's salary.

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

69.22 ~~Minneapolis, 5.5 percent if the teacher is a coordinated member, and 9.0 percent if the~~

69.23 ~~teacher is a basic member;~~

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

69.25 ~~coordinated member and 9.0 percent if the teacher is a basic member.~~

69.26 (b) This contribution must be made by deduction from salary. Where any portion

69.27 of a member's salary is paid from other than public funds, the member's employee

69.28 contribution must be based on the entire salary received.

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

69.30 Sec. 22. Minnesota Statutes 2008, section 354.44, subdivision 4, is amended to read:

69.31 Subd. 4. **Retirement annuity accrual date.** (a) An annuity payment begins to

69.32 accrue, provided that the age and service requirements under subdivision 1 are satisfied,

70.1 after the termination of teaching service, or after the application for retirement has been
70.2 filed with the ~~board, whichever is later~~ executive director, as follows:

70.3 (1) on the ~~16th day of~~ after the month of termination or filing if the termination or
70.4 ~~filing occurs on or before the 15th day of the month~~ of teaching service;

70.5 (2) on the ~~first day of the month following the month of termination or filing if~~
70.6 ~~the termination or filing occurs on or after the 16th day of the month~~ day of receipt of
70.7 application if the application is filed with the executive director after the six-month period
70.8 that occurs immediately following the termination of teaching service;

70.9 (3) on July 1 for all school principals and other administrators who receive a full
70.10 annual contract salary during the fiscal year for performance of a full year's contract
70.11 duties; or

70.12 ~~(4) a later date to be either the first or the 16th day of a month occurring within the~~
70.13 ~~six-month period immediately following the termination of teaching service as specified~~
70.14 ~~under paragraph (b) by the member.~~

70.15 ~~(b) (4)~~ If an application for retirement is filed with the ~~board~~ executive director
70.16 during the six-month period that occurs immediately following the termination of teaching
70.17 service, the annuity may begin to accrue as if the application for retirement had been filed
70.18 with the board on the date teaching service terminated ~~or a later date under paragraph~~
70.19 ~~(a), clause (4).~~

70.20 (b) A member, or a person authorized to act on behalf of the member, may specify a
70.21 different date of retirement from that determined in paragraph (a), as follows:

70.22 (1) if the application is filed on or before the date of termination of teaching service,
70.23 the accrual date may be a date no earlier than the day after the termination of teaching
70.24 service and no later than six months after the termination date; or

70.25 (2) if the application is filed during the six-month period that occurs immediately
70.26 following the termination of teaching service, the accrual date may begin to accrue
70.27 retroactively, but no earlier than the day after teaching service terminated and no later
70.28 than six months after the termination date.

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

70.30 Sec. 23. Minnesota Statutes 2008, section 354.44, subdivision 5, is amended to read:

70.31 Subd. 5. **Resumption of teaching service after retirement.** (a) Any person who
70.32 retired under the provisions of this chapter and has thereafter resumed teaching in any
70.33 employer unit to which this chapter applies is eligible to continue to receive payments in
70.34 accordance with the annuity except that all or a portion of the annuity payments must be
70.35 deferred during the calendar year immediately following ~~any calendar~~ the fiscal year in

71.1 which the person's salary from the teaching service is in an amount greater than \$46,000.
 71.2 The amount of the annuity deferral is one-half of the salary amount in excess of \$46,000
 71.3 and must be deducted from the annuity payable for the calendar year immediately
 71.4 following the ~~calendar~~ fiscal year in which the excess amount was earned.

71.5 (b) If the person is retired for only a fractional part of the ~~calendar~~ fiscal year during
 71.6 the initial year of retirement, the maximum reemployment salary exempt from triggering a
 71.7 deferral as specified in this subdivision must be prorated for that ~~calendar~~ fiscal year.

71.8 (c) After a person has reached the Social Security normal retirement age, no deferral
 71.9 requirement is applicable regardless of the amount of salary.

71.10 (d) The amount of the retirement annuity deferral must be handled or disposed
 71.11 of as provided in section 356.47.

71.12 (e) For the purpose of this subdivision, salary from teaching service includes, but is
 71.13 not limited to:

71.14 (1) all income for services performed as a consultant or an independent contractor
 71.15 for an employer unit covered by the provisions of this chapter; and

71.16 (2) the greater of either the income received or an amount based on the rate paid
 71.17 with respect to an administrative position, consultant, or independent contractor in an
 71.18 employer unit with approximately the same number of pupils and at the same level as the
 71.19 position occupied by the person who resumes teaching service.

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

71.21 Sec. 24. Minnesota Statutes 2008, section 354.47, subdivision 1, is amended to read:

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

71.30 (b) If a member dies before retirement and is covered under section 354.44,
 71.31 subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit
 71.32 described in section 354.46, subdivision 1, is payable to the survivors if the member
 71.33 was a basic member, then the surviving spouse, or if there is no surviving spouse,
 71.34 the designated beneficiary is entitled to an amount equal to the member's accumulated
 71.35 deductions credited to the account of the member as of June 30, 1957, and from July 1,

72.1 1957, to the date of death of the member, the member's accumulated deductions plus
72.2 six percent interest compounded annually.

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

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

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

72.9 Sec. 25. Minnesota Statutes 2008, section 354.48, subdivision 4, is amended to read:

72.10 Subd. 4. **Determination by executive director.** (a) The executive director shall
72.11 have the member examined by at least two licensed physicians, licensed chiropractors,
72.12 or licensed psychologists ~~selected by the medical adviser.~~

72.13 (b) These physicians, chiropractors, or psychologists with respect to a mental
72.14 impairment, shall make written reports to the executive director concerning the member's
72.15 disability, including expert opinions as to whether or not the member is permanently and
72.16 totally disabled within the meaning of section 354.05, subdivision 14.

72.17 (c) The executive director shall also obtain written certification from the last
72.18 employer stating whether or not the member was separated from service because of
72.19 a disability which would reasonably prevent further service to the employer and as a
72.20 consequence the member is not entitled to compensation from the employer.

72.21 (d) If, upon the consideration of the reports of the physicians, chiropractors, or
72.22 psychologists and any other evidence presented by the member or by others interested
72.23 therein, the executive director finds that the member is totally and permanently disabled,
72.24 the executive director shall grant the member a disability benefit.

72.25 (e) An employee who is placed on leave of absence without compensation because
72.26 of disability is not barred from receiving a disability benefit.

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

72.28 Sec. 26. Minnesota Statutes 2008, section 354.48, subdivision 6, is amended to read:

72.29 Subd. 6. **Regular physical examinations.** At least once each year during the first
72.30 five years following the allowance of a disability benefit to any member, and at least once
72.31 in every three-year period thereafter, the executive director ~~shall~~ may require the disability
72.32 ~~beneficiary~~ recipient to undergo an expert examination by a physician or physicians,
72.33 by a chiropractor or chiropractors, or by one or more psychologists with respect to a
72.34 mental impairment, engaged by the executive director. If an examination indicates that the

73.1 member is no longer permanently and totally disabled or that the member is engaged or is
 73.2 able to engage in a substantial gainful occupation, payments of the disability benefit by
 73.3 the association must be discontinued. The payments must be discontinued as soon as the
 73.4 member is reinstated to the payroll following sick leave, but payment may not be made for
 73.5 more than 60 days after the physicians, the chiropractors, or the psychologists engaged by
 73.6 the executive director find that the person is no longer permanently and totally disabled.

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

73.8 Sec. 27. Minnesota Statutes 2008, section 354.49, subdivision 2, is amended to read:

73.9 Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1,
 73.10 any person who ceases to be a member by reason of termination of teaching service,
 73.11 shall receive a refund in an amount equal to the accumulated deductions credited to the
 73.12 account as of June 30, 1957, and after July 1, 1957, the accumulated deductions with
 73.13 interest at the rate of six percent per annum compounded annually. For the purpose of
 73.14 this subdivision, interest shall be computed on fiscal year end balances to the first day of
 73.15 the month in which the refund is issued.

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

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

73.19 Sec. 28. Minnesota Statutes 2008, section 354.52, subdivision 2a, is amended to read:

73.20 Subd. 2a. **Annual Postretirement income reports reporting.** ~~On or before each~~
 73.21 ~~February 15, a representative authorized by an~~ Each employing unit must report to the
 73.22 executive director the amount of income earned during the previous ~~calendar~~ fiscal year
 73.23 by each retiree for teaching service performed after retirement. This ~~annual report must be~~
 73.24 shall be done through the payroll reporting system and is based on reemployment income
 73.25 ~~as defined in section 354.44, subdivision 5, and it must be made on a form provided by the~~
 73.26 ~~executive director. Signing~~ Submitting the report salary data through payroll reporting
 73.27 has the force and effect of an oath as to the correctness of the amount of postretirement
 73.28 reemployment income earned.

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

73.30 Sec. 29. Minnesota Statutes 2008, section 354.52, subdivision 4b, is amended to read:

73.31 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide
 73.32 the following data to the association for payroll warrants on an ongoing basis within 14

74.1 calendar days after the date of the payroll warrant in a format prescribed by the executive
74.2 director:

74.3 (1) association member number;

74.4 (2) employer-assigned employee number;

74.5 (3) Social Security number;

74.6 (4) amount of each salary deduction;

74.7 (5) amount of salary as defined in section 354.05, subdivision 35, from which each
74.8 deduction was made;

74.9 (6) reason for payment;

74.10 (7) service credit;

74.11 (8) the beginning and ending dates of the payroll period covered and the date
74.12 of actual payment;

74.13 (9) fiscal year of salary earnings;

74.14 (10) total remittance amount including employee, employer, and additional employer
74.15 contributions; ~~and~~

74.16 (11) reemployed annuitant salary under section 354.44, subdivision 5; and

74.17 ~~(11)~~ (12) other information as may be required by the executive director.

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

74.19 Sec. 30. **[354.543] PRIOR OR UNCREDITED MILITARY SERVICE CREDIT**
74.20 **PURCHASE.**

74.21 Subdivision 1. Service credit purchase authorized. (a) If paragraph (b) does not
74.22 apply, a teacher who has at least three years of allowable service credit with the Teachers
74.23 Retirement Association and who performed service in the United States armed forces
74.24 before becoming a teacher as defined in section 354.05, subdivision 2, or who failed
74.25 to obtain service credit for a military leave of absence under the provisions of section
74.26 354.53, is entitled to purchase allowable and formula service credit for the initial period of
74.27 enlistment, induction, or call to active duty without any voluntary extension by making
74.28 payment under section 356.551.

74.29 (b) A service credit purchase is prohibited if:

74.30 (1) the teacher separated from service with the United States armed forces with a
74.31 dishonorable or bad conduct discharge or under other than honorable conditions; or

74.32 (2) the teacher has purchased or otherwise received service credit from any
74.33 Minnesota defined benefit public employee pension plan, other than a volunteer fire plan,
74.34 for the same period of service.

75.1 Subd. 2. **Application and documentation.** A teacher who desires to purchase
75.2 service credit under subdivision 1 must apply with the executive director to make the
75.3 purchase. The application must include all necessary documentation of the teacher's
75.4 qualifications to make the purchase, signed written permission to allow the executive
75.5 director to request and receive necessary verification of applicable facts and eligibility
75.6 requirements, and any other relevant information that the executive director may require.

75.7 Subd. 3. **Service credit grant.** Allowable and formula service credit for the
75.8 purchase period must be granted by the Teachers Retirement Association to the purchasing
75.9 teacher upon receipt of the purchase payment amount. Payment must be made before the
75.10 teacher's termination of teaching service.

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

75.12 Sec. 31. Minnesota Statutes 2008, section 354.55, subdivision 11, is amended to read:

75.13 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
75.14 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
75.15 accumulated deductions in the fund for the purpose of receiving a deferred annuity at
75.16 retirement. ~~Eligibility for an annuity under this subdivision is governed pursuant to~~
75.17 ~~section 354.44, subdivision 1, or 354.60.~~

75.18 (b) The amount of the deferred retirement annuity is determined by section 354.44,
75.19 subdivision 6, and augmented as provided in this subdivision. The required reserves
75.20 ~~related to that portion of~~ for the annuity which had accrued when the member ceased to
75.21 render teaching service must be augmented, as further specified in this subdivision, by
75.22 interest compounded annually from the first day of the month following the month during
75.23 which the member ceased to render teaching service to the effective date of retirement.

75.24 (c) There shall be no augmentation if ~~this~~ the deferral period is less than three months
75.25 or if ~~this period commences prior to~~ deferral commenced before July 1, 1971. ~~The rates of~~
75.26 ~~interest used for this purpose must be five percent compounded annually commencing~~
75.27 ~~July 1, 1971, until January 1, 1981, and three percent compounded annually thereafter~~
75.28 ~~until January 1 of the year following the year in which the former member attains age 55~~
75.29 ~~and from that date to the effective date of retirement, the rate is five percent compounded~~
75.30 ~~annually if the employee became an employee before July 1, 2006, and at 2.5 percent~~
75.31 ~~compounded annually if the employee becomes an employee after June 30, 2006.~~

75.32 (d) For persons who became covered employees before July 1, 2006, with a deferral
75.33 period commencing after June 30, 1971, the annuity must be augmented using five
75.34 percent interest compounded annually until January 1, 1981, and three percent interest
75.35 compounded annually thereafter until January 1 of the year following the year in which

76.1 the deferred annuitant attains age 55. From that date to the effective date of retirement, the
76.2 rate is five percent compounded annually.

76.3 (e) For persons who become covered employees after June 30, 2006, the interest rate
76.4 used to augment the deferred annuity is 2.5 percent interest compounded annually.

76.5 (f) If a person has more than one period of uninterrupted service, a separate average
76.6 salary determined under section 354.44, subdivision 6, must be used for each period and
76.7 the required reserves related to each period must be augmented by interest pursuant to as
76.8 specified in this subdivision. The sum of the augmented required reserves ~~so determined~~
76.9 ~~shall be the basis for purchasing~~ is the present value of the ~~deferred~~ annuity. For the
76.10 purposes of this subdivision, "period of uninterrupted service" means a period of covered
76.11 teaching service during which the member has not been separated from active service for
76.12 more than one fiscal year.

76.13 (g) If a person repays a refund, the service restored by the repayment must be
76.14 considered as continuous with the next period of service for which the person has
76.15 allowable service credit ~~with this fund~~ in the Teachers Retirement Association.

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

76.20 (i) The mortality table and interest assumption used to compute the annuity must be
76.21 the applicable mortality table established by the board under section 354.07, subdivision
76.22 1, and the interest rate assumption under section 356.215 in effect when the member
76.23 retires. ~~A period of uninterrupted service for the purposes of this subdivision means a~~
76.24 ~~period of covered teaching service during which the member has not been separated from~~
76.25 ~~active service for more than one fiscal year.~~

76.26 ~~(e)~~ (j) In no case shall the annuity payable under this subdivision be less than the
76.27 amount of annuity payable pursuant to under section 354.44, subdivision 6.

76.28 ~~(d)~~ (k) The requirements and provisions for retirement before normal retirement
76.29 age contained in section 354.44, subdivision 6, ~~clause (3) or (5)~~, shall also apply to an
76.30 employee fulfilling the requirements with a combination of service as provided in section
76.31 354.60.

76.32 ~~(e)~~ (l) The augmentation provided by this subdivision applies to the benefit provided
76.33 in section 354.46, subdivision 2.

76.34 ~~(f)~~ (m) The augmentation provided by this subdivision shall not apply to any period
76.35 in which a person is on an approved leave of absence from an employer unit covered
76.36 by the provisions of this chapter.

77.1 ~~(g)~~ (n) The retirement annuity or disability benefit of, or the survivor benefit payable
77.2 on behalf of, a former teacher who terminated service before July 1, 1997, which is not
77.3 first payable until after June 30, 1997, must be increased on an actuarial equivalent basis
77.4 to reflect the change in the postretirement interest rate actuarial assumption under section
77.5 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
77.6 tables adopted by the board as recommended by an approved actuary and approved by the
77.7 actuary retained under section 356.214.

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

77.9 Sec. 32. Minnesota Statutes 2008, section 354A.096, is amended to read:

77.10 **354A.096 MEDICAL LEAVE.**

77.11 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
77.12 Association or the new law coordinated program of the Duluth Teachers Retirement Fund
77.13 Association who is on an authorized medical leave of absence and subsequently returns
77.14 to teaching service is entitled to receive allowable service credit, not to exceed one year,
77.15 for the period of leave, upon making the prescribed payment to the fund. This payment
77.16 must include the required employee and employer contributions at the rates specified in
77.17 section 354A.12, subdivisions 1 and ~~2~~ 2a, as applied to the member's average full-time
77.18 monthly salary rate on the date the leave of absence commenced plus annual interest at
77.19 the rate of 8.5 percent per year from the end of the fiscal year during which the leave
77.20 terminates to the end of the month during which payment is made. The member must pay
77.21 the total amount required unless the employing unit, at its option, pays the employer
77.22 contributions. The total amount required must be paid by the end of the fiscal year
77.23 following the fiscal year in which the leave of absence terminated or before the member
77.24 retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or
77.25 action of the employing authority granting the leave and the employing authority, upon
77.26 granting the leave, must certify the leave to the association in a manner specified by the
77.27 executive director. A member may not receive more than one year of allowable service
77.28 credit during any fiscal year by making payment under this section. A member may not
77.29 receive disability benefits under section 354A.36 and receive allowable service credit
77.30 under this section for the same period of time.

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

77.32 Sec. 33. Minnesota Statutes 2008, section 354A.12, subdivision 2a, is amended to read:

78.1 Subd. 2a. **Employer regular and additional ~~contribution rates~~ contributions.**

78.2 (a) The employing units shall make the following employer contributions to teachers
78.3 retirement fund associations:

78.4 ~~(1) for any coordinated member of a teachers retirement fund association in a city of~~
78.5 ~~the first class, the employing unit shall pay the employer Social Security taxes;~~

78.6 ~~(2)~~ for any coordinated member of one of the following teachers retirement fund
78.7 associations in a city of the first class, the employing unit shall make a regular employer
78.8 contribution to the respective retirement fund association in an amount equal to the
78.9 designated percentage of the salary of the coordinated member as provided below:

78.10 Duluth Teachers Retirement
78.11 Fund Association 4.50 percent

78.12 St. Paul Teachers Retirement
78.13 Fund Association 4.50 percent

78.14 ~~(3)~~ (2) for any basic member of the St. Paul Teachers Retirement Fund Association,
78.15 the employing unit shall make a regular employer contribution to the respective retirement
78.16 fund in an amount equal to 8.00 percent of the salary of the basic member;

78.17 ~~(4)~~ (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the
78.18 employing unit shall make an additional employer contribution to the respective fund in
78.19 an amount equal to 3.64 percent of the salary of the basic member;

78.20 ~~(5)~~ (4) for a coordinated member of a teachers retirement fund association in a city
78.21 of the first class, the employing unit shall make an additional employer contribution to
78.22 the respective fund in an amount equal to the applicable percentage of the coordinated
78.23 member's salary, as provided below:

78.24 Duluth Teachers Retirement
78.25 Fund Association 1.29 percent

78.26 St. Paul Teachers Retirement
78.27 Fund Association 3.84 percent

78.28 ~~July 1, 1993 - June 30, 1994~~ ~~0.50 percent~~

78.29 ~~July 1, 1994 - June 30, 1995~~ ~~1.50 percent~~

78.30 ~~July 1, 1997, and thereafter~~ ~~3.84 percent~~

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

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

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

79.1 Sec. 34. Minnesota Statutes 2008, section 354A.12, is amended by adding a
79.2 subdivision to read:

79.3 Subd. 6. **Erroneous salary deductions or direct payments.** (a) Deductions taken
79.4 from the salary of an employee for the retirement fund in error must be refunded to the
79.5 employee upon the discovery of the error and after the verification of the error by the
79.6 employing unit making the deduction. The corresponding employer contribution and
79.7 additional employer contribution amounts attributable to the erroneous salary deduction
79.8 must be refunded to the employing unit.

79.9 (b) If salary deductions and employer contributions were erroneously transmitted
79.10 to the retirement fund and should have been transmitted to another Minnesota public
79.11 pension plan, the executive director must transfer these salary deductions and employer
79.12 contributions to the appropriate public pension fund without interest. For purposes of this
79.13 paragraph, a "Minnesota public pension plan" means a plan specified in section 356.30,
79.14 subdivision 3, or the plan governed by chapter 354B.

79.15 (c) A potential transfer under paragraph (b) that would cause the plan to fail to be a
79.16 qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not
79.17 be made by the executive director. Within 30 days after being notified by the executive
79.18 director of the appropriate teachers retirement fund association of an unmade potential
79.19 transfer under this paragraph, the employer of the affected person must transmit an
79.20 amount representing the applicable salary deductions and employer contributions, without
79.21 interest, to the retirement fund of the appropriate Minnesota public pension plan fund.
79.22 The retirement association must provide a credit for the amount of the erroneous salary
79.23 deductions and employer contributions against future contributions from the employer.

79.24 (d) Erroneous direct payments of member-paid contributions or erroneous salary
79.25 deductions that were not refunded during the regular payroll cycle processing must be
79.26 refunded to the member, plus interest computed using the rate and method specified in
79.27 section 354A.37, subdivision 3.

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

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

79.35 Sec. 35. Minnesota Statutes 2008, section 354A.36, subdivision 6, is amended to read:

80.1 Subd. 6. **Requirement for regular physical examinations.** At least once each year
80.2 during the first five years following the granting of a disability benefit to a coordinated
80.3 member by the board and at least once in every three year period thereafter, the board ~~shall~~
80.4 may require the disability benefit recipient to undergo an expert examination as a condition
80.5 for continued entitlement of the benefit recipient to receive a disability benefit. If the board
80.6 requires an examination, the expert examination must be made at the place of residence of
80.7 the disability benefit recipient or at any other place mutually agreeable to the disability
80.8 benefit recipient and the board. The expert examination must be made by a physician or
80.9 physicians, by a chiropractor or chiropractors, or by one or more psychologists engaged
80.10 by the board. The physician or physicians, the chiropractor or chiropractors, or the
80.11 psychologist or psychologists with respect to a mental impairment, conducting the expert
80.12 examination shall make a written report to the board concerning the disability benefit
80.13 recipient and the recipient's disability, including a statement of the expert opinion of
80.14 the physician, chiropractor, or psychologist as to whether or not the member remains
80.15 permanently and totally disabled within the meaning of section 354A.011, subdivision
80.16 14. If the board determines from consideration of the written expert examination report
80.17 of the physician, of the chiropractor, or of the psychologist, with respect to a mental
80.18 impairment, that the disability benefit recipient is no longer permanently and totally
80.19 disabled or if the board determines that the benefit recipient is engaged or is able to
80.20 engage in a gainful occupation, unless the disability benefit recipient is partially employed
80.21 under subdivision 7, then further disability benefit payments from the fund must be
80.22 discontinued. The discontinuation of disability benefits must occur immediately if the
80.23 disability recipient is reinstated to the district payroll following sick leave and within 60
80.24 days of the determination by the board following the expert examination and report of the
80.25 physician or physicians, chiropractor or chiropractors, or psychologist or psychologists
80.26 engaged by the board that the disability benefit recipient is no longer permanently and
80.27 totally disabled within the meaning of section 354A.011, subdivision 14.

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

80.29 Sec. 36. Minnesota Statutes 2008, section 356.401, subdivision 2, is amended to read:

80.30 Subd. 2. **Automatic deposits.** (a) The chief administrative officer of a covered
80.31 retirement plan may remit, through an automatic deposit system, annuity, benefit, or
80.32 refund payments only to a financial institution associated with the National Automated
80.33 Clearinghouse Association or a comparable successor organization that is trustee for a
80.34 person who is eligible to receive the annuity, benefit, or refund.

81.1 (b) Upon the request of a retiree, disabilitant, survivor, or former member, the chief
 81.2 administrative officer of a covered retirement plan may remit the annuity, benefit, or
 81.3 refund ~~check~~ payment to the applicable financial institution for deposit in the person's
 81.4 individual account or the person's joint account. If an overpayment of benefits is paid
 81.5 after the death of the annuitant or benefit recipient, the chief administrative officer of
 81.6 the pension plan is authorized to issue an administrative subpoena consistent with the
 81.7 requirements of section 13A.02, requiring the applicable financial institution to disclose
 81.8 the names of all joint and co-owners of the account and a description of all deposits to,
 81.9 and withdrawals from, the account which take place on or after the death of the annuitant
 81.10 or benefit recipient. An overpayment to a joint account after the death of the annuitant or
 81.11 benefit recipient must be repaid to the fund of the applicable covered retirement plan by
 81.12 the joint tenant if the overpayment is not repaid to that fund by the financial institution
 81.13 associated with the National Automated Clearinghouse Association or its successor. The
 81.14 governing board of the covered retirement plan may prescribe the conditions under which
 81.15 these payments may be made.

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

81.17 Sec. 37. Minnesota Statutes 2008, section 356.465, subdivision 1, is amended to read:

81.18 Subdivision 1. **Inclusion as recipient.** ~~Notwithstanding any provision to the~~
 81.19 ~~contrary of the laws, articles of incorporation, or bylaws governing a covered retirement~~
 81.20 ~~plan specified in subdivision 3,~~ A retiring member may designate a qualified supplemental
 81.21 needs trust under subdivision 2 as the remainder recipient on an optional retirement
 81.22 annuity form for a period not to exceed the lifetime of the beneficiary of the supplemental
 81.23 needs trust.

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

81.25 Sec. 38. Minnesota Statutes 2008, section 356.465, is amended by adding a subdivision
 81.26 to read:

81.27 Subd. 4. **Expanded eligibility.** (a) Notwithstanding subdivision 1, for a retirement
 81.28 plan specified in paragraph (b), a designation under subdivision 1 may be made by an
 81.29 active, disabled, deferred, or retiring member.

81.30 (b) The applicable plan is the Teachers Retirement Association.

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

81.32 Sec. 39. Minnesota Statutes 2008, section 356.611, subdivision 3, is amended to read:

82.1 Subd. 3. **Maximum benefit limitations.** A member's annual benefit, if necessary,
 82.2 must be reduced to the extent required by section 415(b) of the Internal Revenue Code,
 82.3 as adjusted by the United States secretary of the treasury under section 415(d) of the
 82.4 Internal Revenue Code for any applicable increases in the cost of living after the member's
 82.5 termination of employment. For purposes of section 415 of the Internal Revenue Code, the
 82.6 limitation year of a pension plan covered by this section must be the fiscal year or calendar
 82.7 year of that plan, whichever is applicable. ~~The accrued benefit limitation described in~~
 82.8 ~~section 415(e) of the Internal Revenue Code must cease to be effective for limitation~~
 82.9 ~~years beginning after December 31, 1999.~~

82.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

82.11 Sec. 40. Minnesota Statutes 2008, section 356.611, subdivision 4, is amended to read:

82.12 Subd. 4. **Compensation.** (a) For purposes of this section, compensation means a
 82.13 member's compensation actually paid or made available for any limitation year ~~determined~~
 82.14 ~~as provided by~~ including items described in treasury regulation section 1.415-2(d)(10)
 82.15 1.415(c)-2(b) and excluding items described in treasury regulation section 1.415(c)-2(c).

82.16 (b) Compensation for any period includes:

- 82.17 (1) any elective deferral as defined in section 402(g)(3) of the Internal Revenue Code;
- 82.18 (2) any elective amounts that are not includable in a member's gross income by
 82.19 reason of sections 125 or 457 of the Internal Revenue Code; and
- 82.20 (3) any elective amounts that are not includable in a member's gross income by
 82.21 reason of section 132(f)(4) of the Internal Revenue Code.

82.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

82.23 Sec. 41. Minnesota Statutes 2008, section 356.635, subdivision 6, is amended to read:

82.24 Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

- 82.25 (1) an individual retirement account under section 408(a) of the Internal Revenue
 82.26 Code;
- 82.27 (2) an individual retirement annuity plan under section 408(b) of the Internal
 82.28 Revenue Code;
- 82.29 (3) an annuity plan under section 403(a) of the Internal Revenue Code;
- 82.30 (4) a qualified trust plan under section 401(a) of the Internal Revenue Code that
 82.31 accepts the distributee's eligible rollover distribution;
- 82.32 (5) an annuity contract under section 403(b) of the Internal Revenue Code; ~~or~~

83.1 (6) an eligible deferred compensation plan under section 457(b) of the Internal
 83.2 Revenue Code, which is maintained by a state or local government and which agrees to
 83.3 separately account for the amounts transferred into the plan; or

83.4 (7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an
 83.5 individual account or annuity treated as an inherited individual retirement account under
 83.6 section 402(c)(11) of the Internal Revenue Code.

83.7 (b) For distributions of after-tax contributions which are not includable in gross
 83.8 income, the after-tax portion may be transferred only to an individual retirement account
 83.9 or annuity described in section 408(a) or (b) of the Internal Revenue Code, or to a qualified
 83.10 defined contribution plan described in either section 401(a) or 403(a) of the Internal
 83.11 Revenue Code, that agrees to separately account for the amounts transferred, including
 83.12 separately accounting for the portion of the distribution which is includable in gross
 83.13 income and the portion of the distribution which is not includable.

83.14 **EFFECTIVE DATE.** This section is effective July 1, 2009.

83.15 Sec. 42. Minnesota Statutes 2008, section 356.635, subdivision 7, is amended to read:

83.16 Subd. 7. **Distributee.** A "distributee" is:

83.17 (1) an employee or a former employee;

83.18 (2) the surviving spouse of an employee or former employee; ~~or~~

83.19 (3) the former spouse of the employee or former employee who is the alternate payee
 83.20 under a qualified domestic relations order as defined in section 414(p) of the Internal
 83.21 Revenue Code, or who is a recipient of a court-ordered equitable distribution of marital
 83.22 property, as provided in section 518.58; or

83.23 (4) a nonspousal beneficiary of an employee or former employee who qualifies
 83.24 for a distribution under the plan and is a designated beneficiary as defined in section
 83.25 401(a)(9)(E) of the Internal Revenue Code.

83.26 **EFFECTIVE DATE.** This section is effective July 1, 2009.

83.27 Sec. 43. Minnesota Statutes 2008, section 356.96, subdivision 5, is amended to read:

83.28 Subd. 5. **Petition for review.** (a) A person who claims a right under subdivision 2
 83.29 may petition for a review of that decision by the governing board of the covered pension
 83.30 plan.

83.31 (b) A petition under this section must be sent to the chief administrative officer by
 83.32 mail and must be postmarked no later than 60 days after the person received the notice
 83.33 required by subdivision 3. The petition must include the person's statement of the reason
 83.34 or reasons that the person believes the decision of the chief administrative officer should

84.1 be reversed or modified. The petition may include all documentation and written materials
 84.2 that the petitioner deems to be relevant. In developing a record for review by the board
 84.3 when a decision is appealed, the executive director may direct that the applicant participate
 84.4 in a fact-finding session conducted by an administrative law judge assigned by the Office
 84.5 of Administrative Hearings and, as applicable, a vocational assessment conducted by a
 84.6 qualified rehabilitation counselor on contract with the applicable retirement system.

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

84.8 Sec. 44. **REPEALER.**

84.9 Minnesota Statutes 2008, sections 354.06, subdivision 6; and 354.55, subdivision
 84.10 14, are repealed.

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

84.12 **ARTICLE 5**

84.13 **LOCAL GOVERNMENT POST RETIREMENT OPTION PROGRAM**

84.14 Section 1. Minnesota Statutes 2008, section 353.01, subdivision 11b, is amended to
 84.15 read:

84.16 Subd. 11b. **Termination of membership.** (a) "Termination of membership" means
 84.17 the conclusion of membership in the association for a person who has not terminated
 84.18 public service under subdivision 11a and occurs:

84.19 (1) when a person files a written election with the association to discontinue
 84.20 employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1);

84.21 (2) when a city manager files a written election with the association to discontinue
 84.22 employee deductions under section 353.028, subdivision 2; or

84.23 (3) when a member transfers to a temporary position and becomes excluded from
 84.24 membership under subdivision 2b, clause (4).

84.25 (4) when a member is approved to participate in the postretirement option authorized
 84.26 under section 353.371.

84.27 (b) The termination of membership under ~~clause~~ clauses (3) and (4) must be reported
 84.28 to the association by the governmental subdivision.

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

84.30 Sec. 2. **[353.371] POSTRETIREMENT OPTION.**

84.31 Subdivision 1. **Eligibility.** (a) This section applies to a basic or coordinated member
 84.32 of the Public Employees Retirement Association general plan who:

85.1 (1) for at least the five years immediately preceding separation under clause (2), was
85.2 regularly scheduled to work 1,044 or more hours per year in a position covered by the
85.3 pension plan administered by the Public Employees Retirement Association;

85.4 (2) terminates membership as defined under section 353.01, subdivision 11b;

85.5 (3) at the time of termination under clause (2), was at least age 62 and met the age
85.6 and service requirements necessary to receive a retirement annuity from the plan and
85.7 satisfied requirements for the commencement of the retirement annuity;

85.8 (4) agrees to accept a postretirement option position with the same or a different
85.9 governmental subdivision, working a reduced schedule that is both:

85.10 (i) a reduction of at least 25 percent from the employee's number of previously
85.11 regularly scheduled work hours; and

85.12 (ii) 1,044 hours or less in public; and

85.13 (5) is not eligible for participation in the state employee postretirement option
85.14 program under section 43A.346.

85.15 (b) For purposes of this section, the length of separation requirement and termination
85.16 of service requirement prohibiting return to work agreements under section 353.01,
85.17 subdivisions 11a and 28, are not applicable.

85.18 Subd. 2. **Annuity reduction not applicable.** Notwithstanding any law to the
85.19 contrary, the provisions of section 353.37 governing annuities of reemployed annuitants
85.20 shall not apply for the duration of a terminated member's employment in a postretirement
85.21 option position.

85.22 Subd. 3. **Governing body discretion.** The governing body of the governmental
85.23 subdivision has sole discretion to determine if and the extent to which a postretirement
85.24 option position under this section is available to a terminated member. Any offer of such
85.25 a position must be made in writing to the person by the governing body's designee in a
85.26 manner prescribed by the executive director.

85.27 Subd. 4. **Duration.** Postretirement option employment shall be for an initial period
85.28 not to exceed one year. At the end of the initial period, the governing body has sole
85.29 discretion to determine if the offer of a postretirement option position will be renewed,
85.30 renewed with modifications, or terminated. Postretirement option employment may be
85.31 renewed annually, but may not be renewed after the individual attains retirement age as
85.32 defined in United States Code, title 42, section 416(l).

85.33 Subd. 5. **Copy to fund.** The appointing authority shall provide the Public
85.34 Employees Retirement Association with documentation, as prescribed by the executive
85.35 director, of the terms of any agreement entered into with a member who accepts continuing

86.1 employment with the appointing authority under the terms of this section, and any
 86.2 subsequent renewal agreement.

86.3 Subd. 6. **No service credit.** Notwithstanding any law to the contrary, a person may
 86.4 not earn service credit in the Public Employees Retirement Association for employment
 86.5 covered under this section, and employer contributions and payroll deductions for
 86.6 the retirement fund must not be made based on earnings of a person working under an
 86.7 agreement covered by this section. No change shall be made to a monthly annuity or
 86.8 retirement allowance based on employment under this section.

86.9 Subd. 7. **Subsequent employment.** If a person has been in a postretirement option
 86.10 position and accepts any other position in public service beyond the period of time for
 86.11 which the person participated in the postretirement option provided under this section, the
 86.12 person may not earn service credit in the Public Employees Retirement Association, no
 86.13 employer contributions or payroll deductions for the retirement fund shall be made, and
 86.14 the provisions of section 353.37 shall apply.

86.15 **EFFECTIVE DATE.** This section is effective the day following final enactment
 86.16 and expires on June 30, 2011. Individuals must not be appointed to a postretirement option
 86.17 position after that date.

86.18 **ARTICLE 6**

86.19 **TEACHER RETIREMENT BENEFIT AND FUNDING CHANGES**

86.20 Section 1. Minnesota Statutes 2008, section 127A.50, subdivision 1, is amended to
 86.21 read:

86.22 Subdivision 1. **Aid adjustment.** Beginning in fiscal year 1998 and each year
 86.23 thereafter, the commissioner of education shall adjust state aid payments to school
 86.24 operating funds for Independent School District No. 625 and Independent School District
 86.25 No. 709 by the net amount of clauses (1) ~~and~~ (2), and (5), for Special School District
 86.26 No. 1 by the net amount of clauses (1), (2), ~~and~~ (4), and (5), and for all other districts,
 86.27 including charter schools, but excluding any education organizations that are prohibited
 86.28 from receiving direct state aids under section 123A.26 or 125A.75, subdivision 7, by the
 86.29 net amount of clauses (1), (2), (3), ~~and~~ (4), and (5):

86.30 (1) a decrease equal to each district's share of the fiscal year 1997 adjustment
 86.31 effected under Minnesota Statutes 1996, section 124.2139;

86.32 (2) an increase equal to one percent of the salaries paid to members of the general
 86.33 plan of the Public Employees Retirement Association in fiscal year 1997, multiplied by
 86.34 0.35 for fiscal year 1998 and 0.70 each year thereafter;

87.1 (3) a decrease equal to 2.34 percent of the salaries paid to members of the Teachers
87.2 Retirement Association in fiscal year 1997; ~~and~~

87.3 (4) an increase equal to 0.5 percent of the salaries paid to members of the Teachers
87.4 Retirement Association in fiscal year 2007-; and

87.5 (5) an increase equal to the specified percentage of the salaries paid to members of
87.6 the Teachers Retirement Association, the St. Paul Teachers Retirement Fund Association,
87.7 and the Duluth Teachers Retirement Fund Association in fiscal year 2012 as follows:

87.8 fiscal year 2012 0.5 percent

87.9 fiscal year 2013 0.5 percent

87.10 fiscal year 2014 0.5 percent

87.11 fiscal year 2015 and each fiscal year

87.12 thereafter 0.5 percent

87.13 **EFFECTIVE DATE.** This section is effective July 1, 2011.

87.14 Sec. 2. Minnesota Statutes 2008, section 354.05, subdivision 38, is amended to read:

87.15 Subd. 38. **Normal retirement age.** "Normal retirement age" means age 65 ~~for a~~
87.16 ~~person who first became a member of the association or a member of a pension fund listed~~
87.17 ~~in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a~~
87.18 ~~member of the association after June 30, 1989, normal retirement age means the higher~~
87.19 ~~of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l),~~
87.20 ~~as amended, but not to exceed age 66.~~ For a person with 30 years of service, normal
87.21 retirement age means age 62.

87.22 **EFFECTIVE DATE.** This section is effective July 1, 2011.

87.23 Sec. 3. Minnesota Statutes 2008, section 354.42, subdivision 2, is amended to read:

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

87.26 ~~(1) after July 1, 2006, for a teacher employed by Special School District No. 1,~~
87.27 ~~Minneapolis, 5.5 percent if the teacher is a coordinated member, and 9.0 percent if the~~
87.28 ~~teacher is a basic member;~~

87.29 ~~(2) for every other teacher, after July 1, 2006, 5.5 percent if the teacher is a~~
87.30 ~~coordinated member and 9.0 percent if the teacher is a basic member.~~

87.31 <u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
87.32 <u>(1) before July 1, 2011</u>	<u>5.5 percent</u>	<u>9 percent</u>
87.33 <u>(2) after June 30, 2011, and before July</u>		
87.34 <u>1, 2012</u>	<u>6 percent</u>	<u>9 percent</u>
87.35 <u>(3) after June 30, 2012, and before July</u>		
87.36 <u>1, 2013</u>	<u>6.5 percent</u>	<u>9 percent</u>

88.1 (4) unless paragraph (c) applies, after
 88.2 June 30, 2013, and before July 1, 2014 7 percent 9 percent

88.3 (5) unless paragraph (c) applies, after
 88.4 June 30, 2014 7.5 percent 9 percent

88.5 (b) When an employee contribution rate changes for a fiscal year, the new
 88.6 contribution rate is effective for the entire salary paid for each employer unit with the
 88.7 first payroll cycle reported.

88.8 (c) After July 1, 2012, a scheduled contribution increase under paragraph (a),
 88.9 clause (4) or (5), is suspended if the most recent actuarial valuation prepared under
 88.10 section 356.215 indicates that there is no contribution deficiency when the total employee
 88.11 contributions, employer contributions under subdivision 3, and direct state aid under
 88.12 section 354A.12 and chapter 422A are compared to the actuarial required contributions of
 88.13 the retirement plan.

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

88.17 **EFFECTIVE DATE.** This section is effective July 1, 2011.

88.18 Sec. 4. Minnesota Statutes 2008, section 354.42, subdivision 3, is amended to read:

88.19 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special
 88.20 School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an
 88.21 amount equal to 5.0 percent of the salary of each of its teachers who is a coordinated
 88.22 member and 9.0 percent of the salary of each of its teachers who is a basic member. After
 88.23 July 1, 2007, and before July 1, 2011, the regular employer contribution to the fund by
 88.24 Special School District No. 1, Minneapolis, is an amount equal to 5.5 percent of salary of
 88.25 each coordinated member and 9.5 percent of salary of each basic member. The additional
 88.26 employer contribution to the fund by Special School District No. 1, Minneapolis, after
 88.27 July 1, 2006, is an amount equal to 3.64 percent of the salary of each teacher who is a
 88.28 coordinated member or is a basic member. The regular employer contribution to the
 88.29 fund by Special School District No. 1, Minneapolis, is an amount equal to the following
 88.30 percentage of the salary of each teacher:

88.31 <u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
88.32 <u>(1) before July 1, 2011</u>	<u>5.5 percent</u>	<u>9.5 percent</u>
88.33 <u>(2) after June 30, 2011, and before July</u> 88.34 <u>1, 2012</u>	<u>6 percent</u>	<u>9.5 percent</u>
88.35 <u>(3) after June 30, 2012, and before July</u> 88.36 <u>1, 2013</u>	<u>6.5 percent</u>	<u>9.5 percent</u>

89.1	<u>(4) unless paragraph (d) applies, after</u>		
89.2	<u>June 30, 2013, and before July 1, 2014</u>	<u>7 percent</u>	<u>9.5 percent</u>
89.3	<u>(5) unless paragraph (d) applies, after</u>		
89.4	<u>June 30, 2014</u>	<u>7.5 percent</u>	<u>9.5 percent</u>

89.5 (b) When an employer contribution rate changes for a fiscal year, the new
 89.6 contribution rate is effective for the entire salary paid for each employer unit with the
 89.7 first payroll cycle reported.

89.8 ~~(b)~~ (c) The employer contribution to the fund for every other employer is an amount
 89.9 equal to 5.0 percent of the salary of each coordinated member and 9.0 percent of the salary
 89.10 of each basic member before July 1, 2007, and 5.5 percent of the salary of each coordinated
 89.11 member and 9.5 percent of the salary of each basic member after June 30, 2007, and
 89.12 before July 1, 2011. The regular employer contribution to the fund by every other
 89.13 employer is an amount equal to the following percentage of the salary of each teacher:

89.14	<u>Period</u>	<u>Coordinated Member</u>	<u>Basic Member</u>
89.15	<u>(1) after June 30, 2011, and before July</u>		
89.16	<u>1, 2012</u>	<u>6 percent</u>	<u>9.5 percent</u>
89.17	<u>(2) after June 30, 2012, and before July</u>		
89.18	<u>1, 2013</u>	<u>6.5 percent</u>	<u>9.5 percent</u>
89.19	<u>(3) unless paragraph (d) applies, after</u>		
89.20	<u>June 30, 2013, and before July 1, 2014</u>	<u>7 percent</u>	<u>9.5 percent</u>
89.21	<u>(4) unless paragraph (d) applies, after</u>		
89.22	<u>June 30, 2014</u>	<u>7.5 percent</u>	<u>9.5 percent</u>

89.23 (d) After July 1, 2012, a scheduled contribution increase under paragraph (a), clause
 89.24 (4) or (5), and paragraph (c), clause (3) or (4), is suspended if the most recent actuarial
 89.25 valuation prepared under section 356.215 indicates that there is no contribution deficiency
 89.26 when the total employee contributions, employer contributions under subdivision 3, and
 89.27 direct state aid under section 354A.12 and chapter 422A are compared to the actuarial
 89.28 required contributions of the retirement plan.

89.29 **EFFECTIVE DATE.** This section is effective July 1, 2011.

89.30 Sec. 5. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
 89.31 to read:

89.32 Subd. 4a. **Application.** This section applies to the Teachers Retirement Association
 89.33 under this chapter.

89.34 Sec. 6. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
 89.35 to read:

89.36 Subd. 4b. **Determination.** (a) For purposes of this section, a contribution
 89.37 sufficiency exists if, for purposes of the applicable plan, the total of the employee

90.1 contributions, the employer contributions, and any additional employer contributions, if
90.2 applicable, exceeds the total of the normal cost, the administrative expenses, and the
90.3 amortization contribution of the retirement plan as reported in the most recent actuarial
90.4 valuation of the retirement plan prepared by the actuary retained under section 356.214
90.5 and prepared under section 356.215 and the standards for actuarial work of the Legislative
90.6 Commission on Pensions and Retirement.

90.7 (b) For purposes of this section, a contribution deficiency exists if, for the applicable
90.8 plan, the total employee contributions, the employer contributions, and any additional
90.9 employer contributions are less than the total of the normal cost, the administrative
90.10 expenses, and the amortization contribution of the retirement plan as reported in the most
90.11 recent actuarial valuation of the retirement plan prepared by the actuary retained under
90.12 section 356.214 and prepared under section 356.215 and the standards for actuarial work
90.13 of the Legislative Commission on Pensions and Retirement.

90.14 Sec. 7. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
90.15 to read:

90.16 Subd. 4c. **Contribution rate revision.** Notwithstanding the contribution rate
90.17 provisions stated in plan law, the employee and employer contribution rates must be
90.18 adjusted:

90.19 (1) if after July 1, 2014, the regular actuarial valuations of the applicable plan under
90.20 section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal
90.21 to or greater than 0.5 percent of covered payroll for two consecutive years, the employee
90.22 and employer contribution rates for the applicable plan must be decreased as determined
90.23 under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of
90.24 covered payroll based on the most recent actuarial valuation; or

90.25 (2) if after July 1, 2014, the regular actuarial valuations of the applicable plan under
90.26 section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of
90.27 covered payroll for two consecutive years, the employee and employer contribution rates
90.28 for the applicable plan must be increased as determined under subdivision 4 to a level such
90.29 that no deficiency exists based on the most recent actuarial valuation.

90.30 Sec. 8. Minnesota Statutes 2008, section 354.42, is amended by adding a subdivision
90.31 to read:

90.32 Subd. 4d. **Reporting, commission review.** (a) The contribution rate increase
90.33 or decrease must be determined by the executive director of the Teachers Retirement
90.34 Association, must be reported to the chair and the executive director of the Legislative
90.35 Commission on Pensions and Retirement on or before the next February 1, and, if the

91.1 Legislative Commission on Pensions and Retirement does not recommend against the
 91.2 rate change or does not recommend a modification in the rate change, is effective on the
 91.3 next July 1 following the determination by the executive director that a contribution
 91.4 deficiency or sufficiency has existed for two consecutive fiscal years based on the most
 91.5 recent actuarial valuations under section 356.215. If the actuarially required contribution
 91.6 exceeds or is less than the total support provided by the combined employee and employer
 91.7 contribution rates for the applicable plan by more than 0.5 percent of covered payroll, the
 91.8 applicable plan employee and employer contribution rates must be adjusted incrementally
 91.9 over one or more years to a level such that there remains a contribution sufficiency of no
 91.10 more than 0.25 percent of covered payroll.

91.11 (b) No incremental adjustment may exceed 0.25 percent of payroll for either the
 91.12 employee or employer contribution rates per year in which any adjustment is implemented.
 91.13 For an applicable plan, a contribution rate adjustment under this section must not be
 91.14 made until at least two years have passed since fully implementing a previous adjustment
 91.15 under this section.

91.16 **EFFECTIVE DATE.** This section is effective July 1, 2011.

91.17 Sec. 9. Minnesota Statutes 2008, section 354.44, subdivision 6, is amended to read:

91.18 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula
 91.19 retirement annuity must be computed in accordance with the applicable provisions of the
 91.20 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under
 91.21 section 354.05, subdivision 13a, for the period of the member's formula service credit.

91.22 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
 91.23 became a member of the association or a member of a pension fund listed in section
 91.24 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with
 91.25 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The
 91.26 average salary as defined in section 354.05, subdivision 13a, multiplied by the following
 91.27 percentages per year of formula service credit shall determine the amount of the annuity to
 91.28 which the member qualifying therefor is entitled for service rendered before July 1, 2006:

	Coordinated Member	Basic Member
91.29		
91.30	Each year of service during	the percent specified
91.31	first ten	in section 356.315,
91.32		subdivision 1, per year
91.33	Each year of service	the percent specified
91.34	thereafter	in section 356.315,
91.35		subdivision 2, per year
		subdivision 4, per year

92.1 For service rendered on or after July 1, 2006, the average salary as defined in section
 92.2 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,
 92.3 determines the amount the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
92.4		
92.5	Each year of service during	the percent specified
92.6	first ten	in section 356.315,
92.7		subdivision 1a, per year
92.8	Each year of service after	the percent specified
92.9	ten years of service	in section 356.315,
92.10		subdivision 2b, per year

92.11 (c)(i) This paragraph applies only to a person who first became a member of the
 92.12 association or a member of a pension fund listed in section 356.30, subdivision 3, before
 92.13 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in
 92.14 conjunction with this paragraph than when calculated under paragraph (d), in conjunction
 92.15 with paragraph (e).

92.16 (ii) Where any member retires prior to normal retirement age under a formula
 92.17 annuity, the member shall be paid a retirement annuity in an amount equal to the normal
 92.18 annuity provided in paragraph (b) reduced by one-quarter of one percent for each month
 92.19 that the member is under normal retirement age at the time of retirement except that for
 92.20 any member who has 30 or more years of allowable service credit, the reduction shall be
 92.21 applied only for each month that the member is under age 62.

92.22 (iii) Any member whose attained age plus credited allowable service totals 90 years
 92.23 is entitled, upon application, to a retirement annuity in an amount equal to the normal
 92.24 annuity provided in paragraph (b), without any reduction by reason of early retirement.

92.25 (d) This paragraph applies to a member who has become at least 55 years old and
 92.26 first became a member of the association after June 30, 1989, and to any other member
 92.27 who has become at least 55 years old and whose annuity amount when calculated under
 92.28 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated
 92.29 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average
 92.30 salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified
 92.31 by section 356.315, subdivision 4, for each year of service for a basic member shall
 92.32 determine the amount of the retirement annuity to which the basic member is entitled.
 92.33 The annuity of a basic member who was a member of the former Minneapolis Teachers
 92.34 Retirement Fund Association as of June 30, 2006, must be determined according to the
 92.35 annuity formula under the articles of incorporation of the former Minneapolis Teachers
 92.36 Retirement Fund Association in effect as of that date. For a coordinated member, the
 92.37 average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent
 92.38 specified in section 356.315, subdivision 2, for each year of service rendered before July

93.1 1, 2006, ~~and~~ by the percent specified in section 356.315, subdivision 2b, for each year
 93.2 of service rendered on or after July 1, 2006, and before July 1, 2011, and by the percent
 93.3 specified in section 356.315, subdivision 2c, for each year of service rendered after June
 93.4 30, 2011, determines the amount of the retirement annuity to which the coordinated
 93.5 member is entitled. If the member has 30 or more years of service credit, the minimum
 93.6 age requirement of this paragraph does not apply.

93.7 (e) This paragraph applies to a person who has become at least 55 years old and first
 93.8 becomes a member of the association after June 30, 1989, and to any other member who
 93.9 has become at least 55 years old and whose annuity is higher when calculated under
 93.10 paragraph (d) in conjunction with this paragraph than when calculated under paragraph
 93.11 (b), in conjunction with paragraph (c). An employee who retires under the formula
 93.12 annuity before the normal retirement age as defined by section 354.05, subdivision 38,
 93.13 shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced
 93.14 annuity is the actuarial equivalent of the annuity that would be payable to the employee if
 93.15 the employee deferred receipt of the annuity and the annuity amount were augmented at
 93.16 an annual rate of three percent compounded annually from the day the annuity begins to
 93.17 accrue until the normal retirement age if the employee became an employee before July
 93.18 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee
 93.19 after June 30, 2006. If the member has 30 or more years of service credit, the minimum
 93.20 age requirement of this paragraph does not apply.

93.21 (f) No retirement annuity is payable to a former employee with a salary that exceeds
 93.22 95 percent of the governor's salary unless and until the salary figures used in computing
 93.23 the highest five successive years average salary under paragraph (a) have been audited by
 93.24 the Teachers Retirement Association and determined by the executive director to comply
 93.25 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

93.26 **EFFECTIVE DATE.** This section is effective July 1, 2011.

93.27 Sec. 10. Minnesota Statutes 2008, section 354A.011, subdivision 15a, is amended to
 93.28 read:

93.29 Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 ~~for a~~
 93.30 ~~person who first became a member of the coordinated program of the St. Paul Teachers~~
 93.31 ~~Retirement Fund Association or the new law coordinated program of the Duluth Teachers~~
 93.32 ~~Retirement Fund Association or a member of a pension fund listed in section 356.30,~~
 93.33 ~~subdivision 3, before July 1, 1989. For a person who first became a member of the~~
 93.34 ~~coordinated program of the St. Paul Teachers Retirement Fund Association or the new law~~
 93.35 ~~coordinated program of the Duluth Teachers Retirement Fund Association after June 30,~~

94.1 ~~1989, normal retirement age means the higher of age 65 or retirement age, as defined in~~
 94.2 ~~United States Code, title 42, section 416(1), as amended, but not to exceed age 66. For a~~
 94.3 ~~person with 30 years of service, normal retirement age means age 62. For a person who is~~
 94.4 a member of the basic program of the St. Paul Teachers Retirement Fund Association or
 94.5 the old law coordinated program of the Duluth Teachers Retirement Fund Association,
 94.6 normal retirement age means the age at which a teacher becomes eligible for a normal
 94.7 retirement annuity computed upon meeting the age and service requirements specified
 94.8 in the applicable provisions of the articles of incorporation or bylaws of the respective
 94.9 teachers retirement fund association.

94.10 **EFFECTIVE DATE.** This section is effective July 1, 2011.

94.11 Sec. 11. Minnesota Statutes 2008, section 354A.12, subdivision 1, is amended to read:

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

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law	
coordinated programs	5.5 percent
<u>(1) before July 1, 2011</u>	<u>5.5 percent</u>
<u>(2) after June 30, 2011, and before July 1, 2012</u>	<u>6 percent</u>
<u>(3) after June 30, 2012, and before July 1, 2013</u>	<u>6.5 percent</u>
<u>(4) unless paragraph (b) applies, after June 30,</u> <u>2013, and before July 1, 2014</u>	<u>7 percent</u>
<u>(5) unless paragraph (b) applies, after June 30,</u> <u>2014</u>	<u>7.5 percent</u>
St. Paul Teachers Retirement Fund Association	
basic program	8 percent
coordinated program	5.5 percent
<u>(6) before July 1, 2011</u>	<u>5.5 percent</u>
<u>(7) after June 30, 2011, and before July 1, 2012</u>	<u>6 percent</u>
<u>(8) after June 30, 2012, and before July 1, 2013</u>	<u>6.5 percent</u>
<u>(9) unless paragraph (b) applies, after June 30,</u> <u>2013, and before July 1, 2014</u>	<u>7 percent</u>
<u>(10) unless paragraph (b) applies, after June 30,</u> <u>2014</u>	<u>7.5 percent</u>

94.36 (b) When an employee contribution rate changes for a fiscal year, the new
 94.37 contribution rate is effective for the entire salary paid for each employer unit with the
 94.38 first payroll cycle reported.

95.1 (c) After July 1, 2012, a scheduled contribution increase under paragraph (a),
 95.2 clause (4), (5), (9), or (10), is suspended if the most recent actuarial valuation prepared
 95.3 under section 356.215 indicates that there is no contribution deficiency when the total
 95.4 employee contributions, employer contributions under subdivision 3, and direct state aid
 95.5 are compared to the actuarial required contributions of the retirement plan.

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

95.8 **EFFECTIVE DATE.** This section is effective July 1, 2011.

95.9 Sec. 12. Minnesota Statutes 2008, section 354A.12, subdivision 2a, is amended to read:

95.10 Subd. 2a. **Employer regular and additional contribution rates.** (a) The
 95.11 employing units shall make the following employer contributions to teachers retirement
 95.12 fund associations:

95.13 (1) for any coordinated member of a teachers retirement fund association in a city of
 95.14 the first class, the employing unit shall pay the employer Social Security taxes;

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

95.19	Duluth Teachers Retirement	
95.20	Fund Association	4.50 percent
95.21	<u>(A) before July 1, 2011</u>	<u>4.5 percent</u>
95.22	<u>(B) after June 30, 2011, and</u>	
95.23	<u>before July 1, 2012</u>	<u>5 percent</u>
95.24	<u>(C) after June 30, 2012, and</u>	
95.25	<u>before July 1, 2013</u>	<u>5.5 percent</u>
95.26	<u>(D) unless clause (3) applies,</u>	
95.27	<u>after June 30, 2013, and before</u>	
95.28	<u>July 1, 2014</u>	<u>6 percent</u>
95.29	<u>(E) unless clause (3) applies,</u>	
95.30	<u>after June 30, 2014</u>	<u>6.5 percent</u>
95.31	St. Paul Teachers Retirement	
95.32	Fund Association	4.50 percent
95.33	<u>(F) before July 1, 2011</u>	<u>4.5 percent</u>
95.34	<u>(G) after June 30, 2011, and</u>	
95.35	<u>before July 1, 2012</u>	<u>5 percent</u>
95.36	<u>(H) after June 30, 2012, and</u>	
95.37	<u>before July 1, 2013</u>	<u>5.5 percent</u>

96.1 (I) unless clause (3) applies,
 96.2 after June 30, 2013, and before
 96.3 July 1, 2014 6 percent

96.4 (J) unless clause (3) applies,
 96.5 after June 30, 2014 6.5 percent

96.6 (3) After July 1, 2012, a scheduled contribution increase under paragraph (a), clause
 96.7 (2), item (D), (E), (I), or (J), is suspended if the most recent actuarial valuation prepared
 96.8 under section 356.215 indicates that there is no contribution deficiency when the total
 96.9 employee contributions, employer contributions under subdivision 3, and direct state aid
 96.10 are compared to the actuarial required contributions of the retirement plan;

96.11 (4) for any basic member of the St. Paul Teachers Retirement Fund Association, the
 96.12 employing unit shall make a regular employer contribution to the respective retirement
 96.13 fund in an amount equal to 8.00 percent of the salary of the basic member;

96.14 ~~(4)~~(5) for a basic member of the St. Paul Teachers Retirement Fund Association, the
 96.15 employing unit shall make an additional employer contribution to the respective fund in
 96.16 an amount equal to 3.64 percent of the salary of the basic member;

96.17 ~~(5)~~(6) for a coordinated member of a teachers retirement fund association in a city
 96.18 of the first class, the employing unit shall make an additional employer contribution to
 96.19 the respective fund in an amount equal to the applicable percentage of the coordinated
 96.20 member's salary, as provided below:

96.21	Duluth Teachers Retirement	
96.22	Fund Association	1.29 percent
96.23	St. Paul Teachers Retirement	
96.24	Fund Association	
96.25	July 1, 1993 - June 30, 1994	0.50 percent
96.26	July 1, 1994 - June 30, 1995	1.50 percent
96.27	July 1, 1997, and thereafter	3.84 percent

96.28 (b) When an employer contribution rate changes for a fiscal year, the new
 96.29 contribution rate is effective for the entire salary paid for each employer unit with the
 96.30 first payroll cycle reported.

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

96.34 ~~(c)~~(d) Payments of regular and additional employer contributions for school district
 96.35 or technical college employees who are paid from normal operating funds must be made
 96.36 from the appropriate fund of the district or technical college.

96.37 **EFFECTIVE DATE.** This section is effective July 1, 2011.

97.1 Sec. 13. Minnesota Statutes 2008, section 354A.12, is amended by adding a
97.2 subdivision to read:

97.3 Subd. 3e. **Application.** This section applies to the Duluth Teachers Retirement Fund
97.4 Association or the St. Paul Teachers Retirement Fund Association under this chapter.

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

97.7 Subd. 4a. **Determination.** (a) For purposes of this section, a contribution sufficiency
97.8 exists if, for purposes of the applicable plan, the total of the employee contributions,
97.9 the employer contributions, and any additional employer contributions, if applicable,
97.10 exceeds the total of the normal cost, the administrative expenses, and the amortization
97.11 contribution of the retirement plan as reported in the most recent actuarial valuation of the
97.12 retirement plan prepared by the actuary retained under section 356.214 and prepared under
97.13 section 356.215 and the standards for actuarial work of the Legislative Commission on
97.14 Pensions and Retirement.

97.15 (b) For purposes of this section, a contribution deficiency exists if, for the applicable
97.16 plan, the total employee contributions, employer contributions, and any additional
97.17 employer contributions are less than the total of the normal cost, the administrative
97.18 expenses, and the amortization contribution of the retirement plan as reported in the most
97.19 recent actuarial valuation of the retirement plan prepared by the actuary retained under
97.20 section 356.214 and prepared under section 356.215 and the standards for actuarial work
97.21 of the Legislative Commission on Pensions and Retirement.

97.22 Sec. 15. Minnesota Statutes 2008, section 354A.12, is amended by adding a
97.23 subdivision to read:

97.24 Subd. 4b. **Contribution rate revision.** Notwithstanding the contribution rate
97.25 provisions stated in plan law, the employee and employer contribution rates must be
97.26 adjusted:

97.27 (1) if after July 1, 2014, the regular actuarial valuations of the applicable plan under
97.28 section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal
97.29 to or greater than 0.5 percent of covered payroll for two consecutive years, the employee
97.30 and employer contribution rates for the applicable plan must be decreased as determined
97.31 under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of
97.32 covered payroll based on the most recent actuarial valuation; or

97.33 (2) if after July 1, 2014, the regular actuarial valuations of the applicable plan under
97.34 section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of
97.35 covered payroll for two consecutive years, the employee and employer contribution rates

98.1 for the applicable plan must be increased as determined under subdivision 4 to a level such
98.2 that no deficiency exists based on the most recent actuarial valuation.

98.3 Sec. 16. Minnesota Statutes 2008, section 354A.12, is amended by adding a
98.4 subdivision to read:

98.5 Subd. 4c. **Reporting, commission review.** (a) The contribution rate increase or
98.6 decrease must be determined by the executive director of the Duluth Teachers Retirement
98.7 Fund Association or the St. Paul Teachers Retirement Fund Association, and must be
98.8 reported to the chair and the executive director of the Legislative Commission on Pensions
98.9 and Retirement on or before the next February 1, and, if the Legislative Commission
98.10 on Pensions and Retirement does not recommend against the rate change or does not
98.11 recommend a modification in the rate change, is effective on the next July 1 following
98.12 the determination by the executive director that a contribution deficiency or sufficiency
98.13 has existed for two consecutive fiscal years based on the most recent actuarial valuations
98.14 under section 356.215. If the actuarially required contribution exceeds or is less than
98.15 the total support provided by the combined employee and employer contribution rates
98.16 for the applicable plan by more than 0.5 percent of covered payroll, the applicable plan
98.17 employee and employer contribution rates must be adjusted incrementally over one or
98.18 more years to a level such that there remains a contribution sufficiency of no more than
98.19 0.25 percent of covered payroll.

98.20 (b) No incremental adjustment may exceed 0.25 percent of payroll for either the
98.21 employee or employer contribution rates per year in which any adjustment is implemented.
98.22 For an applicable plan, a contribution rate adjustment under this section must not be
98.23 made until at least two years have passed since fully implementing a previous adjustment
98.24 under this section.

98.25 **EFFECTIVE DATE.** This section is effective July 1, 2011.

98.26 Sec. 17. Minnesota Statutes 2008, section 354A.31, subdivision 4, is amended to read:

98.27 Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul**
98.28 **fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers
98.29 Retirement Fund Association.

98.30 (b) The normal coordinated retirement annuity is an amount equal to a retiring
98.31 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied
98.32 by the retirement annuity formula percentage.

98.33 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
98.34 became a member or a member in a pension fund listed in section 356.30, subdivision 3,

99.1 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
 99.2 higher annuity amount, in which case paragraph (d) will apply. ~~The retirement annuity
 99.3 formula percentage for purposes of this paragraph is the percent specified in section
 99.4 356.315, subdivision 1, per year for each year of coordinated service for the first ten years
 99.5 and the percent specified in section 356.315, subdivision 2, for each year of coordinated
 99.6 service thereafter.~~ The average salary multiplied by the following retirement annuity
 99.7 formula percentage per year of allowable service shall determine the amount of the
 99.8 annuity to which the member qualifying therefor is entitled for service rendered before
 99.9 July 1, 2011:

99.10 Each year of service during first ten years the percent specified in section 356.315,
 99.11 subdivision 1, per year

99.12 Each year of service thereafter the percent specified in section 356.315,
 99.13 subdivision 2, per year

99.14 For service rendered on or after July 1, 2011, the average salary multiplied by the
 99.15 following retirement annuity formula percentage per year of allowable service, determines
 99.16 the amount of the annuity to which the member qualifying therefor is entitled:

99.17 Each year of service during first ten years the percent specified in section 356.315,
 99.18 subdivision 1a, per year

99.19 Each year of service thereafter the percent specified in section 356.315,
 99.20 subdivision 2b, per year

99.21 (d) This paragraph applies to a person who has become at least 55 years old and who
 99.22 first becomes a member after June 30, 1989, and to any other member who has become
 99.23 at least 55 years old and whose annuity amount, when calculated under this paragraph
 99.24 and in conjunction with subdivision 7 is higher than it is when calculated under paragraph
 99.25 (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula
 99.26 percentage for purposes of this paragraph is the percent specified in section 356.315,
 99.27 subdivision 2, for each year of coordinated service before July 1, 2011, and by the percent
 99.28 specified in section 356.315, subdivision 2c, for each year of service rendered after
 99.29 June 30, 2011. If the member has 30 or more years of service credit, the minimum age
 99.30 requirement of this paragraph does not apply.

99.31 **EFFECTIVE DATE.** This section is effective July 1, 2011.

99.32 Sec. 18. Minnesota Statutes 2008, section 354A.31, subdivision 4a, is amended to read:

99.33 Subd. 4a. **Computation of normal coordinated retirement annuity; Duluth**
 99.34 **fund.** (a) This subdivision applies to the new law coordinated program of the Duluth
 99.35 Teachers Retirement Fund Association.

100.1 (b) The normal coordinated retirement annuity is an amount equal to a retiring
 100.2 coordinated member's average salary under section 354A.011, subdivision 7a, multiplied
 100.3 by the retirement annuity formula percentage.

100.4 (c) This paragraph, in conjunction with subdivision 6, applies to a person who first
 100.5 became a member or a member in a pension fund listed in section 356.30, subdivision 3,
 100.6 before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a
 100.7 higher annuity amount, in which case paragraph (d) applies. ~~The retirement annuity
 100.8 formula percentage for purposes of this paragraph is the percent specified in section
 100.9 356.315, subdivision 1, per year for each year of coordinated service for the first ten
 100.10 years and the percent specified in section 356.315, subdivision 2, for each subsequent
 100.11 year of coordinated service.~~ The average salary multiplied by the following retirement
 100.12 annuity formula percentage per year of allowable service shall determine the amount
 100.13 of the annuity to which the member qualifying therefor is entitled for service rendered
 100.14 before July 1, 2011:

100.15 Each year of service during first ten years the percent specified in section 356.315,
 100.16 subdivision 1, per year

100.17 Each year of service thereafter the percent specified in section 356.315,
 100.18 subdivision 2, per year

100.19 For service rendered on or after July 1, 2011, the average salary multiplied by the
 100.20 following retirement annuity formula percentage per year of allowable service, determines
 100.21 the amount of the annuity to which the member qualifying therefor is entitled:

100.22 Each year of service during first ten years the percent specified in section 356.315,
 100.23 subdivision 1a, per year

100.24 Each year of service thereafter the percent specified in section 356.315,
 100.25 subdivision 2b, per year

100.26 (d) This paragraph applies to a person who is at least 55 years old and who first
 100.27 becomes a member after June 30, 1989, and to any other member who is at least 55 years
 100.28 old and whose annuity amount, when calculated under this paragraph and in conjunction
 100.29 with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction
 100.30 with subdivision 6. The retirement annuity formula percentage for purposes of this
 100.31 paragraph is the percent specified in section 356.315, subdivision 2, for each year of
 100.32 coordinated service before July 1, 2011, and by the percent specified in section 356.315,
 100.33 subdivision 2c, for each year of service rendered after June 30, 2011. If the member
 100.34 has 30 or more years of service credit, the minimum age requirement of this paragraph
 100.35 does not apply.

100.36 **EFFECTIVE DATE.** This section is effective July 1, 2011.

100.37 Sec. 19. Minnesota Statutes 2008, section 354A.31, subdivision 7, is amended to read:

101.1 Subd. 7. **Actuarial reduction for early retirement.** This subdivision applies to
101.2 a person who has become at least 55 years old and first becomes a coordinated member
101.3 after June 30, 1989, and to any other coordinated member who has become at least 55
101.4 years old and whose annuity is higher when calculated using the retirement annuity
101.5 formula percentage in subdivision 4, paragraph (d), and subdivision 4a, paragraph (d), in
101.6 conjunction with this subdivision than when calculated under subdivision 4, paragraph
101.7 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6. A coordinated
101.8 member who retires before the full benefit age as defined by section 354A.011, subdivision
101.9 15a, shall be paid the retirement annuity calculated using the retirement annuity formula
101.10 percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), reduced so
101.11 that the reduced annuity is the actuarial equivalent of the annuity that would be payable
101.12 to the member if the member deferred receipt of the annuity and the annuity amount
101.13 were augmented at an annual rate of three percent compounded annually from the day
101.14 the annuity begins to accrue until the normal retirement age if the employee became an
101.15 employee before July 1, 2006, and at 2.5 percent compounded annually from the day the
101.16 annuity begins to accrue until the normal retirement age if the person initially becomes
101.17 a teacher after June 30, 2006. If the member has 30 or more years of service credit, the
101.18 minimum age requirement of this paragraph does not apply.

101.19 **EFFECTIVE DATE.** This section is effective July 1, 2011.

101.20 Sec. 20. Minnesota Statutes 2008, section 356.315, is amended by adding a subdivision
101.21 to read:

101.22 Subd. 2c. **Certain coordinated members.** The applicable benefit accrual rate
101.23 is 2.1 percent.

101.24 **EFFECTIVE DATE.** This section is effective July 1, 2011.

101.25 ARTICLE 7

101.26 MNSCU RELATED RETIREMENT PROVISIONS

101.27 Section 1. **[136F.481] EARLY SEPARATION INCENTIVE PROGRAM.**

101.28 (a) Notwithstanding any provision of law to the contrary, the Board of Trustees
101.29 of the Minnesota State Colleges and Universities may offer a targeted early separation
101.30 incentive program for its employees.

101.31 (b) The early separation incentive program may include one or both of the following:

101.32 (1) cash incentives, not to exceed one year of base salary; or

101.33 (2) employer contributions to the postretirement healthcare savings plan established
101.34 under section 352.98.

102.1 (c) To be eligible to receive an incentive, an employee must be at least age 55
102.2 and must have at least five years of employment by the Minnesota State Colleges and
102.3 Universities System. The board of trustees shall establish the eligibility requirements
102.4 for system employees to receive an incentive. The board of trustees shall file a copy
102.5 of its proposed eligibility requirements with the chairs and ranking members of the
102.6 Senate Committee on Higher Education and the Higher Education Budget and Policy
102.7 Division of the Senate Committee on Finance and with the chair and ranking members of
102.8 the Higher Education and Workforce Development Finance and Policy Division of the
102.9 Finance Committee of the House of Representatives at least 30 days before their final
102.10 adoption by the board of trustees, shall post the same document on the system website at
102.11 the same time, and shall hold a public hearing on the proposed eligibility requirements.
102.12 The type and any additional amount of the incentive to be offered may vary by employee
102.13 classification, as specified by the board.

102.14 (d) The president of a college or university, consistent with paragraphs (b) and
102.15 (c), may designate:

102.16 (1) specific departments or programs at the college or university whose employees
102.17 are eligible to be offered the incentive program; or

102.18 (2) positions at the college or university eligible to be offered the incentive program.

102.19 (e) The chancellor, consistent with paragraphs (b) and (c), may designate:

102.20 (1) system office divisions whose employees are eligible to be offered the incentive
102.21 program; or

102.22 (2) positions at the system office eligible to be offered the incentive program.

102.23 (f) Acceptance of the offered incentive must be voluntary on the part of the employee
102.24 and must be in writing. The incentive may only be offered at the sole discretion of the
102.25 president of the applicable college or university.

102.26 (g) A decision by the president of a college or university or by the chancellor not to
102.27 offer an incentive may not be challenged.

102.28 (h) The cost of the incentive is payable by the college or university on whose behalf
102.29 the president offered the incentive or from the system office budget if the chancellor
102.30 offered the incentive. If a college or university is merged, the remaining cost of any
102.31 early separation incentive must be borne by the successor institution. If a college or
102.32 university is closed, the remaining cost of any early separation incentive must be borne
102.33 by the board of trustees.

102.34 (i) Annually, the chancellor and the president of each college or university must
102.35 report on the number and types of early separation incentives which were offered and

103.1 utilized under this section. The report must be filed annually with the board of trustees and
 103.2 with the Legislative Reference Library on or before September 1.

103.3 **EFFECTIVE DATE; SUNSET.** This section is effective the day following final
 103.4 enactment and expires June 30, 2014.

103.5 Sec. 2. **[136F.482] APPLICATION OF OTHER LAWS.**

103.6 Unilateral implementation of section 136F.481 by the Board of Trustees of the
 103.7 Minnesota State Colleges and Universities, by the chancellor, or by a president of a college
 103.8 or university is not an unfair labor practice under chapter 179A.

103.9 **EFFECTIVE DATE; SUNSET.** This section is effective the day following final
 103.10 enactment and expires June 30, 2014.

103.11 Sec. 3. Minnesota Statutes 2008, section 354B.21, subdivision 2, is amended to read:

103.12 Subd. 2. **Coverage; election.** ~~(a) For Eligible persons who were employed by~~
 103.13 ~~the former state university system or the former community college system before May~~
 103.14 ~~1, 1995, the person has the retirement coverage that the person had for employment~~
 103.15 ~~immediately before May 1, 1995.~~

103.16 ~~(b) For all other eligible persons~~ (a) Eligible persons who were employed by
 103.17 the Minnesota State Colleges and Universities System on or after June 30, 2009,
 103.18 unless otherwise specified in this section, ~~the eligible person is~~ are authorized to elect
 103.19 prospective Teachers Retirement Association plan coverage rather than coverage by
 103.20 the plan established by this chapter. The election of prospective Teachers Retirement
 103.21 Association plan coverage ~~shall~~ must be made within one year of commencing eligible
 103.22 Minnesota State Colleges and Universities system employment. If an election is not made
 103.23 within the specified election period due to a termination of Minnesota State Colleges and
 103.24 Universities system employment, an election may be made within 90 days of returning to
 103.25 eligible Minnesota State Colleges and Universities system employment. All elections are
 103.26 irrevocable. ~~Prior to~~ Before making an election, ~~the eligible person shall be~~ is covered by
 103.27 the plan indicated as default coverage under subdivision 3.

103.28 (b) Except as provided in paragraph (c), a purchase of service credit in the Teachers
 103.29 Retirement Association plan for any period or periods of Minnesota State Colleges and
 103.30 Universities system employment occurring ~~prior to~~ before the election under paragraph
 103.31 ~~(b)~~ (a) is prohibited.

103.32 (c) Notwithstanding paragraphs (a) and (b), a faculty member who is a member of
 103.33 the individual retirement account plan who first achieves tenure or its equivalent at a
 103.34 Minnesota state college or university after June 30, 2009, may elect to transfer retirement

104.1 coverage under the teachers retirement plan within one year of the faculty member
 104.2 achieving tenure or its equivalent at a Minnesota state college or university. The faculty
 104.3 member electing Teachers Retirement Association coverage under this paragraph must
 104.4 purchase service credit in the Teachers Retirement Association for the entire period of
 104.5 time covered under the individual retirement account plan and the purchase payment
 104.6 amount must be determined under section 356.551. The Teachers Retirement Association
 104.7 may charge a faculty member transferring coverage a reasonable fee to cover the costs
 104.8 associated with computing the actuarial cost of purchasing service credit and making the
 104.9 transfer. A faculty member transferring from the individual retirement account plan to the
 104.10 Teachers Retirement Association may use any balances to the credit of the faculty member
 104.11 in the individual retirement account plan, any balances to the credit of the faculty member
 104.12 in the higher education supplemental retirement plan established under chapter 354C, or
 104.13 any source specified in section 356.441, subdivision 1, to purchase the service credit in the
 104.14 Teachers Retirement Association. If the total amount of payments under this paragraph are
 104.15 less than the total purchase payment amount under section 356.551, the payment amounts
 104.16 must be refunded to the applicable source. The retirement coverage transfer and service
 104.17 credit purchase authority under this paragraph expires with respect to any Minnesota State
 104.18 Colleges and Universities System faculty initially hired after June 30, 2014.

104.19 **EFFECTIVE DATE.** This section is effective July 1, 2009.

104.20

ARTICLE 8

104.21

ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION POST RETIREMENT ADJUSTMENTS

104.22

104.23 Section 1. Minnesota Statutes 2008, section 354A.29, subdivision 3, is amended to
 104.24 read:

104.25 Subd. 3. **Postretirement adjustment.** (a) The postretirement adjustment described
 104.26 ~~in the articles and bylaws of the St. Paul Teachers Retirement Fund Association~~ this
 104.27 section must be determined by the executive director of the St. Paul Teachers Retirement
 104.28 Fund Association and approved by the board annually after June 30 using the procedures
 104.29 ~~under this section.~~

104.30 (b) On January 1, each eligible person who has been receiving an annuity or benefit
 104.31 under the articles of incorporation, the bylaws, or this chapter for at least ~~12~~ three calendar
 104.32 months as of the end of the fiscal last day of the previous calendar year is eligible to
 104.33 receive a postretirement ~~adjustment of 2.0 percent that is payable each January 1~~ increase
 104.34 as further specified in this subdivision.

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

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

105.15 (e) The amount calculated under paragraph (d) is the full cost-of-living adjustment
105.16 to be applied as a permanent increase to the regular payment of each eligible member
105.17 on January 1 of the next calendar year. For any eligible member whose effective date
105.18 of benefit commencement occurred during the calendar year before the cost-of-living
105.19 adjustment is applied, the full increase amount must be prorated on the basis of whole
105.20 calendar quarters in benefit payment status in the calendar year prior to the January 1 on
105.21 which the cost-of-living adjustment is applied, calculated to the third decimal place.

105.22 (f) the adjustment may not be less than zero, nor greater than five percent.

105.23 **Sec. 2. BYLAW REVISION AUTHORIZATION.**

105.24 Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the board of
105.25 the St. Paul Teachers Retirement Fund Association shall revise the bylaws or articles of
105.26 incorporation of the teachers retirement fund association to conform with section 1.

105.27 **Sec. 3. REPEALER.**

105.28 Minnesota Statutes 2008, section 354A.29, subdivisions 2, 4, and 5, are repealed.

105.29 **Sec. 4. EFFECTIVE DATE.**

105.30 Sections 1 to 3 are effective January 1, 2010, and expire June 30, 2011.

105.31 **ARTICLE 9**

105.32 **LOCAL POLICE AND PAID FIRE**
105.33 **RELIEF ASSOCIATION CHANGES**

105.34 Section 1. Minnesota Statutes 2008, section 69.77, subdivision 4, is amended to read:

106.1 Subd. 4. **Relief association financial requirements; minimum municipal**
106.2 **obligation.** (a) The officers of the relief association shall determine the financial
106.3 requirements of the relief association and minimum obligation of the municipality for
106.4 the following calendar year in accordance with the requirements of this subdivision.
106.5 The financial requirements of the relief association and the minimum obligation of the
106.6 municipality must be determined on or before the submission date established by the
106.7 municipality under subdivision 5.

106.8 (b) The financial requirements of the relief association for the following calendar
106.9 year must be based on the most recent actuarial valuation or survey of the special fund of
106.10 the association if more than one fund is maintained by the association, or of the association,
106.11 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
106.12 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
106.13 by the actuary of the relief association as part of obtaining a modification of the benefit
106.14 plan of the relief association and the modification is implemented, the actuarial estimate
106.15 must be used in calculating the subsequent financial requirements of the relief association.

106.16 (c) If the relief association has an unfunded actuarial accrued liability as reported in
106.17 the most recent actuarial valuation or survey, the total of the amounts calculated under
106.18 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
106.19 the following year. If the relief association does not have an unfunded actuarial accrued
106.20 liability as reported in the most recent actuarial valuation or survey, the amount calculated
106.21 under clauses (1) and (2) constitute the financial requirements of the relief association for
106.22 the following year. The financial requirement elements are:

106.23 (1) the normal level cost requirement for the following year, expressed as a dollar
106.24 amount, which must be determined by applying the normal level cost of the relief
106.25 association as reported in the actuarial valuation or survey and expressed as a percentage
106.26 of covered payroll to the estimated covered payroll of the active membership of the relief
106.27 association, including any projected change in the active membership, for the following
106.28 year;

106.29 (2) for the Bloomington Fire Department Relief Association, the Fairmont Police
106.30 Relief Association, and the Virginia Fire Department Relief Association, to the dollar
106.31 amount of normal cost determined under clause (1) must be added an amount equal to the
106.32 dollar amount of the administrative expenses of the special fund of the association if more
106.33 than one fund is maintained by the association, or of the association if only one fund is
106.34 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
106.35 expenses are those authorized under section 69.80. No amount of administrative expenses

107.1 under this clause are to be included in the financial requirements of the Minneapolis
 107.2 Firefighters Relief Association or the Minneapolis Police Relief Association; and
 107.3 (3) to the dollar amount of normal cost and expenses determined under clauses
 107.4 (1) and (2) must be added an amount equal to the level annual dollar amount which is
 107.5 sufficient to amortize the unfunded actuarial accrued liability ~~by December 31, 2010, the~~
 107.6 ~~Fairmont Police Relief Association, the Minneapolis Firefighters Relief Association,~~
 107.7 ~~and the Virginia Fire Department Relief Association, by the date determined under~~
 107.8 ~~section 356.216, paragraph (a), clause (2), for the Bloomington Fire Department Relief~~
 107.9 ~~Association, and by December 31, 2020, for the Minneapolis Police Relief Association, as~~
 107.10 determined from the actuarial valuation or survey of the fund, using an interest assumption
 107.11 set at the applicable rate specified in section 356.215, subdivision 8. ~~The, by that~~
 107.12 fund's amortization date as specified in this clause applies to all local police or salaried
 107.13 firefighters' relief associations and that date supersedes any amortization date specified in
 107.14 any applicable special law paragraph (d).

107.15 (d) The Minneapolis Firefighters Relief Association special fund amortization date
 107.16 is determined under section 423C.15, subdivisions 3 and 4. the Virginia Fire Department
 107.17 Relief Association special fund amortization date is December 31, 2010. The Minneapolis
 107.18 Police Relief Association special fund and the Fairmont Police Relief Association
 107.19 special fund amortization date is December 31, 2020. The Bloomington Fire Department
 107.20 Relief Association special fund amortization date is determined under section 356.216,
 107.21 paragraph (a), clause (2). The amortization date specified in this paragraph supersedes any
 107.22 amortization date specified in any applicable special law.

107.23 ~~(d)~~ (e) The minimum obligation of the municipality is an amount equal to the
 107.24 financial requirements of the relief association reduced by the estimated amount of
 107.25 member contributions from covered salary anticipated for the following calendar year and
 107.26 the estimated amounts anticipated for the following calendar year from the applicable
 107.27 state aid program established under sections 69.011 to 69.051 receivable by the relief
 107.28 association after any allocation made under section 69.031, subdivision 5, paragraph (b),
 107.29 clause (2), or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police
 107.30 and salaried firefighters' relief association amortization aid program established under
 107.31 section 423A.02, subdivision 1, from the supplementary amortization state-aid program
 107.32 established under section 423A.02, subdivision 1a, and from the additional amortization
 107.33 state aid under section 423A.02, subdivision 1b.

107.34 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after
 107.35 the Fairmont City Council and the chief clerical officer of the city of Fairmont timely
 107.36 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

108.1 **ARTICLE 10**

108.2 **VOLUNTARY STATEWIDE LUMP SUM**
 108.3 **VOLUNTEER FIREFIGHTER RETIREMENT PLAN**

108.4 Section 1. Minnesota Statutes 2008, section 11A.17, subdivision 1, is amended to read:

108.5 Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the
 108.6 supplemental investment fund is to provide an investment vehicle for the assets of various
 108.7 public retirement plans and funds.

108.8 (b) The fund consists of ~~seven~~ eight investment accounts: an income share account,
 108.9 a growth share account, an international share account, a money market account, a fixed
 108.10 interest account, a bond market account, ~~and~~ a common stock index account, and a
 108.11 volunteer firefighter account.

108.12 (c) The supplemental investment fund is a continuation of the supplemental
 108.13 retirement fund in existence on January 1, 1980.

108.14 Sec. 2. Minnesota Statutes 2008, section 11A.17, subdivision 2, is amended to read:

108.15 Subd. 2. **Assets.** (a) The assets of the supplemental investment fund ~~shall~~ consist
 108.16 of the money certified and transmitted to the state board from the participating public
 108.17 retirement plans and funds ~~or from the board of the Minnesota State Colleges and~~
 108.18 ~~Universities under section 136F.45~~ and from the voluntary statewide lump-sum volunteer
 108.19 firefighter retirement plan under section 353G.08.

108.20 (b) With the exception of the assets of the voluntary statewide lump-sum volunteer
 108.21 firefighter retirement fund, the assets must be used to purchase investment shares in
 108.22 the investment accounts as specified by the plan or fund. The assets of the voluntary
 108.23 statewide lump-sum volunteer firefighter retirement fund must be invested in the volunteer
 108.24 firefighter account.

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

108.27 Sec. 3. Minnesota Statutes 2008, section 69.011, subdivision 1, is amended to read:

108.28 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a
 108.29 different meaning is intended, the following words and terms shall for the purposes of this
 108.30 chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

108.31 (a) "Commissioner" means the commissioner of revenue.

108.32 (b) "Municipality" means:

108.33 (1) a home rule charter or statutory city;

108.34 (2) an organized town;

108.35 (3) a park district subject to chapter 398;

109.1 (4) the University of Minnesota;

109.2 (5) for purposes of the fire state aid program only, an American Indian tribal
109.3 government entity located within a federally recognized American Indian reservation;

109.4 (6) for purposes of the police state aid program only, an American Indian tribal
109.5 government with a tribal police department which exercises state arrest powers under
109.6 section 626.90, 626.91, 626.92, or 626.93;

109.7 (7) for purposes of the police state aid program only, the Metropolitan Airports
109.8 Commission with respect to peace officers covered under chapter 422A; and

109.9 (8) for purposes of the police state aid program only, the Department of Natural
109.10 Resources and the Department of Public Safety with respect to peace officers covered
109.11 under chapter 352B.

109.12 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
109.13 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
109.14 leakage and extended coverage premiums received upon risks located or to be performed
109.15 in this state less return premiums and dividends.

109.16 (d) "Firetown" means the area serviced by any municipality having a qualified fire
109.17 department or a qualified incorporated fire department having a subsidiary volunteer
109.18 firefighters' relief association.

109.19 (e) "Market value" means latest available market value of all property in a taxing
109.20 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
109.21 taxation obtained from information which appears on abstracts filed with the commissioner
109.22 of revenue or equalized by the State Board of Equalization.

109.23 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
109.24 commissioner for reporting by each fire and casualty insurer of all premiums received
109.25 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
109.26 during the preceding calendar year, with reference to insurance written for insuring against
109.27 the perils contained in auto insurance coverages as reported in the Minnesota business
109.28 schedule of the annual financial statement which each insurer is required to file with
109.29 the commissioner in accordance with the governing laws or rules less return premiums
109.30 and dividends.

109.31 (g) "Peace officer" means any person:

109.32 (1) whose primary source of income derived from wages is from direct employment
109.33 by a municipality or county as a law enforcement officer on a full-time basis of not less
109.34 than 30 hours per week;

109.35 (2) who has been employed for a minimum of six months prior to December 31
109.36 preceding the date of the current year's certification under subdivision 2, clause (b);

110.1 (3) who is sworn to enforce the general criminal laws of the state and local
110.2 ordinances;

110.3 (4) who is licensed by the Peace Officers Standards and Training Board and is
110.4 authorized to arrest with a warrant; and

110.5 (5) who is a member of a local police relief association to which section 69.77
110.6 applies, the State Patrol retirement plan, the public employees police and fire fund, or the
110.7 Minneapolis Employees Retirement Fund.

110.8 (h) "Full-time equivalent number of peace officers providing contract service" means
110.9 the integral or fractional number of peace officers which would be necessary to provide
110.10 the contract service if all peace officers providing service were employed on a full-time
110.11 basis as defined by the employing unit and the municipality receiving the contract service.

110.12 (i) "Retirement benefits other than a service pension" means any disbursement
110.13 authorized under section 424A.05, subdivision 3, clauses (2) and (3).

110.14 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
110.15 who was elected or appointed to the specified position or, in the absence of the person,
110.16 another person who is designated by the applicable governing body. In a park district,
110.17 the clerk is the secretary of the board of park district commissioners. In the case of the
110.18 University of Minnesota, the clerk is that official designated by the Board of Regents.
110.19 For the Metropolitan Airports Commission, the clerk is the person designated by the
110.20 commission. For the Department of Natural Resources or the Department of Public Safety,
110.21 the clerk is the respective commissioner. For a tribal police department which exercises
110.22 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
110.23 designated by the applicable American Indian tribal government.

110.24 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
110.25 retirement plan established by chapter 353G.

110.26 Sec. 4. Minnesota Statutes 2008, section 69.011, subdivision 2, is amended to read:

110.27 Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage
110.28 is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in
110.29 order to qualify to receive fire state aid, on or before March 15 annually, in conjunction
110.30 with the financial report required pursuant to section 69.051, the clerk of each municipality
110.31 having a duly organized fire department as provided in subdivision 4, or the secretary of
110.32 each independent nonprofit firefighting corporation having a subsidiary incorporated
110.33 firefighters' relief association whichever is applicable, and the fire chief, shall jointly
110.34 certify the existence of the municipal fire department or of the independent nonprofit
110.35 firefighting corporation, whichever is applicable, which meets the minimum qualification

111.1 requirements set forth in this subdivision, and the fire personnel and equipment of the
111.2 municipal fire department or the independent nonprofit firefighting corporation as of the
111.3 preceding December 31.

111.4 (b) Where retirement coverage is provided by the voluntary statewide lump-sum
111.5 volunteer firefighter retirement plan, the executive director of the Public Employees
111.6 Retirement Association shall certify the existence of that coverage for each municipality
111.7 and the municipal clerk or independent nonprofit firefighting corporation secretary,
111.8 whichever applies, and the applicable fire chief shall certify the fire personnel and fire
111.9 department equipment as of the preceding December 31.

111.10 (c) Certification shall must be made to the commissioner on a form prescribed
111.11 by the commissioner and shall include any other facts the commissioner may require.
111.12 The certification ~~shall~~ must be made to the commissioner in duplicate. Each copy of the
111.13 certificate ~~shall~~ must be duly executed and is deemed to be an original. The commissioner
111.14 shall forward one copy to the auditor of the county wherein the fire department is located
111.15 and shall retain one copy.

111.16 ~~(b)~~ (d) On or before March 15 annually the clerk of each municipality having a duly
111.17 organized police department and having a duly incorporated relief association shall certify
111.18 that fact to the county auditor of the county where the police department is located and to
111.19 the commissioner on a form prescribed by the commissioner together with the other facts
111.20 the commissioner or auditor may require.

111.21 (e) Except as provided in subdivision 2b, on or before March 15 annually, the clerk
111.22 of each municipality and the auditor of each county employing one or more peace officers
111.23 as defined in subdivision 1, clause (g), shall certify the number of such peace officers to
111.24 the commissioner on forms prescribed by the commissioner. Credit for officers employed
111.25 less than a full year ~~shall~~ must be apportioned. Each full month of employment of a
111.26 qualifying officer during the calendar year ~~shall entitle~~ entitles the employing municipality
111.27 or county to credit for 1/12 of the payment for employment of a peace officer for the entire
111.28 year. For purposes of sections 69.011 to 69.051, employment of a peace officer ~~shall~~
111.29 ~~commence~~ commences when the peace officer is entered on the payroll of the respective
111.30 municipal police department or county sheriff's department. No peace officer ~~shall~~ may be
111.31 included in the certification of the number of peace officers by more than one municipality
111.32 or county for the same month.

111.33 Sec. 5. Minnesota Statutes 2008, section 69.011, subdivision 4, is amended to read:

111.34 Subd. 4. **Qualification for state aid.** Any municipality in this state having for more
111.35 than one year an organized fire department and officially established by the governing

112.1 body of the municipality or an independent nonprofit fire fighting corporation created
112.2 under the nonprofit corporation act of this state and operating exclusively for fire fighting
112.3 purposes and providing retirement and relief benefits to its members ~~or~~, having a separate
112.4 subsidiary incorporated firefighter's relief and pension association providing retirement and
112.5 relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter
112.6 retirement plan, may qualify to receive state aid if it meets the following minimum
112.7 requirements or equivalent as determined by the state fire marshal by July 1, 1972:

112.8 (a) ten paid or volunteer firefighters including a fire chief and assistant fire chief, and

112.9 (b) regular scheduled meetings and frequent drills including instructions in fire
112.10 fighting tactics and in the use, care, and operation of all fire apparatus and equipment, and

112.11 (c) a motorized fire truck equipped with a motorized pump, 250 gallon or larger
112.12 water tank, 300 feet of one inch or larger fire hose in two lines with combination spray
112.13 and straight stream nozzles, five-gallon hand pumps—tank extinguisher or equivalent, dry
112.14 chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars,
112.15 axes, lanterns, fire coats, helmets, boots, and

112.16 (d) apparatus suitably housed in a building of good construction with facilities for
112.17 care of hose and equipment, and

112.18 (e) a reliable and adequate method of receiving fire alarms by telephone or with
112.19 electric siren and suitable means of sounding an alarm, and

112.20 (f) if response is to be provided outside the corporate limits of the municipality
112.21 wherein the fire department is located, the municipality has another piece of motorized
112.22 apparatus to make the response, and

112.23 (g) other requirements the commissioner establishes by rule.

112.24 Sec. 6. Minnesota Statutes 2008, section 69.021, subdivision 7, is amended to read:

112.25 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

112.26 (a) The commissioner shall apportion the fire state aid relative to the premiums reported
112.27 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
112.28 and/or firefighters relief association.

112.29 (b) The commissioner shall calculate an initial fire state aid allocation amount for
112.30 each municipality or fire department under paragraph (c) and a minimum fire state aid
112.31 allocation amount for each municipality or fire department under paragraph (d). The
112.32 municipality or fire department must receive the larger fire state aid amount.

112.33 (c) The initial fire state aid allocation amount is the amount available for
112.34 apportionment as fire state aid under subdivision 5, without inclusion of any additional
112.35 funding amount to support a minimum fire state aid amount under section 423A.02,

113.1 subdivision 3, allocated one-half in proportion to the population as shown in the last
113.2 official statewide federal census for each fire town and one-half in proportion to the market
113.3 value of each fire town, including (1) the market value of tax exempt property and (2) the
113.4 market value of natural resources lands receiving in lieu payments under sections 477A.11
113.5 to 477A.14, but excluding the market value of minerals. In the case of incorporated or
113.6 municipal fire departments furnishing fire protection to other cities, towns, or townships
113.7 as evidenced by valid fire service contracts filed with the commissioner, the distribution
113.8 must be adjusted proportionately to take into consideration the crossover fire protection
113.9 service. Necessary adjustments ~~shall~~ must be made to subsequent apportionments. In
113.10 the case of municipalities or independent fire departments qualifying for the aid, the
113.11 commissioner shall calculate the state aid for the municipality or relief association on the
113.12 basis of the population and the market value of the area furnished fire protection service
113.13 by the fire department as evidenced by duly executed and valid fire service agreements
113.14 filed with the commissioner. If one or more fire departments are furnishing contracted
113.15 fire service to a city, town, or township, only the population and market value of the
113.16 area served by each fire department may be considered in calculating the state aid and
113.17 the fire departments furnishing service shall enter into an agreement apportioning among
113.18 themselves the percent of the population and the market value of each service area. The
113.19 agreement must be in writing and must be filed with the commissioner.

113.20 (d) The minimum fire state aid allocation amount is the amount in addition to the
113.21 initial fire state allocation amount that is derived from any additional funding amount
113.22 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
113.23 allocated to municipalities with volunteer firefighters relief associations or covered by the
113.24 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
113.25 of active volunteer firefighters who are members of the relief association as reported
113.26 in the annual financial reporting for the calendar year 1993 to the Office of the State
113.27 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or
113.28 fire departments with volunteer firefighters relief associations receive in total at least a
113.29 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of
113.30 30 firefighters. If a relief association is established after calendar year 1993 and before
113.31 calendar year 2000, the number of active volunteer firefighters who are members of the
113.32 relief association as reported in the annual financial reporting for calendar year 1998
113.33 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,
113.34 shall be used in this determination. If a relief association is established after calendar
113.35 year 1999, the number of active volunteer firefighters who are members of the relief
113.36 association as reported in the first annual financial reporting submitted to the Office of

114.1 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
114.2 determination. If a relief association is terminated as a result of providing retirement
114.3 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
114.4 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
114.5 of the municipality covered by the statewide plan as certified by the executive director of
114.6 the Public Employees Retirement Association to the commissioner and the state auditor,
114.7 but not to exceed 30 active firefighters, must be used in this determination.

114.8 (e) Unless the firefighters of the applicable fire department are members of the
114.9 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
114.10 be paid to the treasurer of the municipality where the fire department is located and the
114.11 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
114.12 the aid to the relief association if the relief association has filed a financial report with the
114.13 treasurer of the municipality and has met all other statutory provisions pertaining to the
114.14 aid apportionment. If the firefighters of the applicable fire department are members of
114.15 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
114.16 must be paid to the executive director of the Public Employees Retirement Association
114.17 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

114.18 (f) The commissioner may make rules to permit the administration of the provisions
114.19 of this section.

114.20 (g) Any adjustments needed to correct prior misallocations must be made to
114.21 subsequent apportionments.

114.22 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 9, is amended to read:

114.23 Subd. 9. **Appeal.** In the event that ~~any~~ a municipality, a county, a fire relief
114.24 association, or a police relief association, or the voluntary statewide lump-sum volunteer
114.25 firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to
114.26 review and adjust the apportionment of funds within the county in the case of police state
114.27 aid, or within the state in the case of fire state aid. The decision of the commissioner is
114.28 subject to appeal, review, and adjustment by the district court in the county in which the
114.29 applicable municipality, fire department, or police department is located.

114.30 Sec. 8. Minnesota Statutes 2008, section 69.031, subdivision 1, is amended to read:

114.31 Subdivision 1. **Commissioner of finance's warrant.** (a) The commissioner of
114.32 finance shall issue to the Public Employees Retirement Association on behalf of a
114.33 municipality or independent nonprofit firefighting corporation that is a member of the
114.34 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G or
114.35 to the county, municipality, or independent nonprofit firefighting corporation certified to

115.1 the commissioner of finance by the commissioner a warrant for an amount equal to the
115.2 amount of fire state aid or police state aid, whichever applies, certified for the applicable
115.3 state aid recipient by the commissioner under section 69.021.

115.4 (b) The amount of state aid due and not paid by October 1 accrues interest at the rate
115.5 of one percent for each month or part of a month the amount remains unpaid, beginning
115.6 the preceding July 1.

115.7 Sec. 9. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

115.8 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
115.9 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
115.10 firefighter retirement plan under chapter 353G, the executive director shall credit the
115.11 fire state aid against future municipal contribution requirements under section 353G.08
115.12 and shall notify the municipality or independent nonprofit firefighting corporation of
115.13 the fire state aid so credited at least annually. If the municipality or the independent
115.14 nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum
115.15 volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after
115.16 receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'
115.17 relief association if there is one organized and the association has filed a financial report
115.18 with the municipality. If the relief association has not filed a financial report with the
115.19 municipality, the municipal treasurer shall delay transmission of the fire state aid to
115.20 the relief association until the complete financial report is filed. If the municipality or
115.21 independent nonprofit firefighting corporation is not covered by the voluntary statewide
115.22 lump-sum volunteer firefighter retirement plan, if there is no relief association organized,
115.23 or if the association has dissolved; or has been removed as trustees of state aid, then the
115.24 treasurer of the municipality shall deposit the money in the municipal treasury as provided
115.25 for in section 424A.08 and the money may be disbursed only for the purposes and in the
115.26 manner set forth in that section.

115.27 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the
115.28 police state aid in the following manner:

115.29 (1) For a municipality in which a local police relief association exists and all peace
115.30 officers are members of the association, the total state aid must be transmitted to the
115.31 treasurer of the relief association within 30 days of the date of receipt, and the treasurer
115.32 of the relief association shall immediately deposit the total state aid in the special fund
115.33 of the relief association;

115.34 (2) For a municipality in which police retirement coverage is provided by the public
115.35 employees police and fire fund and all peace officers are members of the fund, including

116.1 municipalities covered by section 353.665, the total state aid must be applied toward the
116.2 municipality's employer contribution to the public employees police and fire fund under
116.3 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

116.4 (3) For a municipality other than a city of the first class with a population of more
116.5 than 300,000 in which both a police relief association exists and police retirement
116.6 coverage is provided in part by the public employees police and fire fund, the municipality
116.7 may elect at its option to transmit the total state aid to the treasurer of the relief association
116.8 as provided in clause (1), to use the total state aid to apply toward the municipality's
116.9 employer contribution to the public employees police and fire fund subject to all the
116.10 provisions set forth in clause (2), or to allot the total state aid proportionately to be
116.11 transmitted to the police relief association as provided in this subdivision and to apply
116.12 toward the municipality's employer contribution to the public employees police and fire
116.13 fund subject to the provisions of clause (2) on the basis of the respective number of active
116.14 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

116.15 For a city of the first class with a population of more than 300,000, in addition, the
116.16 city may elect to allot the appropriate portion of the total police state aid to apply toward
116.17 the employer contribution of the city to the public employees police and fire fund based
116.18 on the covered salary of police officers covered by the fund each payroll period and to
116.19 transmit the balance to the police relief association; or

116.20 (4) For a municipality in which police retirement coverage is provided in part by
116.21 the public employees police and fire fund and in part by a local police consolidation
116.22 account governed by chapter 353A and established before March 2, 1999, for which the
116.23 municipality declined merger under section 353.665, subdivision 1, or established after
116.24 March 1, 1999, the total police state aid must be applied towards the municipality's total
116.25 employer contribution to the public employees police and fire fund and to the local police
116.26 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

116.27 (c) The county treasurer, upon receipt of the police state aid for the county, shall
116.28 apply the total state aid toward the county's employer contribution to the public employees
116.29 police and fire fund under section 353.65, subdivision 3.

116.30 (d) The designated Metropolitan Airports Commission official, upon receipt of the
116.31 police state aid for the Metropolitan Airports Commission, shall apply the total police
116.32 state aid first toward the commission's employer contribution for police officers to the
116.33 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if
116.34 there is any amount of police state aid remaining, shall apply that remainder toward the
116.35 commission's employer contribution for police officers to the public employees police and
116.36 fire plan under section 353.65, subdivision 3.

117.1 (e) The police state aid apportioned to the Departments of Public Safety and Natural
117.2 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
117.3 finance for transfer to the funds and accounts from which the salaries of peace officers
117.4 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue
117.5 shall certify to the commissioners of public safety, natural resources, and finance the
117.6 amounts to be transferred from the appropriation for police state aid. The commissioners
117.7 of public safety and natural resources shall certify to the commissioner of finance the
117.8 amounts to be credited to each of the funds and accounts from which the peace officers
117.9 employed by their respective departments are paid. Each commissioner must allocate the
117.10 police state aid first for employer contributions for employees funded from the general
117.11 fund and then for employer contributions for employees funded from other funds. For
117.12 peace officers whose salaries are paid from the general fund, the amounts transferred from
117.13 the appropriation for police state aid must be canceled to the general fund.

117.14 Sec. 10. **353G.01] DEFINITIONS.**

117.15 Subdivision 1. **Scope.** For the purposes of this chapter, the words or terms defined
117.16 in this section have the meanings given to them unless the context of the word or term
117.17 clearly indicates otherwise.

117.18 Subd. 2. **Advisory board.** "Advisory board" means the board established by section
117.19 353G.03.

117.20 Subd. 3. **Board.** "Board" means the board of trustees of the Public Employees
117.21 Retirement Association operating under section 353.03.

117.22 Subd. 4. **Commissioner of finance.** "Commissioner of finance" means the state
117.23 official appointed and qualified under section 16A.01.

117.24 Subd. 5. **Executive director; director.** "Executive director" or "director" means
117.25 the person appointed under section 353.03, subdivision 3a.

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

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

117.32 Subd. 8. **Member.** "Member" means a volunteer firefighter who provides active
117.33 service to a municipal fire department or an independent nonprofit firefighting corporation

118.1 where the applicable municipality or corporation has elected coverage by the retirement
118.2 plan under section 353G.05, and which service is covered by the retirement plan.

118.3 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in
118.4 section 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5).

118.5 Subd. 10. **Plan.** "Plan" means the retirement plan established by this chapter.

118.6 Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide
118.7 lump-sum volunteer firefighter retirement fund established under section 353G.02,
118.8 subdivision 3.

118.9 Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan
118.10 established by this chapter.

118.11 Subd. 13. **Standards for actuarial work.** "Standards for actuarial work" means
118.12 the standards adopted by the Legislative Commission on Pensions and Retirement under
118.13 section 3.85, subdivision 10.

118.14 Subd. 14. **State Board of Investment.** "State Board of Investment" means the
118.15 board created by article XI, section 8, of the Minnesota Constitution and governed by
118.16 chapter 11A.

118.17 Subd. 15. **Volunteer firefighter.** "Volunteer firefighter" means a person who is
118.18 an active member of a municipal fire department or independent nonprofit firefighting
118.19 corporation and who, in that capacity, engages in fire suppression activities, provides
118.20 emergency response services, or delivers fire education or prevention services on an
118.21 on-call basis.

118.22 Sec. 11. **[353G.02] PLAN AND FUND CREATION.**

118.23 Subdivision 1. **Retirement plan.** The voluntary statewide lump-sum volunteer
118.24 firefighter retirement plan is created.

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

118.31 Subd. 3. **Retirement fund.** (a) The voluntary statewide lump-sum volunteer
118.32 firefighter retirement fund is created. The fund contains the assets attributable to the
118.33 voluntary statewide lump-sum volunteer firefighter retirement plan.

119.1 (b) The State Board of Investment shall invest those portions of the retirement
119.2 fund not required for immediate purposes in the voluntary statewide lump-sum volunteer
119.3 firefighter retirement plan in the statewide lump-sum volunteer firefighter account of the
119.4 Minnesota supplemental investment fund under section 11A.17.

119.5 (c) The commissioner of finance is the ex officio treasurer of the voluntary statewide
119.6 lump-sum volunteer firefighter retirement fund. The commissioner of finance's general
119.7 bond to the state covers all liability for actions taken as the treasurer of the retirement fund.

119.8 (d) The revenues of the retirement plan beyond investment returns are governed by
119.9 section 353G.08 and must be deposited in the retirement fund. The disbursements of the
119.10 retirement plan are governed by section 353G.08. The commissioner of finance shall
119.11 transmit a detailed statement showing all credits to and disbursements from the retirement
119.12 fund to the executive director monthly.

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

119.15 (b) An actuarial valuation of the voluntary statewide lump-sum volunteer firefighter
119.16 retirement plan may be performed periodically as determined to be appropriate or useful
119.17 by the board. An actuarial valuation must be performed by the approved actuary retained
119.18 under section 356.214 and must conform with section 356.215 and the standards for
119.19 actuarial work. An actuarial valuation must contain sufficient detail for each participating
119.20 employing entity to ascertain the actuarial condition of its account in the fund and the
119.21 contribution requirement towards its account.

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

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

119.27 (c) The attorney general must represent the board in all actions by the board or
119.28 against the board with respect to the plan or the fund.

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

119.31 Sec. 12. **[353G.03] VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER**
119.32 **FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.**

119.33 Subdivision 1. **Establishment.** A Voluntary Statewide Lump-Sum Volunteer
119.34 Firefighter Retirement Plan Advisory Board is created.

120.1 Subd. 2. **Function; purpose.** The advisory board must provide advice to the board
120.2 of trustees of the Public Employees Retirement Association about the retirement coverage
120.3 needs of volunteer firefighters who are members of the plan and about the legislative and
120.4 administrative changes that would assist the retirement plan in accommodating volunteer
120.5 firefighters who are not members of the plan.

120.6 Subd. 3. **Composition.** (a) The advisory board consists of seven members.

120.7 (b) The advisory board members are:

120.8 (1) one representative of Minnesota townships, appointed by the Minnesota
120.9 Association of Townships;

120.10 (2) two representatives of Minnesota cities, appointed by the League of Minnesota
120.11 Cities;

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

120.14 (4) two representatives of Minnesota volunteer firefighters, who are active volunteer
120.15 firefighters, appointed by the Minnesota State Fire Departments Association; and

120.16 (5) one representative of the Office of the State Auditor, designated by the state
120.17 auditor.

120.18 Subd. 4. **Term.** (a) The initial terms on the advisory board for the Minnesota
120.19 townships representative and the Minnesota fire chiefs representative are one year. The
120.20 initial terms on the advisory board for one of the Minnesota cities representatives and one
120.21 of the Minnesota active volunteer firefighter representatives are two years. The initial
120.22 terms on the advisory board for the other Minnesota cities representative and the other
120.23 Minnesota active volunteer firefighter representative are three years. The term for the
120.24 Office of the State Auditor representative is determined by the state auditor.

120.25 (b) Subsequent terms on the advisory board other than the Office of the State
120.26 Auditor representative are three years.

120.27 Subd. 5. **Compensation of advisory board.** The compensation of members of the
120.28 advisory board other than the Office of the State Auditor representative is governed by
120.29 section 15.0575, subdivision 3.

120.30 Sec. 13. **[353G.04] INFORMATION FROM MUNICIPALITIES AND FIRE**
120.31 **DEPARTMENTS.**

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

121.1 Sec. 14. [353G.05] PLAN COVERAGE ELECTION.

121.2 Subdivision 1. Coverage. Any municipality or independent nonprofit firefighting
121.3 corporation may elect to have its volunteer firefighters covered by the retirement plan.

121.4 Subd. 2. Election of coverage. (a) The process for electing coverage of volunteer
121.5 firefighters by the retirement plan is initiated by a request to the executive director for a
121.6 cost analysis of the prospective retirement coverage.

121.7 (b) If the volunteer firefighters are currently covered by a volunteer firefighters' relief
121.8 association governed by chapter 424A, the cost analysis of the prospective retirement
121.9 coverage must be requested jointly by the secretary of the volunteer firefighters' relief
121.10 association, following approval of the request by the board of the volunteer firefighters'
121.11 relief association, and the chief administrative officer of the entity associated with the
121.12 relief association, following approval of the request by the governing body of the entity
121.13 associated with the relief association. If the relief association is associated with more than
121.14 one entity, the chief administrative officer of each associated entity must execute the
121.15 request. If the volunteer firefighters are not currently covered by a volunteer firefighters'
121.16 relief association, the cost analysis of the prospective retirement coverage must be
121.17 requested by the chief administrative officer of the entity operating the fire department.
121.18 The request must be made in writing and must be made on a form prescribed by the
121.19 executive director.

121.20 (c) The cost analysis of the prospective retirement coverage by the statewide
121.21 retirement plan must be based on the service pension amount under section 353G.11
121.22 closest to the service pension amount provided by the volunteer firefighters' relief
121.23 association, if there is one, or to the lowest service pension amount under section 353G.11
121.24 if there is no volunteer firefighters' relief association, rounded up, and any other service
121.25 pension amount designated by the requester or requesters. The cost analysis must be
121.26 prepared using a mathematical procedure certified as accurate by an approved actuary
121.27 retained by the Public Employees Retirement Association.

121.28 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
121.29 that has filed the information required under section 69.051 in a timely fashion, upon
121.30 request by the executive director, the state auditor shall provide the most recent data
121.31 available on the financial condition of the volunteer firefighters' relief association, the most
121.32 recent firefighter demographic data available, and a copy of the current relief association
121.33 bylaws. If a cost analysis is requested, but no volunteer firefighters' relief association
121.34 exists, the chief administrative officer of the entity operating the fire department shall
121.35 provide the demographic information on the firefighters serving as members of the fire
121.36 department requested by the executive director.

122.1 (e) If a cost analysis is requested, the executive director of the State Board of
122.2 Investment shall review the investment portfolio of the relief association, if applicable,
122.3 for compliance with the applicable provisions of chapter 11A and for appropriateness
122.4 for retention under the established investment objectives and investment policies of the
122.5 State Board of Investment. If the prospective retirement coverage change is approved
122.6 under paragraph (f), the State Board of Investment may require that the relief association
122.7 liquidate any investment security or other asset which the executive director of the State
122.8 Board of Investment has determined to be an ineligible or inappropriate investment for
122.9 retention by the State Board of Investment. The security or asset liquidation must occur
122.10 before the effective date of the transfer of retirement plan coverage. If requested to do
122.11 so by the chief administrative officer of the relief association, the executive director of
122.12 the State Board of Investment shall provide advice about the best means to conduct the
122.13 liquidation.

122.14 (f) Upon receipt of the cost analysis, the governing body of the municipality or
122.15 independent nonprofit firefighting corporation associated with the fire department must
122.16 approve or disapprove the retirement coverage change within 90 days. If the retirement
122.17 coverage change is not acted upon within 90 days, it is deemed to be disapproved. If the
122.18 retirement coverage change is approved by the applicable governing body, coverage by
122.19 the voluntary statewide lump-sum volunteer firefighter retirement plan is effective on the
122.20 next following January 1.

122.21 **Sec. 15. [353G.06] DISESTABLISHMENT OF PRIOR VOLUNTEER**
122.22 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIAL FUND UPON**
122.23 **RETIREMENT COVERAGE CHANGE.**

122.24 Subdivision 1. **Special fund disestablishment.** (a) On the date immediately prior
122.25 to the effective date of the coverage change, the special fund of the applicable volunteer
122.26 firefighters' relief association, if one exists, ceases to exist as a pension fund of the
122.27 association and legal title to the assets of the special fund transfers to the State Board of
122.28 Investment, with the beneficial title to the assets of the special fund remaining in the
122.29 applicable volunteer firefighters.

122.30 (b) If the market value of the special fund of the volunteer firefighters' relief
122.31 association for which retirement coverage changed under this chapter declines in the
122.32 interval between the date of the most recent financial report or statement, and the special
122.33 fund disestablishment date, the applicable municipality shall transfer an additional amount
122.34 to the State Board of Investment equal to that decline. If more than one municipality is
122.35 responsible for the direct management of the fire department, the municipalities shall

123.1 allocate the additional transfer amount among the various applicable municipalities
123.2 one-half in proportion to the population of each municipality and one-half in proportion
123.3 to the market value of each municipality.

123.4 Subd. 2. **Other relief association changes.** In addition to the transfer and
123.5 disestablishment of the special fund under subdivision 1, notwithstanding any provisions
123.6 of chapter 424A or 424B to the contrary, upon the effective date of the change in volunteer
123.7 firefighter retirement coverage, if the relief association membership elects to retain the
123.8 relief association after the benefit coverage election, the following changes must be
123.9 implemented with respect to the applicable volunteer firefighters' relief association:

123.10 (1) the relief association board of trustees membership is five, comprised of the fire
123.11 chief of the fire department and four trustees elected by and from the relief association
123.12 membership;

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

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

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

123.20 Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of
123.21 the volunteer firefighters' relief association under this section, the voluntary statewide
123.22 lump-sum volunteer firefighter retirement plan is the successor in interest of the special
123.23 fund of the volunteer firefighters' relief association for all claims against the special fund
123.24 other than a claim against the special fund, the volunteer firefighters' relief association,
123.25 the municipality, the fire department, or any person connected with the volunteer
123.26 firefighters' relief association in a fiduciary capacity under chapter 356A or common law
123.27 that was based on any act or acts which were not performed in good faith and which
123.28 constituted a breach of a fiduciary obligation. As the successor in interest of the special
123.29 fund of the volunteer firefighters' relief association, the voluntary statewide lump-sum
123.30 volunteer firefighter retirement plan may assert any applicable defense in any judicial
123.31 proceeding which the board of trustees of the volunteer firefighters' relief association or
123.32 the municipality would have been entitled to assert.

123.33 **Sec. 16. [353G.07] CERTIFICATION OF GOOD TIME SERVICE CREDIT.**

123.34 (a) Annually, by March 31, the fire chief of the fire department with firefighters who
123.35 are active members of the retirement plan shall certify to the executive director the good

124.1 time service credit for the previous calendar year of each firefighter rendering active
124.2 service with the fire department.

124.3 (b) The fire chief shall provide to each firefighter rendering active service with
124.4 the fire department notification of the amount of good time service credit rendered by
124.5 the firefighter for the calendar year. The good time service credit notification must be
124.6 provided to the firefighter 60 days before its certification to the executive director of the
124.7 Public Employees Retirement Association, along with an indication of the process for the
124.8 firefighter to challenge the fire chief's determination of good time service credit. If the
124.9 good time service credit amount is challenged in a timely fashion, the fire chief shall hold
124.10 a hearing on the challenge, accept and consider any additional pertinent information,
124.11 and make a final determination of good time service credit. The final determination of
124.12 good time service credit by the fire chief is not reviewable by the executive director of
124.13 the Public Employees Retirement Association or the board of trustees of the Public
124.14 Employees Retirement Association.

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

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

124.24 (e) If a firefighter covered by the retirement plan leaves active firefighting service
124.25 to render active military service that is required to be covered by the federal Uniformed
124.26 Services Employment and Reemployment Rights Act, as amended, the person must be
124.27 certified as providing a full year of good time service credit in each year of the military
124.28 service, up to the applicable limit of the federal Uniformed Services Employment and
124.29 Reemployment Rights Act. If the firefighter does not return from the military service in
124.30 compliance with the federal Uniformed Services Employment and Reemployment Rights
124.31 Act, the good time service credits applicable to that military service credit period are
124.32 forfeited and cancel at the end of the calendar year in which the federal law time limit
124.33 occurs.

124.34 **Sec. 17. [353G.08] RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

124.35 (a) Annually, the executive director shall determine the funding requirements of
124.36 each account in the voluntary statewide lump-sum volunteer firefighter retirement plan

125.1 on or before August 1. The funding requirements as directed under this section, must be
125.2 determined using a mathematical procedure developed and certified as accurate by an
125.3 approved actuary retained by the Public Employees Retirement Association and based on
125.4 present value factors using a six percent interest rate, without any decrement assumptions.
125.5 The funding requirements must be certified to the entity or entities associated with the fire
125.6 department whose active firefighters are covered by the retirement plan.

125.7 (b) The overall funding balance of each account for the current calendar year must
125.8 be determined in the following manner:

125.9 (1) The total accrued liability for all active and deferred members of the account as
125.10 of December 31 of the current year must be calculated.

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

125.15 (3) The amount of the total present assets calculated under clause (2) must be
125.16 subtracted from the amount of the total accrued liability calculated under clause (1). If the
125.17 amount of total present assets exceeds the amount of the total accrued liability, then the
125.18 account is considered to have a surplus over full funding. If the amount of the total present
125.19 assets is less than the amount of the total accrued liability, then the account is considered
125.20 to have a deficit from full funding. If the amount of total present assets is equal to the
125.21 amount of the total accrued liability, then the special fund is considered to be fully funded.

125.22 (c) The financial requirements of each account for the following calendar year must
125.23 be determined in the following manner:

125.24 (1) The total accrued liability for all active and deferred members of the account
125.25 as of December 31 of the calendar year next following the current calendar year must
125.26 be calculated.

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

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

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

125.34 (5) If the account has a deficit from full funding, the financial requirement of
125.35 the account for the following calendar year is the financial requirement of the account

126.1 calculated as though the account were fully funded under clause (4) plus an amount equal
126.2 to one-tenth of the amount of the deficit from full funding of the account.

126.3 (6) If the special fund has a surplus over full funding, the financial requirement of
126.4 the account for the following calendar year is the financial requirement of the account
126.5 calculated as though the account was fully funded under clause (4) reduced by an amount
126.6 equal to one-tenth of the amount of the surplus over full funding of the account.

126.7 (d) The required contribution of the entity or entities associated with the fire
126.8 department whose active firefighters are covered by the retirement plan is the annual
126.9 financial requirements of the account of the retirement plan reduced by the amount of any
126.10 fire state aid payable under sections 69.011 to 69.051 reasonably anticipated to be received
126.11 by the retirement plan attributable to the entity or entities during the following calendar
126.12 year, and an amount of interest on the assets projected to be received during the following
126.13 calendar year calculated at the rate of six percent per annum. The required contribution
126.14 must be allocated between the entities if more than one entity is involved. A reasonable
126.15 amount of anticipated fire state aid is an amount that does not exceed the fire state aid
126.16 actually received in the prior year multiplied by the factor 1.035.

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

126.24 (f) The assets of the retirement fund may only be disbursed for:

126.25 (1) the administrative expenses of the retirement plan;

126.26 (2) the investment expenses of the retirement fund;

126.27 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
126.28 353G.15; and

126.29 (4) the survivor benefits payable under section 353G.12.

126.30 **Sec. 18. [353G.09] RETIREMENT BENEFIT ELIGIBILITY.**

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

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

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

127.1 (3) has completed at least five years of good time service credit as a member of
 127.2 the retirement plan; and
 127.3 (4) applies in a manner prescribed by the executive director for the service pension.

127.4 **Subd. 2. Vesting schedule; nonforfeitable portion of service pension.** If an
 127.5 active member has completed less than 20 years of good time service credit, the person's
 127.6 entitlement is to the nonforfeitable percentage of the applicable service pension amount,
 127.7 as follows:

	<u>Completed years of good time</u> <u>service credit</u>	<u>Nonforfeitable percentage of the</u> <u>service pension</u>
127.8	<u>5</u>	<u>40 percent</u>
127.9	<u>6</u>	<u>44 percent</u>
127.10	<u>7</u>	<u>48 percent</u>
127.11	<u>8</u>	<u>52 percent</u>
127.12	<u>9</u>	<u>56 percent</u>
127.13	<u>10</u>	<u>60 percent</u>
127.14	<u>11</u>	<u>64 percent</u>
127.15	<u>12</u>	<u>68 percent</u>
127.16	<u>13</u>	<u>72 percent</u>
127.17	<u>14</u>	<u>76 percent</u>
127.18	<u>15</u>	<u>80 percent</u>
127.19	<u>16</u>	<u>84 percent</u>
127.20	<u>17</u>	<u>88 percent</u>
127.21	<u>18</u>	<u>92 percent</u>
127.22	<u>19</u>	<u>96 percent</u>
127.23	<u>20 and thereafter</u>	<u>100 percent</u>

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

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

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

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

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

128.1 (b) The alternative lump-sum service pension is the service pension amount specified
 128.2 in the bylaws of the applicable former volunteer firefighters' relief association either
 128.3 as of the date immediately prior to the election of the retirement coverage change or
 128.4 as of the date immediately before the termination of firefighting services, whichever is
 128.5 earlier, multiplied by the total number of years of service as a member of that volunteer
 128.6 firefighters' relief association and of the retirement plan.

128.7 Sec. 19. **[353G.10] DEFERRED SERVICE PENSION AMOUNT.**

128.8 A person who was an active member of a fire department covered by the retirement
 128.9 plan who has separated from active firefighting service for at least 30 days and who has
 128.10 completed at least five years of good time service credit, but has not attained the age of
 128.11 50 years, is entitled to a deferred service pension on or after attaining the age of 50 years
 128.12 and applying in a manner specified by the executive director for the service pension. The
 128.13 service pension payable is the nonforfeitable percentage of the service pension under
 128.14 section 353G.09, subdivision 2, and is payable without any interest over the period of
 128.15 deferral.

128.16 Sec. 20. **[353G.11] SERVICE PENSION LEVELS.**

128.17 Subdivision 1. **Levels.** The retirement plan provides the following levels of service
 128.18 pension amounts to be selected at the election of coverage, or, if fully funded, thereafter:

128.19	<u>Level A</u>	<u>\$500 per year of good time service credit</u>
128.20	<u>Level B</u>	<u>\$750 per year of good time service credit</u>
128.21	<u>Level C</u>	<u>\$1,000 per year of good time service credit</u>
128.22	<u>Level D</u>	<u>\$1,500 per year of good time service credit</u>
128.23	<u>Level E</u>	<u>\$2,000 per year of good time service credit</u>
128.24	<u>Level F</u>	<u>\$2,500 per year of good time service credit</u>
128.25	<u>Level G</u>	<u>\$3,000 per year of good time service credit</u>
128.26	<u>Level H</u>	<u>\$3,500 per year of good time service credit</u>
128.27	<u>Level I</u>	<u>\$4,000 per year of good time service credit</u>
128.28	<u>Level J</u>	<u>\$4,500 per year of good time service credit</u>
128.29	<u>Level K</u>	<u>\$5,000 per year of good time service credit</u>
128.30	<u>Level L</u>	<u>\$5,500 per year of good time service credit</u>
128.31	<u>Level M</u>	<u>\$6,000 per year of good time service credit</u>
128.32	<u>Level N</u>	<u>\$6,500 per year of good time service credit</u>
128.33	<u>Level O</u>	<u>\$7,000 per year of good time service credit</u>
128.34	<u>Level P</u>	<u>\$7,500 per year of good time service credit</u>

128.35 Subd. 2. **Level selection.** At the time of the election to transfer retirement coverage,
 128.36 or on April 30 thereafter, the governing body or bodies of the entity or entities operating
 128.37 the fire department whose firefighters are covered by the retirement plan may request

129.1 a cost estimate from the executive director of an increase in the service pension level
129.2 applicable to the active firefighters of the fire department. Within 90 days of the receipt of
129.3 the cost estimate prepared by the executive director using a procedure certified as accurate
129.4 by the approved actuary retained by the Public Employees Retirement Association, the
129.5 governing body or bodies may approve the service pension level change, effective for the
129.6 following calendar year.

129.7 Subd. 3. **Supplemental benefit.** The retirement plan also shall pay a supplemental
129.8 benefit as provided for in section 424A.10.

129.9 Subd. 4. **Ancillary benefits.** No disability, death, funeral, or other ancillary benefit
129.10 beyond a service pension or a survivor benefit is payable from the retirement plan.

129.11 Sec. 21. **[353G.12] SURVIVOR BENEFIT.**

129.12 Subdivision 1. **Entitlement.** (a) A survivor of a deceased active member of the
129.13 retirement plan or a deceased deferred member of the retirement plan, upon application as
129.14 prescribed by the executive director, is entitled to receive a survivor benefit.

129.15 (b) A survivor is the spouse of the member, or if none, the minor child or children of
129.16 the member, or if none, the estate of the member.

129.17 Subd. 2. **Survivor benefit amount.** The amount of the survivor benefit is the
129.18 amount of the service pension that would have been payable to the member of the
129.19 retirement plan on the date of death if the member had been age 50 or older on that date.

129.20 Sec. 22. **[353G.13] PORTABILITY.**

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

129.27 Subd. 2. **Combined service pension computation.** The service pension payable to
129.28 a firefighter who qualifies under subdivision 1 is the per year of good time service credit
129.29 service pension amount in effect for each account in which the firefighter has good time
129.30 service credit as of the date on which the firefighter terminated active service with the fire
129.31 department associated with the applicable account, multiplied by the number of years of
129.32 good time service credit that the firefighter has in the applicable account.

130.1 Subd. 3. **Payment.** A service pension under this section must be paid in a single
130.2 payment, with the applicable portion of the total service pension payment amount
130.3 deducted from each account.

130.4 **Sec. 23. [353G.14] PURCHASE OF ANNUITY CONTRACTS.**

130.5 The executive director may purchase an annuity contract on behalf of a retiring
130.6 firefighter with a total premium payment in an amount equal to the lump-sum service
130.7 pension payable under section 353G.09 if the purchase was requested by the retiring
130.8 firefighter in a manner prescribed by the executive director. The annuity contract must
130.9 be purchased from an insurance carrier that is licensed to do business in this state. If
130.10 purchased, the annuity contract is in lieu of any service pension or other benefit from the
130.11 retirement plan. The annuity contract may be purchased at any time after the volunteer
130.12 firefighter discontinues active service, but the annuity contract must stipulate that no
130.13 annuity amounts are payable before the former volunteer firefighter attains the age of 50.

130.14 **Sec. 24. [353G.15] INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.**

130.15 Upon receipt of a determination that the retirement plan is a qualified pension plan
130.16 under section 401(a) of the Internal Revenue Code, as amended, the executive director,
130.17 upon request, shall transfer the service pension amount under sections 353G.08 and
130.18 353G.11 of a former volunteer firefighter who has terminated active firefighting services
130.19 covered by the plan and who has attained the age of at least 50 years to the person's
130.20 individual retirement account under section 408(a) of the Internal Revenue Code, as
130.21 amended. The transfer request must be in a manner prescribed by the executive director
130.22 and must be filed by the former volunteer firefighter who has sufficient service credit to be
130.23 entitled to a service pension or, following the death of a participating active firefighter,
130.24 must be filed by the deceased firefighter's surviving spouse.

130.25 **Sec. 25. [353G.16] EXEMPTION FROM PROCESS.**

130.26 The provisions of section 356.401 apply to the retirement plan.

130.27 **Sec. 26.** Minnesota Statutes 2008, section 356.20, subdivision 2, is amended to read:

130.28 **Subd. 2. Covered public pension plans and funds.** This section applies to the
130.29 following public pension plans:

130.30 (1) the general state employees retirement plan of the Minnesota State Retirement
130.31 System;

130.32 (2) the general employees retirement plan of the Public Employees Retirement
130.33 Association;

130.34 (3) the Teachers Retirement Association;

- 131.1 (4) the State Patrol retirement plan;
- 131.2 (5) the St. Paul Teachers Retirement Fund Association;
- 131.3 (6) the Duluth Teachers Retirement Fund Association;
- 131.4 (7) the Minneapolis Employees Retirement Fund;
- 131.5 (8) the University of Minnesota faculty retirement plan;
- 131.6 (9) the University of Minnesota faculty supplemental retirement plan;
- 131.7 (10) the judges retirement fund;
- 131.8 (11) a police or firefighter's relief association specified or described in section 69.77,
- 131.9 subdivision 1a;
- 131.10 (12) a volunteer firefighter relief association governed by section 69.771, subdivision
- 131.11 1;
- 131.12 (13) the public employees police and fire plan of the Public Employees Retirement
- 131.13 Association;
- 131.14 (14) the correctional state employees retirement plan of the Minnesota State
- 131.15 Retirement System; ~~and~~
- 131.16 (15) the local government correctional service retirement plan of the Public
- 131.17 Employees Retirement Association; and
- 131.18 (16) the voluntary statewide lump-sum volunteer firefighter retirement plan.

131.19 Sec. 27. Minnesota Statutes 2008, section 356.401, subdivision 3, is amended to read:

131.20 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the

131.21 following retirement plans:

- 131.22 (1) the legislators retirement plan, established by chapter 3A;
- 131.23 (2) the general state employees retirement plan of the Minnesota State Retirement
- 131.24 System, established by chapter 352;
- 131.25 (3) the correctional state employees retirement plan of the Minnesota State
- 131.26 Retirement System, established by chapter 352;
- 131.27 (4) the State Patrol retirement plan, established by chapter 352B;
- 131.28 (5) the elective state officers retirement plan, established by chapter 352C;
- 131.29 (6) the unclassified state employees retirement program, established by chapter
- 131.30 352D;
- 131.31 (7) the general employees retirement plan of the Public Employees Retirement
- 131.32 Association, established by chapter 353;
- 131.33 (8) the public employees police and fire plan of the Public Employees Retirement
- 131.34 Association, established by chapter 353;
- 131.35 (9) the public employees defined contribution plan, established by chapter 353D;

- 132.1 (10) the local government correctional service retirement plan of the Public
 132.2 Employees Retirement Association, established by chapter 353E;
- 132.3 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
 132.4 established by chapter 353G;
- 132.5 (12) the Teachers Retirement Association, established by chapter 354;
- 132.6 ~~(12)~~ (13) the Duluth Teachers Retirement Fund Association, established by chapter
 132.7 354A;
- 132.8 ~~(13) the Minneapolis Teachers Retirement Fund Association, established by chapter~~
 132.9 ~~354A;~~
- 132.10 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
 132.11 354A;
- 132.12 (15) the individual retirement account plan, established by chapter 354B;
- 132.13 (16) the higher education supplemental retirement plan, established by chapter 354C;
- 132.14 (17) the Minneapolis Employees Retirement Fund, established by chapter 422A;
- 132.15 (18) the Minneapolis Police Relief Association, established by chapter 423B;
- 132.16 (19) the Minneapolis Firefighters Relief Association, established by chapter 423C;
- 132.17 and
- 132.18 (20) the judges retirement fund, established by chapter 490.

132.19 Sec. 28. Minnesota Statutes 2008, section 356.96, subdivision 1, is amended to read:

132.20 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
 132.21 a different meaning is intended, for the purpose of this section, the terms in paragraphs
 132.22 (b) to (e) have the meanings given them.

132.23 (b) "Chief administrative officer" means the executive director of a covered pension
 132.24 plan or the executive director's designee or representative.

132.25 (c) "Covered pension plan" means a plan enumerated in section 356.20,
 132.26 subdivision 2, clauses (1) to (4), (10), and (13) to ~~(15)~~ (16), but does not mean the
 132.27 deferred compensation plan administered under sections 352.965 and 352.97 or to the
 132.28 postretirement health care savings plan administered under section 352.98.

132.29 (d) "Governing board" means the Board of Trustees of the Public Employees
 132.30 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
 132.31 the Board of Directors of the Minnesota State Retirement System.

132.32 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in
 132.33 a covered pension plan or a beneficiary of a participant, or an individual who has applied
 132.34 to be a participant or who is or may be a survivor of a participant, or a state agency or
 132.35 other governmental unit that employs active participants in a covered pension plan.

133.1 Sec. 29. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

133.2 Subdivision 1. **Definitions.** For purposes of this section:

133.3 (1) "qualified recipient" means an individual who receives a lump-sum distribution
133.4 of pension or retirement benefits from a firefighters' relief association or from the
133.5 voluntary statewide lump-sum volunteer firefighter retirement plan for service that the
133.6 individual has performed as a volunteer firefighter;

133.7 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally
133.8 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or
133.9 minor children of a deceased volunteer firefighter;

133.10 (3) "active volunteer firefighter" means a person who regularly renders fire
133.11 suppression service for a municipal fire department or an independent nonprofit firefighting
133.12 corporation, who has met the statutory and other requirements for relief association
133.13 membership, and who has been a fully qualified member of the relief association or from
133.14 the voluntary statewide lump-sum volunteer firefighter retirement plan for at least one
133.15 month; and

133.16 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who
133.17 terminated active firefighting service, has sufficient service credit from the applicable
133.18 relief association or from the voluntary statewide lump-sum volunteer firefighter
133.19 retirement plan to be entitled to a service pension, but has not applied for or has not
133.20 received the service pension.

133.21 Sec. 30. Minnesota Statutes 2008, section 424A.10, subdivision 2, is amended to read:

133.22 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a
133.23 firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter
133.24 retirement plan of a lump-sum distribution to a qualified recipient, the association must
133.25 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the
133.26 contrary, the relief association must pay the supplemental benefit out of its special fund
133.27 and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay
133.28 the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter
133.29 retirement plan. The amount of this benefit equals ten percent of the regular lump-sum
133.30 distribution that is paid on the basis of the recipient's service as a volunteer firefighter.
133.31 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental
133.32 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred
133.33 volunteer firefighter in that capacity.

133.34 (b) Upon the payment by a relief association or the retirement plan of a lump-sum
133.35 survivor benefit or funeral benefit to a survivor of a deceased active volunteer firefighter

134.1 or of a deceased deferred volunteer firefighter, the association may pay a supplemental
134.2 survivor benefit to the survivor of the deceased active or deferred volunteer firefighter
134.3 from the special fund of the relief association if its articles of incorporation or bylaws so
134.4 provide and the retirement plan may pay a supplemental survivor benefit to the survivor of
134.5 the deceased active or deferred volunteer firefighter from the retirement fund if chapter
134.6 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the
134.7 survivor benefit or funeral benefit, but not to exceed \$2,000.

134.8 (c) An individual may receive a supplemental benefit under paragraph (a) or under
134.9 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
134.10 firefighter benefit.

134.11 Sec. 31. Minnesota Statutes 2008, section 424A.10, subdivision 3, is amended to read:

134.12 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement
134.13 of the amount of supplemental benefits paid under subdivision 2 during the preceding
134.14 calendar year, the relief association or the voluntary statewide lump-sum volunteer
134.15 firefighter retirement plan must apply to the commissioner of revenue by February 15.
134.16 By March 15, the commissioner shall reimburse the relief association for the amount of
134.17 the supplemental benefits paid to qualified recipients and to survivors of deceased active
134.18 or deferred volunteer firefighters.

134.19 (b) The commissioner of revenue shall prescribe the form of and supporting
134.20 information that must be supplied as part of the application for state reimbursement.
134.21 The commissioner of revenue shall reimburse the relief association by paying the
134.22 reimbursement amount to the treasurer of the municipality where the association is
134.23 located and shall reimburse the retirement plan by paying the reimbursement amount to
134.24 the executive director of the Public Employees Retirement Association. Within 30 days
134.25 after receipt, the municipal treasurer shall transmit the state reimbursement to the treasurer
134.26 of the association if the association has filed a financial report with the municipality. If
134.27 the relief association has not filed a financial report with the municipality, the municipal
134.28 treasurer shall delay transmission of the reimbursement payment to the association until
134.29 the complete financial report is filed. If the association has dissolved or has been removed
134.30 as a trustee of state aid, the treasurer shall deposit the money in a special account in the
134.31 municipal treasury, and the money may be disbursed only for the purposes and in the
134.32 manner provided in section 424A.08. When paid to the association, the reimbursement
134.33 payment must be deposited in the special fund of the relief association and when paid to
134.34 the retirement plan, the reimbursement payment must be deposited in the retirement
134.35 fund of the plan.

135.1 (c) A sum sufficient to make the payments is appropriated from the general fund
135.2 to the commissioner of revenue.

135.3 Sec. 32. **EFFECTIVE DATE.**

135.4 Sections 1 to 31 are effective August 1, 2009.

135.5 **ARTICLE 11**

135.6 **VOLUNTEER FIRE RELIEF ASSOCIATION CHANGES**

135.7 Section 1. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

135.8 Subd. 5. **Deposit of state aid.** (a) The municipal treasurer shall, within 30 days
135.9 after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'
135.10 relief association if there is one organized and the association has filed a financial report
135.11 with the municipality. If the relief association has not filed a financial report with the
135.12 municipality, the municipal treasurer shall delay transmission of the fire state aid to the
135.13 relief association until the complete financial report is filed. If there is no relief association
135.14 organized, or if the association has dissolved, or has been removed as trustees of state aid,
135.15 then the treasurer of the municipality shall deposit the money in the municipal treasury
135.16 ~~as provided for in section 424A.08~~ and the money may be disbursed only for the purposes
135.17 and in the manner set forth in ~~that~~ section 424A.08 or for the payment of the employer
135.18 contribution requirement with respect to firefighters covered by the public employees
135.19 police and fire retirement plan under section 353.65, subdivision 3.

135.20 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the
135.21 police state aid in the following manner:

135.22 (1) For a municipality in which a local police relief association exists and all peace
135.23 officers are members of the association, the total state aid must be transmitted to the
135.24 treasurer of the relief association within 30 days of the date of receipt, and the treasurer
135.25 of the relief association shall immediately deposit the total state aid in the special fund
135.26 of the relief association;

135.27 (2) For a municipality in which police retirement coverage is provided by the public
135.28 employees police and fire fund and all peace officers are members of the fund, including
135.29 municipalities covered by section 353.665, the total state aid must be applied toward the
135.30 municipality's employer contribution to the public employees police and fire fund under
135.31 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

135.32 (3) For a municipality other than a city of the first class with a population of more
135.33 than 300,000 in which both a police relief association exists and police retirement
135.34 coverage is provided in part by the public employees police and fire fund, the municipality
135.35 may elect at its option to transmit the total state aid to the treasurer of the relief association

136.1 as provided in clause (1), to use the total state aid to apply toward the municipality's
136.2 employer contribution to the public employees police and fire fund subject to all the
136.3 provisions set forth in clause (2), or to allot the total state aid proportionately to be
136.4 transmitted to the police relief association as provided in this subdivision and to apply
136.5 toward the municipality's employer contribution to the public employees police and fire
136.6 fund subject to the provisions of clause (2) on the basis of the respective number of active
136.7 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

136.8 For a city of the first class with a population of more than 300,000, in addition, the
136.9 city may elect to allot the appropriate portion of the total police state aid to apply toward
136.10 the employer contribution of the city to the public employees police and fire fund based
136.11 on the covered salary of police officers covered by the fund each payroll period and to
136.12 transmit the balance to the police relief association; or

136.13 (4) For a municipality in which police retirement coverage is provided in part by
136.14 the public employees police and fire fund and in part by a local police consolidation
136.15 account governed by chapter 353A and established before March 2, 1999, for which the
136.16 municipality declined merger under section 353.665, subdivision 1, or established after
136.17 March 1, 1999, the total police state aid must be applied towards the municipality's total
136.18 employer contribution to the public employees police and fire fund and to the local police
136.19 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

136.20 (c) The county treasurer, upon receipt of the police state aid for the county, shall
136.21 apply the total state aid toward the county's employer contribution to the public employees
136.22 police and fire fund under section 353.65, subdivision 3.

136.23 (d) The designated Metropolitan Airports Commission official, upon receipt of the
136.24 police state aid for the Metropolitan Airports Commission, shall apply the total police
136.25 state aid first toward the commission's employer contribution for police officers to the
136.26 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if
136.27 there is any amount of police state aid remaining, shall apply that remainder toward the
136.28 commission's employer contribution for police officers to the public employees police and
136.29 fire plan under section 353.65, subdivision 3.

136.30 (e) The police state aid apportioned to the Departments of Public Safety and Natural
136.31 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
136.32 finance for transfer to the funds and accounts from which the salaries of peace officers
136.33 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue
136.34 shall certify to the commissioners of public safety, natural resources, and finance the
136.35 amounts to be transferred from the appropriation for police state aid. The commissioners
136.36 of public safety and natural resources shall certify to the commissioner of finance the

137.1 amounts to be credited to each of the funds and accounts from which the peace officers
137.2 employed by their respective departments are paid. Each commissioner must allocate the
137.3 police state aid first for employer contributions for employees funded from the general
137.4 fund and then for employer contributions for employees funded from other funds. For
137.5 peace officers whose salaries are paid from the general fund, the amounts transferred from
137.6 the appropriation for police state aid must be canceled to the general fund.

137.7 **EFFECTIVE DATE.** This section is effective July 1, 2009.

137.8 Sec. 2. Minnesota Statutes 2008, section 69.771, subdivision 3, is amended to read:

137.9 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
137.10 there exists a firefighters' relief association as specified in subdivision 1 which does not
137.11 comply with the applicable provisions of sections 69.771 to 69.776 or the provisions of
137.12 any applicable special law relating to the funding or financing of the association does
137.13 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid
137.14 under sections 69.011 to 69.051 until the reason for the disqualification specified by the
137.15 state auditor is remedied, whereupon the municipality or relief association, if otherwise
137.16 qualified, is entitled to again receive fire state aid for the year occurring immediately
137.17 subsequent to the year in which the disqualification is remedied.

137.18 (b) The state auditor shall determine if a municipality to which a firefighters' relief
137.19 association is directly associated or a firefighters' relief association fails to comply with
137.20 the provisions of sections 69.771 to 69.776 or the funding or financing provisions of any
137.21 applicable special law based upon the information contained in the annual financial report
137.22 of the firefighters' relief association required under section 69.051, the actuarial valuation
137.23 of the relief association, if applicable, the relief association officers' financial requirements
137.24 of the relief association and minimum municipal obligation determination documentation
137.25 under section 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or 69.774,
137.26 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or
137.27 nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and
137.28 any other relevant documents or reports obtained by the state auditor.

137.29 (c) The municipality or nonprofit firefighting corporation and the associated relief
137.30 association are not eligible to receive or to retain fire state aid if:

137.31 (1) the relief association fails to prepare or to file the financial report or financial
137.32 statement under section 69.051;

137.33 (2) the relief association treasurer is not bonded in the manner and in the amount
137.34 required by section 69.051, subdivision 2;

138.1 (3) the relief association officers fail to determine or improperly determine the
138.2 accrued liability and the annual accruing liability of the relief association under section
138.3 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

138.4 (4) if applicable, the relief association officers fail to obtain and file a required
138.5 actuarial valuation or the officers file an actuarial valuation that does not contain the
138.6 special fund actuarial liability calculated under the entry age normal actuarial cost
138.7 method, the special fund current assets, the special fund unfunded actuarial accrued
138.8 liability, the special fund normal cost under the entry age normal actuarial cost method,
138.9 the amortization requirement for the special fund unfunded actuarial accrued liability
138.10 by the applicable target date, a summary of the applicable benefit plan, a summary of
138.11 the membership of the relief association, a summary of the actuarial assumptions used
138.12 in preparing the valuation, and a signed statement by the actuary attesting to its results
138.13 and certifying to the qualifications of the actuary as an approved actuary under section
138.14 356.215, subdivision 1, paragraph (c);

138.15 (5) the municipality failed to provide a municipal contribution, or the nonprofit
138.16 firefighting corporation failed to provide a corporate contribution, in the amount equal
138.17 to the minimum municipal obligation if the relief association is governed under section
138.18 69.772, or the amount necessary, when added to the fire state aid actually received
138.19 in the plan year in question, to at least equal in total the calculated annual financial
138.20 requirements of the special fund of the relief association if the relief association is
138.21 governed under section 69.773, and, if the municipal or corporate contribution is deficient,
138.22 the municipality failed to include the minimum municipal obligation certified under
138.23 section 69.772, subdivision 3, or 69.773, subdivision 5, in its budget and tax levy or the
138.24 nonprofit firefighting corporation failed to include the minimum corporate obligation
138.25 certified under section 69.774, subdivision 2, in the corporate budget;

138.26 (6) the defined benefit relief association did not receive municipal ratification for
138.27 the most recent plan amendment when municipal ratification was required under section
138.28 69.772, subdivision 6; 69.773, subdivision 6; or 424A.02, subdivision 10;

138.29 (7) the relief association invested special fund assets in an investment security
138.30 that is not authorized under section 69.775;

138.31 (8) the relief association had an administrative expense that is not authorized under
138.32 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that
138.33 is not authorized under section 424A.08;

138.34 (9) the relief association officers fail to provide a complete and accurate public
138.35 pension plan investment portfolio and performance disclosure under section 356.219;

139.1 (10) the relief association fails to obtain the acknowledgment from a broker of the
139.2 statement of investment restrictions under section 356A.06, subdivision 8b;

139.3 (11) the relief association officers permitted to occur a prohibited transaction under
139.4 section 356A.06, subdivision 9, or ~~424A.001~~ 424A.04, subdivision 7 2a, or failed to
139.5 undertake correction of a prohibited transaction that did occur; or

139.6 (12) the relief association pays a defined benefit service pension in an amount
139.7 that is in excess of the applicable service pension maximum under section 424A.02,
139.8 subdivision 3.

139.9 **EFFECTIVE DATE.** This section is effective July 1, 2009.

139.10 Sec. 3. Minnesota Statutes 2008, section 69.772, subdivision 4, is amended to read:

139.11 Subd. 4. **Certification of financial requirements and minimum municipal**

139.12 **obligation; levy.** (a) The officers of the relief association shall certify the financial
139.13 requirements of the special fund of the relief association and the minimum obligation of
139.14 the municipality with respect to the special fund of the relief association as determined
139.15 under subdivision 3 to the governing body of the municipality on or before August 1 of
139.16 each year. The financial requirements of the relief association and the minimum municipal
139.17 obligation must be included in the financial report or financial statement under section
139.18 69.051. The schedule forms related to the determination of the financial requirements
139.19 must be filed with the state auditor by March 31, annually, if the relief association is
139.20 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,
139.21 annually, if the relief association is required to file a financial report and audit under
139.22 section 69.051, subdivision 1.

139.23 (b) The municipality shall provide for at least the minimum obligation of the
139.24 municipality with respect to the special fund of the relief association by tax levy or from
139.25 any other source of public revenue.

139.26 (c) The municipality may levy taxes for the payment of the minimum municipal
139.27 obligation without any limitation as to rate or amount and irrespective of any limitations
139.28 imposed by other provisions of law upon the rate or amount of taxation until the balance
139.29 of the special fund or any fund of the relief association has attained a specified level. In
139.30 addition, any taxes levied under this section must not cause the amount or rate of any other
139.31 taxes levied in that year or to be levied in a subsequent year by the municipality which are
139.32 subject to a limitation as to rate or amount to be reduced.

139.33 (d) If the municipality does not include the full amount of the minimum municipal
139.34 obligations in its levy for any year, the officers of the relief association shall certify that

140.1 amount to the county auditor, who shall spread a levy in the amount of the certified
140.2 minimum municipal obligation on the taxable property of the municipality.

140.3 (e) If the state auditor determines that a municipal contribution actually made in a
140.4 plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5),
140.5 the state auditor may request a copy of the certifications under this subdivision from the
140.6 relief association or from the city. The relief association or the city, whichever applies,
140.7 must provide the certifications within 14 days of the date of the request from the state
140.8 auditor.

140.9 **EFFECTIVE DATE.** This section is effective July 1, 2009.

140.10 Sec. 4. Minnesota Statutes 2008, section 69.772, subdivision 6, is amended to read:

140.11 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
140.12 relief association does not have a surplus over full funding pursuant to subdivision 3,
140.13 clause (2), subclause (e), or if the municipality is required to provide financial support
140.14 to the special fund of the relief association pursuant to this section, the adoption of
140.15 or any amendment to the articles of incorporation or bylaws of a relief association
140.16 which increases or otherwise affects the retirement coverage provided by or the service
140.17 pensions or retirement benefits payable from the special fund of any relief association
140.18 to which this section applies shall not be effective until it is ratified by the governing
140.19 body of the municipality in which the relief association is located and the officers of a
140.20 relief association shall not seek municipal ratification prior to preparing and certifying
140.21 an estimate of the expected increase in the accrued liability and annual accruing liability
140.22 of the relief association attributable to the amendment. If the special fund of the relief
140.23 association has a surplus over full funding pursuant to subdivision 3, clause (2), subclause
140.24 (e), and if the municipality is not required to provide financial support to the special fund
140.25 of the relief association pursuant to this section, the relief association may adopt or amend
140.26 its articles of incorporation or bylaws which increase or otherwise affect the retirement
140.27 coverage provided by or the service pensions or retirement benefits payable from the
140.28 special fund of the relief association which shall be effective without municipal ratification
140.29 so long as this does not cause the amount of the resulting increase in the accrued liability
140.30 of the special fund of the relief association to exceed 90 percent of the amount of the
140.31 ~~prior~~ surplus over full funding reported in the prior year and this does not result in the
140.32 financial requirements of the special fund of the relief association exceeding the expected
140.33 amount of the future fire state aid to be received by the relief association as determined
140.34 by the board of trustees following the preparation of an estimate of the expected increase
140.35 in the accrued liability and annual accruing liability of the relief association attributable

141.1 to the change. If a relief association adopts or amends its articles of incorporation or
141.2 bylaws without municipal ratification pursuant to this subdivision, and, subsequent to
141.3 the amendment or adoption, the financial requirements of the special fund of the relief
141.4 association pursuant to this section are such so as to require financial support from the
141.5 municipality, the provision which was implemented without municipal ratification shall no
141.6 longer be effective without municipal ratification and any service pensions or retirement
141.7 benefits payable after that date shall be paid only in accordance with the articles of
141.8 incorporation or bylaws as amended or adopted with municipal ratification.

141.9 **EFFECTIVE DATE.** This section is effective July 1, 2009.

141.10 Sec. 5. Minnesota Statutes 2008, section 69.773, subdivision 6, is amended to read:

141.11 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the
141.12 relief association does not have a surplus over full funding pursuant to subdivision 4, or if
141.13 the municipality is required to provide financial support to the special fund of the relief
141.14 association pursuant to this section, the adoption of or any amendment to the articles of
141.15 incorporation or bylaws of a relief association which increases or otherwise affects the
141.16 retirement coverage provided by or the service pensions or retirement benefits payable
141.17 from the special fund of any relief association to which this section applies shall not
141.18 be effective until it is ratified by the governing body of the municipality in which the
141.19 relief association is located. If the special fund of the relief association has a surplus over
141.20 full funding pursuant to subdivision 4, and if the municipality is not required to provide
141.21 financial support to the special fund of the relief association pursuant to this section,
141.22 the relief association may adopt or amend its articles of incorporation or bylaws which
141.23 increase or otherwise affect the retirement coverage provided by or the service pensions or
141.24 retirement benefits payable from the special fund of the relief association which shall be
141.25 effective without municipal ratification so long as this does not cause the amount of the
141.26 resulting increase in the accrued liability of the special fund of the relief association to
141.27 exceed 90 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior
141.28 year and this does not result in the financial requirements of the special fund of the relief
141.29 association exceeding the expected amount of the future fire state aid to be received by the
141.30 relief association as determined by the board of trustees following the preparation of an
141.31 updated actuarial valuation including the proposed change or an estimate of the expected
141.32 actuarial impact of the proposed change prepared by the actuary of the relief association.
141.33 If a relief association adopts or amends its articles of incorporation or bylaws without
141.34 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or
141.35 adoption, the financial requirements of the special fund of the relief association pursuant to

142.1 this section are such so as to require financial support from the municipality, the provision
142.2 which was implemented without municipal ratification shall no longer be effective without
142.3 municipal ratification and any service pensions or retirement benefits payable after that
142.4 date shall be paid only in accordance with the articles of incorporation or bylaws as
142.5 amended or adopted with municipal ratification.

142.6 **EFFECTIVE DATE.** This section is effective July 1, 2009.

142.7 Sec. 6. Minnesota Statutes 2008, section 356.219, subdivision 3, is amended to read:

142.8 Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include
142.9 a written statement of the investment policy. Following that initial report, subsequent
142.10 reports must include investment policy changes and the effective date of each policy
142.11 change rather than a complete statement of investment policy, unless the state auditor
142.12 requests submission of a complete current statement. The report must also include the
142.13 information required by the following paragraphs, as applicable.

142.14 (b) If, after four years of reporting under this paragraph, the total portfolio time
142.15 weighted rate of return, net of all investment related costs and fees, provided by the public
142.16 pension plan differs by no more than 0.1 percent from the comparable return for the plan
142.17 calculated by the Office of the State Auditor, and if a public pension plan has a total
142.18 market value of \$25,000,000 or more as of the beginning of the calendar year, and if the
142.19 public pension plan's annual audit is performed by the state auditor or by the legislative
142.20 auditor, the report required by subdivision 1 must include the market value of the total
142.21 portfolio and the market value of each asset class included in the pension fund as of the
142.22 beginning of the calendar year and as of the end of the calendar year. At the discretion of
142.23 the state auditor, the public pension plan may be required to submit the market value of the
142.24 total portfolio and the market value of each investment account, investment portfolio, or
142.25 asset class included in the pension fund for each month, and the amount and date of each
142.26 injection and withdrawal to the total portfolio and to each investment account, investment
142.27 portfolio, or asset class. If the market value of a public pension plan's fund drops below
142.28 \$25,000,000 in a subsequent year, it must continue reporting under this paragraph for any
142.29 subsequent year in which the public pension plan is not fully invested as specified in
142.30 subdivision 1, paragraph (b), except that if the public pension plan's annual audit is not
142.31 performed by the state auditor or legislative auditor, paragraph (c) applies.

142.32 (c) If paragraph (b) would apply if the annual audit were provided by the state
142.33 auditor or legislative auditor, the report required by subdivision 1 must include the market
142.34 value of the total portfolio and the market value of each asset class included in the pension
142.35 fund as of the beginning of the calendar year and for each month, and the amount and date

143.1 of each injection and withdrawal to the total portfolio and to each investment account,
143.2 investment portfolio, or asset class.

143.3 (d) For public pension plans to which paragraph (b) or (c) applies, the report required
143.4 by subdivision 1 must also include a calculation of the total time-weighted rate of return
143.5 available from index-matching investments assuming the asset class performance targets
143.6 and target asset mix indicated in the written statement of investment policy. The provided
143.7 information must include a description of indices used in the analyses and an explanation
143.8 of why those indices are appropriate. This paragraph does not apply to any fully invested
143.9 plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of
143.10 Investment under this paragraph is limited to information on the Minnesota public pension
143.11 plans required to be invested by the State Board of Investment under section 11A.23.

143.12 (e) If a public pension plan has a total market value of less than \$25,000,000 as of
143.13 the beginning of the calendar year and was never required to file under paragraph (b) or
143.14 (c), the report required by subdivision 1 must include the amount and date of each total
143.15 portfolio injection and withdrawal. In addition, the report must include the market value
143.16 of the total portfolio as of the beginning of the calendar year and for each quarter.

143.17 (f) Any public pension plan reporting under paragraph (b) or (c) must include
143.18 computed time-weighted rates of return with the report, in addition to all other required
143.19 information, as applicable. The chief administrative officer of the public pension plan
143.20 submitting the returns must certify, on a form prescribed by the state auditor, that the
143.21 returns have been computed by the pension plan's investment performance consultant or
143.22 custodial bank. The chief administrative officer of the public pension plan submitting the
143.23 returns also must certify that the returns are net of all costs and fees, including investment
143.24 management fees, and that the procedures used to compute the returns are consistent
143.25 with Bank Administration Institute studies of investment performance measurement
143.26 and presentation standards set by the ~~Certified Financial Analyst~~ CFA Institute. If the
143.27 certifications required under this paragraph are not provided, the reporting requirements of
143.28 paragraph (c) apply.

143.29 (g) For public pension plans reporting under paragraph (e), the public pension plan
143.30 must retain supporting information specifying the date and amount of each injection and
143.31 withdrawal to each investment account and investment portfolio. The public pension plan
143.32 must also retain the market value of each investment account and investment portfolio at
143.33 the beginning of the calendar year and for each quarter. Information that is required to be
143.34 collected and retained for any given year or years under this paragraph must be submitted
143.35 to the Office of the State Auditor if the Office of the State Auditor requests in writing that
143.36 the information be submitted by a public pension plan or plans, or be submitted by the

144.1 State Board of Investment for any plan or plans for which the State Board of Investment is
144.2 the investment authority under this section. If the state auditor requests information under
144.3 this subdivision, and the public plan fails to comply, the pension plan is subject to penalties
144.4 under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

144.5 **EFFECTIVE DATE.** This section is effective July 1, 2009.

144.6 Sec. 7. **[420.20] PROHIBITION OF SERVICE BY MINORS AS VOLUNTEER**
144.7 **FIREFIGHTERS.**

144.8 It is unlawful for any municipality or independent nonprofit firefighting corporation
144.9 to employ a minor to serve as a firefighter or to permit a minor to serve in any capacity
144.10 performing any firefighting duties with a fire department, except for members of a youth,
144.11 civic, or educational organization or program who participate with uninterrupted adult
144.12 supervision, as allowed by federal law and by section 181A.04. Such organizations or
144.13 programs include, but are not limited to, Boy Scout Explorer programs or firefighting
144.14 degree programs.

144.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

144.16 Sec. 8. Minnesota Statutes 2008, section 424A.001, subdivision 1, is amended to read:

144.17 Subdivision 1. **Terms defined.** Unless the context clearly indicates otherwise, as
144.18 used in this chapter, the terms defined in this section have the meanings given.

144.19 **EFFECTIVE DATE.** This section is effective July 1, 2009.

144.20 Sec. 9. Minnesota Statutes 2008, section 424A.001, subdivision 1a, is amended to read:

144.21 Subd. 1a. **Ancillary benefit.** "Ancillary benefit" means a benefit payable from the
144.22 special fund of the relief association other than a service pension that is permitted by law
144.23 and that is provided for in the relief association bylaws.

144.24 **EFFECTIVE DATE.** This section is effective July 1, 2009.

144.25 Sec. 10. Minnesota Statutes 2008, section 424A.001, is amended by adding a
144.26 subdivision to read:

144.27 Subd. 1b. **Defined benefit relief association.** "Defined benefit relief association"
144.28 means a volunteer firefighters' relief association that provides a lump-sum service pension,
144.29 provides a monthly benefit service pension, or provides a lump-sum service pension as an
144.30 alternative to the monthly benefit service pension.

144.31 **EFFECTIVE DATE.** This section is effective July 1, 2009.

145.1 Sec. 11. Minnesota Statutes 2008, section 424A.001, is amended by adding a
145.2 subdivision to read:

145.3 Subd. 1c. **Defined contribution relief association.** "Defined contribution relief
145.4 association" means a volunteer firefighters' relief association that provides a service
145.5 pension based solely on an individual account balance rather than a specified annual
145.6 lump-sum or monthly benefit service pension amount.

145.7 **EFFECTIVE DATE.** This section is effective July 1, 2009.

145.8 Sec. 12. Minnesota Statutes 2008, section 424A.001, subdivision 2, is amended to read:

145.9 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department
145.10 ~~and~~ or an independent nonprofit firefighting corporation.

145.11 **EFFECTIVE DATE.** This section is effective July 1, 2009.

145.12 Sec. 13. Minnesota Statutes 2008, section 424A.001, subdivision 3, is amended to read:

145.13 Subd. 3. **Municipality.** "Municipality" means a municipality which has
145.14 established a fire department with which the relief association is directly associated, or
145.15 the municipalities which have entered into a contract with the independent nonprofit
145.16 firefighting corporation of which the relief association is a subsidiary.

145.17 **EFFECTIVE DATE.** This section is effective July 1, 2009.

145.18 Sec. 14. Minnesota Statutes 2008, section 424A.001, subdivision 4, is amended to read:

145.19 Subd. 4. **Relief association.** "Relief association" means ~~(a)~~
145.20 :(1) a volunteer firefighters' relief association or a volunteer firefighters' division or
145.21 account of a partially salaried and partially volunteer firefighters' relief association that is
145.22 organized and incorporated under chapter 317A and any laws of the state, is governed by
145.23 this chapter and chapter 69, and is directly associated with a fire department established by
145.24 municipal ordinance; or

145.25 ~~(b)~~ (2) any ~~separate~~ separately incorporated volunteer firefighters' relief association
145.26 that is subsidiary to and ~~providing~~ that provides service pension and retirement benefit
145.27 coverage for members of an independent nonprofit firefighting corporation that is
145.28 organized under the provisions of chapter 317A, is governed by this chapter, and ~~operating~~
145.29 operates exclusively for firefighting purposes. A relief association is a governmental entity
145.30 that receives and manages public money to provide retirement benefits for individuals
145.31 providing the governmental services of firefighting and emergency first response.

145.32 **EFFECTIVE DATE.** This section is effective July 1, 2009.

146.1 Sec. 15. Minnesota Statutes 2008, section 424A.001, subdivision 5, is amended to read:

146.2 Subd. 5. **Special fund.** "Special fund" means the special fund of a volunteer
146.3 firefighters' relief association or the account for volunteer firefighters within the special
146.4 fund of a partially salaried and partially volunteer firefighters' relief association.

146.5 **EFFECTIVE DATE.** This section is effective July 1, 2009.

146.6 Sec. 16. Minnesota Statutes 2008, section 424A.001, subdivision 6, is amended to read:

146.7 Subd. 6. **Surviving spouse.** For purposes of this chapter, and the ~~governing~~ bylaws
146.8 ~~of any governing~~ a relief association to which this chapter applies, ~~the term~~ "surviving
146.9 spouse" means the spouse of a deceased member who was legally married to the member
146.10 at the time of the member's death.

146.11 **EFFECTIVE DATE.** This section is effective July 1, 2009.

146.12 Sec. 17. Minnesota Statutes 2008, section 424A.001, subdivision 8, is amended to read:

146.13 Subd. 8. **Firefighting service.** "Firefighting service," if the applicable municipality
146.14 approves for a fire department that is a municipal department, or if the applicable
146.15 contracting municipality or municipalities approve for a fire department that is an
146.16 independent nonprofit firefighting corporation, includes fire department service rendered
146.17 by fire prevention personnel.

146.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

146.19 Sec. 18. Minnesota Statutes 2008, section 424A.001, subdivision 9, is amended to read:

146.20 Subd. 9. **Separate from active service.** "Separate from active service" means
146.21 ~~to~~ that a firefighter permanently ceases to perform fire suppression duties with
146.22 a particular volunteer fire department, ~~to~~ permanently ceases to perform fire
146.23 prevention duties, ~~to~~ permanently ceases to supervise fire suppression duties, and ~~to~~
146.24 permanently ceases to supervise fire prevention duties.

146.25 **EFFECTIVE DATE.** This section is effective July 1, 2009.

146.26 Sec. 19. Minnesota Statutes 2008, section 424A.001, subdivision 10, is amended to
146.27 read:

146.28 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:
146.29 (1) was a member of the applicable fire department or the independent nonprofit
146.30 firefighting corporation and a member of the relief association on July 1, 2006; or

147.1 (2) became a member of the applicable fire department or the independent nonprofit
147.2 firefighting corporation and is eligible for membership in the applicable relief association
147.3 after June 30, 2006, and

147.4 (i) is engaged in providing emergency response services or delivering fire education
147.5 or prevention services as a member of a municipal fire department, a joint powers entity
147.6 fire department, or an independent nonprofit firefighting corporation;

147.7 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire
147.8 prevention duties under subdivision 8; and

147.9 (iii) meets any other minimum firefighter and service standards established by the
147.10 fire department or the independent nonprofit firefighting corporation or specified in the
147.11 articles of incorporation or bylaws of the relief association.

147.12 **EFFECTIVE DATE.** This section is effective July 1, 2009.

147.13 Sec. 20. **[424A.002] AUTHORIZATION OF NEW OR CONTINUING**
147.14 **VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.**

147.15 Subdivision 1. Authorization. A municipal fire department or an independent
147.16 nonprofit firefighting corporation, with approval by the applicable municipality or
147.17 municipalities, may establish a new volunteer firefighters' relief association or may retain
147.18 an existing volunteer firefighters' relief association.

147.19 Subd. 2. Defined benefit or defined contribution relief association. The articles
147.20 of incorporation or the bylaws of the volunteer firefighters' relief association must specify
147.21 that the relief association is either a defined benefit relief association subject to sections
147.22 69.771 to 69.774, 424A.015, and 424A.02 or is a defined contribution relief association
147.23 subject to sections 424A.015 and 424A.016.

147.24 **EFFECTIVE DATE.** This section is effective July 1, 2009.

147.25 Sec. 21. Minnesota Statutes 2008, section 424A.01, is amended to read:

147.26 **424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS' RELIEF**
147.27 **ASSOCIATION.**

147.28 Subdivision 1. **Minors.** ~~It is unlawful for any~~ (a) No volunteer firefighters' relief
147.29 association associated with a municipality or an independent nonprofit firefighting
147.30 corporation to employ may include as a relief association member a minor serving as
147.31 a volunteer firefighter or to permit a minor to serve in any capacity performing any
147.32 firefighting duties with a volunteer fire department, except for members of a youth,
147.33 civic, or educational organization or program who participate with uninterrupted adult
147.34 supervision, as allowed by federal law and by section 181A.04. Such organizations or

148.1 programs include, but are not limited to, Boy Scout Explorer programs or firefighting
148.2 degree programs.

148.3 (b) No volunteer firefighters' relief association associated with a municipality or an
148.4 independent nonprofit firefighting corporation may include as a relief association member
148.5 a minor serving as a volunteer firefighter.

148.6 Subd. 2. **Status of substitute volunteer firefighters.** No person who is serving as a
148.7 substitute volunteer firefighter ~~shall be deemed~~ may be considered to be a firefighter for
148.8 purposes of chapter 69 or this chapter ~~nor shall be~~ and no substitute volunteer firefighter is
148.9 authorized to be a member of any volunteer firefighters' relief association governed by
148.10 chapter 69 or this chapter.

148.11 Subd. 3. **Status of nonmember volunteer firefighters.** No person who is serving
148.12 as a firefighter in a fire department but who is not a member of the applicable firefighters'
148.13 relief association ~~shall be~~ is entitled to any service pension or ancillary benefits from
148.14 the relief association.

148.15 Subd. 4. **Exclusion of persons constituting an unwarranted health risk.** The
148.16 board of trustees of every relief association may exclude from membership in the relief
148.17 association all applicants who, due to some medically determinable physical or mental
148.18 impairment or condition, ~~would~~ is determined to constitute a predictable and unwarranted
148.19 risk of imposing liability for an ancillary benefit at any age earlier than the minimum
148.20 age specified for receipt of a service pension. Notwithstanding any provision of section
148.21 363A.25, it ~~shall be~~ is a good and valid defense to a complaint or action brought under
148.22 chapter 363A that the board of trustees of the relief association made a good faith
148.23 determination that the applicant suffers from an impairment or condition constituting a
148.24 predictable and unwarranted risk for the relief association if the determination was made
148.25 following consideration of: ~~(a)~~ (1) the person's medical history; and ~~(b)~~ (2) the report of
148.26 the physician completing a physical examination of the applicant ~~completed~~ undertaken at
148.27 the expense of the relief association.

148.28 Subd. 5. **Fire prevention personnel.** (a) If the fire department is a municipal
148.29 department and the applicable municipality approves, or if the fire department is an
148.30 independent nonprofit firefighting corporation and the contracting municipality or
148.31 municipalities approve, the fire department may employ or otherwise utilize the services
148.32 of persons as volunteer firefighters to perform fire prevention duties and to supervise
148.33 fire prevention activities.

148.34 (b) Personnel serving in fire prevention positions are eligible to be members of
148.35 the applicable volunteer firefighter relief association and to qualify for service pension

149.1 or other benefit coverage of the relief association on the same basis as fire department
149.2 personnel who perform fire suppression duties.

149.3 (c) Personnel serving in fire prevention positions also are eligible to receive any
149.4 other benefits under the applicable law or practice for services on the same basis as
149.5 personnel who are employed to perform fire suppression duties.

149.6 Subd. 6. Return to active firefighting after break in service. (a) If a former active
149.7 firefighter who has ceased to perform or supervise fire suppression and fire prevention
149.8 duties for at least 60 days resumes performing active firefighting with the fire department
149.9 associated with the relief association, if the bylaws of the relief association so permit, the
149.10 person may again become an active member of the relief association.

149.11 (b) A firefighter who returns to active relief association membership under paragraph
149.12 (a) may qualify for the receipt of a service pension from the relief association for the
149.13 resumption service period if the firefighter meets a minimum period of resumption service
149.14 specified in the relief association bylaws.

149.15 (c) A firefighter who returns to active lump-sum relief association membership and
149.16 who qualifies for a service pension under paragraph (b) must have, upon a subsequent
149.17 cessation of duties, any service pension for the resumption service period calculated as
149.18 a separate benefit. If a lump-sum service pension had been paid to the firefighter upon
149.19 the firefighter's previous cessation of duties, a second lump-sum service pension for the
149.20 resumption service period must be calculated to apply the service pension amount in effect
149.21 on the date of the firefighter's termination of the resumption service for all years of the
149.22 resumption service. No firefighter can be paid twice for the same period of service. If
149.23 a lump-sum service pension had not been paid to the firefighter upon the firefighter's
149.24 previous cessation of duties and the firefighter meets the minimum service requirement of
149.25 section 424A.02, subdivision 2, a service pension shall be calculated to apply the service
149.26 pension amount in effect on the date of the firefighter's termination of the resumption
149.27 service for all years of service credit.

149.28 (d) A firefighter who had not been paid a lump-sum service pension returns to active
149.29 relief association membership under paragraph (a), who does not qualify for a service
149.30 pension under paragraph (b), but who does meet the minimum service requirement of
149.31 section 424A.02, subdivision 2, based on the firefighter's previous years of active service,
149.32 must have, upon a subsequent cessation of duties, a service pension calculated for the
149.33 previous years of service based on the service pension amount in effect on the date of the
149.34 firefighter's termination of the resumption service, or, if the bylaws so provide, based on the
149.35 service pension amount in effect on the date of the firefighter's previous cessation of duties.

150.1 (e) If a firefighter receiving a monthly benefit service pension returns to active
150.2 monthly benefit relief association membership under paragraph (a), any monthly benefit
150.3 service pension payable to the firefighter is suspended as of the first day of the month next
150.4 following the date on which the firefighter returns to active membership. If the firefighter
150.5 was receiving a monthly benefit service pension, and qualifies for a service pension under
150.6 paragraph (b), the firefighter is entitled to an additional monthly benefit service pension
150.7 upon a subsequent cessation of duties calculated based on the resumption service credit
150.8 and the service pension accrual amount in effect on the date of the termination of the
150.9 resumption service. The suspended initial service pension resumes as of the first of
150.10 the month next following the termination of the resumption service. If the firefighter
150.11 was not receiving a monthly benefit service pension and meets the minimum service
150.12 requirement of section 424A.02, subdivision 2, a service pension must be calculated to
150.13 apply the service pension amount in effect on the date of the firefighter's termination of the
150.14 resumption service for all years of service credit.

150.15 (f) A firefighter who was not receiving a monthly benefit service pension returns
150.16 to active relief association membership under paragraph (a), who does not qualify for a
150.17 service pension under paragraph (b), but who does meet the minimum service requirement
150.18 of section 424A.02, subdivision 2, based on the firefighter's previous years of active
150.19 service, must have, upon a subsequent cessation of duties, a service pension calculated for
150.20 the previous years of service based on the service pension amount in effect on the date
150.21 of the firefighter's termination of the resumption service, or, if the bylaws so provide,
150.22 based on the service pension amount in effect on the date of the firefighter's previous
150.23 cessation of duties.

150.24 **EFFECTIVE DATE.** This section is effective July 1, 2009.

150.25 **Sec. 22. [424A.015] GENERALLY APPLICABLE VOLUNTEER**
150.26 **FIREFIGHTERS' RELIEF ASSOCIATION PENSION PLAN REGULATION.**

150.27 Subdivision 1. **Separation from active service; exception.** (a) No service pension
150.28 is payable to a person while the person remains an active member of the respective fire
150.29 department, and a person who is receiving a service pension is not entitled to receive any
150.30 other benefits from the special fund of the relief association.

150.31 (b) No relief association as defined in section 424A.001, subdivision 4, may pay a
150.32 service pension or disability benefit to a former member of the relief association if that
150.33 person has not separated from active service with the fire department to which the relief
150.34 association is directly associated, unless:

151.1 (1) the person is employed subsequent to retirement by the municipality or the
151.2 independent nonprofit firefighting corporation, whichever applies, to perform duties within
151.3 the municipal fire department or corporation on a full-time basis;

151.4 (2) the governing body of the municipality or of the corporation has filed its
151.5 determination with the board of trustees of the relief association that the person's
151.6 experience with and service to the fire department in that person's full-time capacity
151.7 would be difficult to replace; and

151.8 (3) the bylaws of the relief association were amended to provide for the payment of
151.9 a service pension or disability benefit for such full-time employees.

151.10 Subd. 2. **No assignment or garnishment.** A service pension or ancillary benefits
151.11 paid or payable from the special fund of a relief association to any person receiving or
151.12 entitled to receive a service pension or ancillary benefits is not subject to garnishment,
151.13 judgment, execution, or other legal process, except as provided in section 518.58, 518.581,
151.14 or 518A.53. No person entitled to a service pension or ancillary benefits from the special
151.15 fund of a relief association may assign any service pension or ancillary benefit payments,
151.16 and the association does not have the authority to recognize any assignment or pay over
151.17 any sum which has been assigned.

151.18 Subd. 3. **Purchase of annuity contract.** A relief association that provides a service
151.19 pension in a single payment, if the governing articles of incorporation or bylaws so
151.20 provide, may purchase an annuity contract on behalf of a retiring member in an amount
151.21 equal to the service pension otherwise payable at the request of the person and in place of
151.22 a direct payment to the person. The annuity contract must be purchased from an insurance
151.23 carrier licensed to do business in this state.

151.24 Subd. 4. **Transfer to individual retirement account.** A relief association that is a
151.25 qualified pension plan under section 401(a) of the Internal Revenue Code, as amended,
151.26 and that provides a single payment service pension, at the written request of the applicable
151.27 retiring member or, following the death of the active member, at the written request of the
151.28 deceased member's surviving spouse, may directly transfer on an institution-to-institution
151.29 basis the eligible member's lump-sum pension or the death or survivor benefit attributable
151.30 to the member, whichever applies, to the requesting person's individual retirement account
151.31 under section 408(a) of the Internal Revenue Code, as amended.

151.32 **EFFECTIVE DATE.** This section is effective July 1, 2009.

151.33 Sec. 23. **[424A.016] DEFINED CONTRIBUTION VOLUNTEER**
151.34 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIFIC REGULATION.**

152.1 Subdivision 1. **Defined contribution relief association authorization.** If the
152.2 articles of incorporation or the bylaws governing the volunteer firefighters' relief
152.3 association so provide exclusively, the relief association may pay a defined contribution
152.4 lump-sum service pension instead of a defined benefit service pension governed by section
152.5 424A.02.

152.6 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,
152.7 when its articles of incorporation or bylaws so provide, may pay out of the assets of its
152.8 special fund a service pension to each of its members who:

152.9 (1) separates from active service with the fire department;

152.10 (2) reaches age 50;

152.11 (3) completes at least five years of active service as an active member of the
152.12 municipal fire department to which the relief association is associated;

152.13 (4) completes at least five years of active membership with the relief association
152.14 before separation from active service; and

152.15 (5) complies with any additional conditions as to age, service, and membership that
152.16 are prescribed by the bylaws of the relief association.

152.17 (b) In the case of a member who has completed at least five years of active service as
152.18 an active member of the fire department to which the relief association is associated on
152.19 the date that the relief association is established and incorporated, the requirement that
152.20 the member complete at least five years of active membership with the relief association
152.21 before separation from active service may be waived by the board of trustees of the relief
152.22 association if the member completes at least five years of inactive membership with the
152.23 relief association before the date of the payment of the service pension. During the period
152.24 of inactive membership, the member is not entitled to receive any disability benefit
152.25 coverage, is not entitled to receive additional individual account allocation of fire state
152.26 aid or municipal contribution towards a service pension, and is considered to have the
152.27 status of a person entitled to a deferred service pension.

152.28 (c) The service pension earned by a volunteer under this chapter and the articles
152.29 of incorporation and bylaws of the relief association may be paid whether or not the
152.30 municipality or nonprofit firefighting corporation to which the relief association is
152.31 associated qualifies for the receipt of fire state aid under chapter 69.

152.32 Subd. 3. **Reduced vesting schedule.** If the articles of incorporation or bylaws of a
152.33 defined contribution relief association so provide, a relief association may pay a reduced
152.34 service pension not to exceed the nonforfeitable percentage of the account balance to a
152.35 retiring member who has completed fewer than 20 years of service. The reduced service
152.36 pension may be paid when the retiring member meets the minimum age and service

153.1 requirements of subdivision 2. The nonforfeitable percentage of pension amounts are
 153.2 as follows:

153.3	<u>Completed Years of Service</u>	<u>Nonforfeitable Percentage</u>
153.4		<u>of Pension Amount</u>
153.5	<u>5</u>	<u>40 percent</u>
153.6	<u>6</u>	<u>52 percent</u>
153.7	<u>7</u>	<u>64 percent</u>
153.8	<u>8</u>	<u>76 percent</u>
153.9	<u>9</u>	<u>88 percent</u>
153.10	<u>10 and thereafter</u>	<u>100 percent</u>

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

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

153.14 (1) any amounts of fire state aid received by the relief association;

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

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

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

153.23 (ii) any retired member who retired before obtaining a full nonforfeitable interest in
 153.24 the amounts credited to the individual member account under subdivision 2, paragraph
 153.25 (b), and any applicable provision of the bylaws of the relief association. In addition, any
 153.26 investment return on the assets of the special fund must be credited in proportion to the
 153.27 share of the assets of the special fund to the credit of each individual active member
 153.28 account. Administrative expenses of the relief association payable from the special
 153.29 fund may be deducted from individual accounts in a manner specified in the bylaws of
 153.30 the relief association.

153.31 (c) Amounts to be credited to individual accounts must be allocated uniformly for all
 153.32 years of active service and allocations must be made for all years of service, except for
 153.33 caps on service credit if so provided in the bylaws of the relief association. The allocation
 153.34 method may utilize monthly proration for fractional years of service, as the bylaws or
 153.35 articles of incorporation of the relief association so provide. The bylaws or articles of
 153.36 incorporation may define a "month," but the definition must require a calendar month to
 153.37 have at least 16 days of active service. If the bylaws or articles of incorporation do not

154.1 define a "month," a "month" is a completed calendar month of active service measured
154.2 from the member's date of entry to the same date in the subsequent month.

154.3 (d) At the time of retirement under subdivision 2 and any applicable provision of the
154.4 bylaws of the relief association, a retiring member is entitled to that portion of the assets
154.5 of the special fund to the credit of the member in the individual member account which is
154.6 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief
154.7 association based on the number of years of service to the credit of the retiring member.

154.8 (e) Annually, the secretary of the relief association shall certify the individual
154.9 account allocations to the state auditor at the same time that the annual financial statement
154.10 or financial report and audit of the relief association, whichever applies, is due under
154.11 section 69.051.

154.12 Subd. 5. **Service pension installment payments.** A defined contribution relief
154.13 association, if the governing bylaws so provide, may pay, at the option of the retiring
154.14 member and in lieu of a single payment of a service pension, the service pension in
154.15 installments. The election of installment payments is irrevocable and must be made by the
154.16 retiring member in writing and filed with the secretary of the relief association no later
154.17 than 30 days before the commencement of payment of the service pension. The amount of
154.18 the installment payments must be the fractional portion of the remaining account balance
154.19 equal to one divided by the number of remaining annual installment payments.

154.20 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled
154.21 to a deferred service pension if the member:

154.22 (1) has completed the lesser of the minimum period of active service with the fire
154.23 department specified in the bylaws or 20 years of active service with the fire department;

154.24 (2) has completed at least five years of active membership in the relief association;

154.25 and

154.26 (3) separates from active service and membership before reaching age 50 or the
154.27 minimum age for retirement and commencement of a service pension specified in the
154.28 bylaws governing the relief association if that age is greater than age 50.

154.29 (b) The deferred service pension is payable when the former member reaches age
154.30 50, or the minimum age specified in the bylaws governing the relief association if that age
154.31 is greater than age 50, and when the former member makes a valid written application.

154.32 (c) A defined contribution relief association may, if its governing bylaws so provide,
154.33 credit interest or additional investment performance on the deferred lump-sum service
154.34 pension during the period of deferral. If provided for in the bylaws, the interest must be
154.35 paid:

155.1 (1) at the investment performance rate actually earned on that portion of the assets
155.2 if the deferred benefit amount is invested by the relief association in a separate account
155.3 established and maintained by the relief association or if the deferred benefit amount is
155.4 invested in a separate investment vehicle held by the relief association; or

155.5 (2) the investment return on the assets of the special fund of the defined contribution
155.6 volunteer firefighter relief association in proportion to the share of the assets of the special
155.7 fund to the credit of each individual deferred member account through the date on which
155.8 the investment return is recognized by and credited to the special fund.

155.9 (d) The deferred service pension is governed by and must be calculated under
155.10 the general statute, special law, relief association articles of incorporation, and relief
155.11 association bylaw provisions applicable on the date on which the member separated from
155.12 active service with the fire department and active membership in the relief association.

155.13 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief
155.14 association may only pay an ancillary benefit which would constitute an authorized
155.15 disbursement as specified in section 424A.05. The ancillary benefit for active members
155.16 must equal the vested or nonvested amount of the individual account of the member.

155.17 (b) For deferred members, the ancillary benefit must equal the vested amount of
155.18 the individual account of the member. For the recipient of installment payments of a
155.19 service pension, the ancillary benefit must equal the remaining balance in the individual
155.20 account of the recipient.

155.21 Subd. 8. **Filing of bylaw amendments.** Each relief association to which this section
155.22 applies must file a revised copy of its governing bylaws with the state auditor upon the
155.23 adoption of any amendment to its governing bylaws by the relief association. Failure of
155.24 the relief association to file a copy of the bylaws or any bylaw amendments with the state
155.25 auditor disqualifies the municipality from the distribution of any future fire state aid until
155.26 this filing requirement has been completed.

155.27 **EFFECTIVE DATE.** This section is effective July 1, 2009.

155.28 Sec. 24. Minnesota Statutes 2008, section 424A.02, subdivision 1, is amended to read:

155.29 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its
155.30 articles of incorporation or bylaws so provide, may pay out of the assets of its special fund
155.31 a service pension to each of its members who: (1) separates from active service with the
155.32 fire department; (2) reaches age 50; (3) completes at least five years of active service
155.33 as an active member of the municipal fire department to which the relief association
155.34 is associated; (4) completes at least five years of active membership with the relief
155.35 association before separation from active service; and (5) complies with any additional

156.1 conditions as to age, service, and membership that are prescribed by the bylaws of the
156.2 relief association. A service pension computed under this section may be prorated monthly
156.3 for fractional years of service, ~~if~~ as the bylaws or articles of incorporation of the relief
156.4 association so provide. The bylaws or articles of incorporation may define a "month," but
156.5 the definition must require a calendar month to have at least 16 days of active service. If
156.6 the bylaws or articles of incorporation do not define a "month," a "month" is a completed
156.7 calendar month of active service measured from the member's date of entry to the same
156.8 date in the subsequent month. The service pension earned by a volunteer firefighter under
156.9 this chapter and the articles of incorporation and bylaws of the volunteer firefighters'
156.10 relief association may be paid whether or not the municipality or nonprofit firefighting
156.11 corporation to which the relief association is associated qualifies for the receipt of fire
156.12 state aid under chapter 69.

156.13 (b) In the case of a member who has completed at least five years of active service as
156.14 an active member of the fire department to which the relief association is associated on
156.15 the date that the relief association is established and incorporated, the requirement that
156.16 the member complete at least five years of active membership with the relief association
156.17 before separation from active service may be waived by the board of trustees of the relief
156.18 association if the member completes at least five years of inactive membership with the
156.19 relief association before the date of the payment of the service pension. During the
156.20 period of inactive membership, the member is not entitled to receive disability benefit
156.21 coverage, is not entitled to receive additional service credit towards computation of a
156.22 service pension, and is considered to have the status of a person entitled to a deferred
156.23 service pension under subdivision 7.

156.24 (c) No municipality or nonprofit firefighting corporation may delegate the power to
156.25 take final action in setting a service pension or ancillary benefit amount or level to the
156.26 board of trustees of the relief association or to approve in advance a service pension or
156.27 ancillary benefit amount or level equal to the maximum amount or level that this chapter
156.28 would allow rather than a specific dollar amount or level.

156.29 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a
156.30 service pension or disability benefit to a former member of the relief association if that
156.31 person has not separated from active service with the fire department to which the relief
156.32 association is directly associated, unless:

156.33 (1) the person is employed subsequent to retirement by the municipality or the
156.34 independent nonprofit firefighting corporation, whichever applies, to perform duties within
156.35 the municipal fire department or corporation on a full-time basis;

157.1 (2) the governing body of the municipality or of the corporation has filed its
 157.2 determination with the board of trustees of the relief association that the person's
 157.3 experience with and service to the fire department in that person's full-time capacity
 157.4 would be difficult to replace; and

157.5 (3) the bylaws of the relief association were amended to provide for the payment of
 157.6 a service pension or disability benefit for such full-time employees.

157.7 **EFFECTIVE DATE.** This section is effective July 1, 2009.

157.8 Sec. 25. Minnesota Statutes 2008, section 424A.02, subdivision 2, is amended to read:

157.9 Subd. 2. **Nonforfeitable portion of service pension.** (a) If the articles of
 157.10 incorporation or bylaws of a defined benefit relief association so provide, ~~a~~ the relief
 157.11 association may pay a reduced service pension to a retiring member who has completed
 157.12 fewer than 20 years of service. The reduced service pension may be paid when the retiring
 157.13 member meets the minimum age and service requirements of subdivision 1.

157.14 (b) The amount of the reduced service pension may not exceed the amount calculated
 157.15 by multiplying the service pension appropriate for the completed years of service as
 157.16 specified in the bylaws ~~times~~ multiplied by the applicable nonforfeitable percentage of
 157.17 pension.

157.18 (c) For a defined benefit volunteer firefighter relief association that pays a lump-sum
 157.19 service pension, a monthly benefit service pension, or a lump-sum service pension or a
 157.20 monthly benefit service pension as alternative benefit forms, the nonforfeitable percentage
 157.21 of pension amounts are as follows:

157.22	Completed Years of Service	Nonforfeitable Percentage of
157.23		Pension Amount
157.24	5	40 percent
157.25	6	44 percent
157.26	7	48 percent
157.27	8	52 percent
157.28	9	56 percent
157.29	10	60 percent
157.30	11	64 percent
157.31	12	68 percent
157.32	13	72 percent
157.33	14	76 percent
157.34	15	80 percent
157.35	16	84 percent
157.36	17	88 percent
157.37	18	92 percent

158.1	19	96 percent
158.2	20 and thereafter	100 percent

158.3 ~~(d) For a volunteer firefighter relief association that pays a defined contribution~~
 158.4 ~~service pension, the nonforfeitable percentage of pension amounts are as follows:~~

158.5	Completed Years of Service	Nonforfeitable Percentage of
158.6		Pension Amount
158.7	5	40 percent
158.8	6	52 percent
158.9	7	64 percent
158.10	8	76 percent
158.11	9	88 percent
158.12	10 and thereafter	100 percent

158.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

158.14 Sec. 26. Minnesota Statutes 2008, section 424A.02, subdivision 3, is amended to read:

158.15 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1
 158.16 as part of the certification of the financial requirements and minimum municipal obligation
 158.17 determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable,
 158.18 the secretary or some other official of the relief association designated in the bylaws of
 158.19 each defined benefit relief association shall calculate and certify to the governing body
 158.20 of the applicable qualified municipality the average amount of available financing per
 158.21 active covered firefighter for the most recent three-year period. The amount of available
 158.22 financing ~~shall include~~ includes any amounts of fire state aid received or receivable by the
 158.23 relief association, any amounts of municipal contributions to the relief association raised
 158.24 from levies on real estate or from other available revenue sources exclusive of fire state
 158.25 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief
 158.26 association calculated under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4;
 158.27 or 69.774, subdivision 2, if any.

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

158.32 (c) For a defined benefit relief association where the governing bylaws provide for
 158.33 a monthly service pension to a retiring member, the maximum monthly service pension
 158.34 amount per month for each year of service credited that may be provided for in the bylaws
 158.35 is the greater of the service pension amount provided for in the bylaws on the date of the
 158.36 calculation of the average amount of the available financing per active covered firefighter

159.1 or the maximum service pension figure corresponding to the average amount of available
 159.2 financing per active covered firefighter:

159.3	Minimum Average Amount of Available	Maximum Service Pension Amount
159.4	Financing per Firefighter	Payable per Month for Each
159.5		Year of Service
159.6	\$...	\$.25
159.7	41	.50
159.8	81	1.00
159.9	122	1.50
159.10	162	2.00
159.11	203	2.50
159.12	243	3.00
159.13	284	3.50
159.14	324	4.00
159.15	365	4.50
159.16	405	5.00
159.17	486	6.00
159.18	567	7.00
159.19	648	8.00
159.20	729	9.00
159.21	810	10.00
159.22	891	11.00
159.23	972	12.00
159.24	1053	13.00
159.25	1134	14.00
159.26	1215	15.00
159.27	1296	16.00
159.28	1377	17.00
159.29	1458	18.00
159.30	1539	19.00
159.31	1620	20.00
159.32	1701	21.00
159.33	1782	22.00
159.34	1823	22.50
159.35	1863	23.00
159.36	1944	24.00
159.37	2025	25.00
159.38	2106	26.00
159.39	2187	27.00
159.40	2268	28.00
159.41	2349	29.00
159.42	2430	30.00
159.43	2511	31.00
159.44	2592	32.00

160.1	2673	33.00
160.2	2754	34.00
160.3	2834	35.00
160.4	2916	36.00
160.5	2997	37.00
160.6	3078	38.00
160.7	3159	39.00
160.8	3240	40.00
160.9	3321	41.00
160.10	3402	42.00
160.11	3483	43.00
160.12	3564	44.00
160.13	3645	45.00
160.14	3726	46.00
160.15	3807	47.00
160.16	3888	48.00
160.17	3969	49.00
160.18	4050	50.00
160.19	4131	51.00
160.20	4212	52.00
160.21	4293	53.00
160.22	4374	54.00
160.23	4455	55.00
160.24	4536	56.00
160.25	Effective beginning December 31, 2008	
160.26	4617	57.00
160.27	4698	58.00
160.28	4779	59.00
160.29	4860	60.00
160.30	4941	61.00
160.31	5022	62.00
160.32	5103	63.00
160.33	5184	64.00
160.34	5265	65.00
160.35	Effective beginning December 31, 2009	
160.36	5346	66.00
160.37	5427	67.00
160.38	5508	68.00
160.39	5589	69.00
160.40	5670	70.00
160.41	5751	71.00
160.42	5832	72.00
160.43	5913	73.00

161.1	5994	74.00
161.2	Effective beginning December 31, 2010	
161.3	6075	75.00
161.4	6156	76.00
161.5	6237	77.00
161.6	6318	78.00
161.7	6399	79.00
161.8	6480	80.00
161.9	6561	81.00
161.10	6642	82.00
161.11	6723	83.00
161.12	Effective beginning December 31, 2011	
161.13	6804	84.00
161.14	6885	85.00
161.15	6966	86.00
161.16	7047	87.00
161.17	7128	88.00
161.18	7209	89.00
161.19	7290	90.00
161.20	7371	91.00
161.21	7452	92.00
161.22	Effective beginning December 31, 2012	
161.23	7533	93.00
161.24	7614	94.00
161.25	7695	95.00
161.26	7776	96.00
161.27	7857	97.00
161.28	7938	98.00
161.29	8019	99.00
161.30	8100	100.00
161.31	any amount in excess of	
161.32	8100	100.00

161.33 (d) For a defined benefit relief association in which the governing bylaws provide
161.34 for a lump-sum service pension to a retiring member, the maximum lump-sum service
161.35 pension amount for each year of service credited that may be provided for in the bylaws is
161.36 the greater of the service pension amount provided for in the bylaws on the date of the
161.37 calculation of the average amount of the available financing per active covered firefighter
161.38 or the maximum service pension figure corresponding to the average amount of available
161.39 financing per active covered firefighter for the applicable specified period:

162.1	Minimum Average Amount of Available	Maximum Lump-Sum Service
162.2	Financing per Firefighter	Pension Amount Payable for
162.3		Each Year of Service
162.4	\$...	\$ 10
162.5	11	20
162.6	16	30
162.7	23	40
162.8	27	50
162.9	32	60
162.10	43	80
162.11	54	100
162.12	65	120
162.13	77	140
162.14	86	160
162.15	97	180
162.16	108	200
162.17	131	240
162.18	151	280
162.19	173	320
162.20	194	360
162.21	216	400
162.22	239	440
162.23	259	480
162.24	281	520
162.25	302	560
162.26	324	600
162.27	347	640
162.28	367	680
162.29	389	720
162.30	410	760
162.31	432	800
162.32	486	900
162.33	540	1000
162.34	594	1100
162.35	648	1200
162.36	702	1300
162.37	756	1400
162.38	810	1500
162.39	864	1600
162.40	918	1700
162.41	972	1800
162.42	1026	1900
162.43	1080	2000
162.44	1134	2100

163.1	1188	2200
163.2	1242	2300
163.3	1296	2400
163.4	1350	2500
163.5	1404	2600
163.6	1458	2700
163.7	1512	2800
163.8	1566	2900
163.9	1620	3000
163.10	1672	3100
163.11	1726	3200
163.12	1753	3250
163.13	1780	3300
163.14	1820	3375
163.15	1834	3400
163.16	1888	3500
163.17	1942	3600
163.18	1996	3700
163.19	2023	3750
163.20	2050	3800
163.21	2104	3900
163.22	2158	4000
163.23	2212	4100
163.24	2265	4200
163.25	2319	4300
163.26	2373	4400
163.27	2427	4500
163.28	2481	4600
163.29	2535	4700
163.30	2589	4800
163.31	2643	4900
163.32	2697	5000
163.33	2751	5100
163.34	2805	5200
163.35	2859	5300
163.36	2913	5400
163.37	2967	5500
163.38	3021	5600
163.39	3075	5700
163.40	3129	5800
163.41	3183	5900
163.42	3237	6000
163.43	3291	6100

164.1	3345	6200
164.2	3399	6300
164.3	3453	6400
164.4	3507	6500
164.5	3561	6600
164.6	3615	6700
164.7	3669	6800
164.8	3723	6900
164.9	3777	7000
164.10	3831	7100
164.11	3885	7200
164.12	3939	7300
164.13	3993	7400
164.14	4047	7500
164.15	Effective beginning December 31, 2008	
164.16	4101	7600
164.17	4155	7700
164.18	4209	7800
164.19	4263	7900
164.20	4317	8000
164.21	4371	8100
164.22	4425	8200
164.23	4479	8300
164.24	Effective beginning December 31, 2009	
164.25	4533	8400
164.26	4587	8500
164.27	4641	8600
164.28	4695	8700
164.29	4749	8800
164.30	4803	8900
164.31	4857	9000
164.32	4911	9100
164.33	Effective beginning December 31, 2010	
164.34	4965	9200
164.35	5019	9300
164.36	5073	9400
164.37	5127	9500
164.38	5181	9600
164.39	5235	9700
164.40	5289	9800
164.41	5343	9900
164.42	5397	10,000

165.1 any amount in excess of
165.2 5397 10,000

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

165.7 (f) If a defined benefit relief association establishes a service pension in compliance
165.8 with the applicable maximum contained in paragraph (c) or (d) and the minimum average
165.9 amount of available financing per active covered firefighter is subsequently reduced
165.10 because of a reduction in fire state aid or because of an increase in the number of active
165.11 firefighters, the relief association may continue to provide the prior service pension
165.12 amount specified in its bylaws, but may not increase the service pension amount until
165.13 the minimum average amount of available financing per firefighter under the table in
165.14 paragraph (c) or (d), whichever applies, permits.

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

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

165.22 **EFFECTIVE DATE.** This section is effective July 1, 2009.

165.23 Sec. 27. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

165.24 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)
165.25 If a defined benefit relief association pays a service pension greater than the maximum
165.26 service pension associated with the applicable average amount of available financing per
165.27 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever
165.28 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable
165.29 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is
165.30 less, the state auditor shall:

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

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

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

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

166.11 (d) The determination of the state auditor that a relief association has paid a service
166.12 pension greater than the applicable maximum must be made on the basis of the information
166.13 filed by the relief association and the municipality with the state auditor under sections
166.14 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other
166.15 relevant information that comes to the attention of the state auditor. The determination
166.16 of the state auditor is final. An aggrieved municipality, relief association, or person may
166.17 appeal the determination under section 480A.06.

166.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

166.19 Sec. 28. Minnesota Statutes 2008, section 424A.02, subdivision 7, is amended to read:

166.20 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief
166.21 association is entitled to a deferred service pension if the member:

166.22 (1) has completed the lesser of either the minimum period of active service with
166.23 the fire department specified in the bylaws or 20 years of active service with the fire
166.24 department;

166.25 (2) has completed at least five years of active membership in the relief association;

166.26 and

166.27 (3) separates from active service and membership before reaching age 50 or the
166.28 minimum age for retirement and commencement of a service pension specified in the
166.29 bylaws governing the relief association if that age is greater than age 50.

166.30 (b) The deferred service pension is payable when the former member reaches age
166.31 50, or the minimum age specified in the bylaws governing the relief association if that age
166.32 is greater than age 50, and when the former member makes a valid written application.

166.33 (c) A defined benefit relief association that provides a lump-sum service pension
166.34 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the

167.1 deferred lump-sum service pension during the period of deferral. If provided for in the
167.2 bylaws, interest must be paid in one of the following manners:

167.3 (1) at the investment performance rate actually earned on that portion of the assets
167.4 if the deferred benefit amount is invested by the relief association in a separate account
167.5 established and maintained by the relief association or if the deferred benefit amount is
167.6 invested in a separate investment vehicle held by the relief association; or

167.7 (2) at an interest rate of up to five percent, compounded annually, as set by the board
167.8 of directors and approved as provided in subdivision 10.

167.9 (d) Interest under paragraph (c), clause (2), is payable following the date on which
167.10 the municipality has approved the deferred service pension interest rate established by
167.11 the board of trustees.

167.12 ~~(e) A relief association that provides a defined contribution service pension may,~~
167.13 ~~if its governing bylaws so provide, credit interest or additional investment performance~~
167.14 ~~on the deferred lump-sum service pension during the period of deferral. If provided for~~
167.15 ~~in the bylaws, the interest must be paid in one of the manners specified in paragraph~~
167.16 ~~(c) or alternatively the relief association may credit any investment return on the assets~~
167.17 ~~of the special fund of the defined contribution volunteer firefighter relief association in~~
167.18 ~~proportion to the share of the assets of the special fund to the credit of each individual~~
167.19 ~~deferred member account through the date on which the investment return is recognized~~
167.20 ~~by and credited to the special fund.~~

167.21 ~~(f)~~ (e) For a deferred service pension that is transferred to a separate account
167.22 established and maintained by the relief association or separate investment vehicle held
167.23 by the relief association, the deferred member bears the full investment risk subsequent
167.24 to transfer and in calculating the accrued liability of the volunteer firefighters relief
167.25 association that pays a lump-sum service pension, the accrued liability for deferred service
167.26 pensions is equal to the separate relief association account balance or the fair market value
167.27 of the separate investment vehicle held by the relief association.

167.28 ~~(g)~~ (f) The deferred service pension is governed by and must be calculated under
167.29 the general statute, special law, relief association articles of incorporation, and relief
167.30 association bylaw provisions applicable on the date on which the member separated from
167.31 active service with the fire department and active membership in the relief association.

167.32 **EFFECTIVE DATE.** This section is effective July 1, 2009.

167.33 Sec. 29. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

167.34 Subd. 8. **Lump-sum service pensions; installment payments.** (a) ~~Any~~ A defined
167.35 benefit relief association, if the governing bylaws so provide, may pay, at the option of the

168.1 ~~retiring member~~ intended recipient and in lieu of a single payment of a lump-sum service
168.2 pension or survivor benefit, a lump-sum service pension or survivor benefit in installments.

168.3 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must be
168.4 made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of
168.5 the relief association no later than 30 days ~~prior to~~ before the commencement of payment
168.6 of the service pension or survivor benefit. The amount of the installment payments ~~shall~~
168.7 must be determined so that the present value of the aggregate installment payments
168.8 ~~computed at an interest rate of five percent, compounded annually, is equal to the amount~~
168.9 ~~of the single lump-sum payment which would have been made had the installment~~
168.10 ~~payments option not been elected. The payment of each installment shall include interest~~
168.11 ~~at the rate of five percent, compounded annually on the reserve supporting the remaining~~
168.12 ~~installment payments as of the date on which the previous installment payment was paid~~
168.13 ~~and computed from the date on which the previous installment payment was paid to the~~
168.14 ~~date of payment for the current installment payment in any reasonable manner provided~~
168.15 for in the governing bylaws, but the total amount of installment payments may not exceed
168.16 the single payment service pension amount plus interest at an annual rate of five percent
168.17 on the amount of delayed payments for the period during which payment was delayed.

168.18 (c) ~~To the extent that the commissioner of commerce deems it to be necessary or~~
168.19 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~
168.20 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

168.21 **EFFECTIVE DATE.** This section is effective July 1, 2009.

168.22 Sec. 30. Minnesota Statutes 2008, section 424A.02, subdivision 9, is amended to read:

168.23 Subd. 9. **Limitation on ancillary benefits.** ~~Any~~ A defined benefit relief association,
168.24 including any volunteer firefighters relief association governed by section 69.77 or any
168.25 volunteer firefighters division of a relief association governed by chapter 424, may only
168.26 pay ancillary benefits which would constitute an authorized disbursement as specified in
168.27 section 424A.05 subject to the following requirements or limitations:

168.28 (1) with respect to a defined benefit relief association in which governing bylaws
168.29 provide for a lump-sum service pension to a retiring member, no ancillary benefit may
168.30 be paid to any former member or paid to any person on behalf of any former member
168.31 after the former member (i) terminates active service with the fire department and active
168.32 membership in the relief association; and (ii) commences receipt of a service pension as
168.33 authorized under this section; and

168.34 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
168.35 payable to any member, to any former member, or to any person on behalf of any member

169.1 or former member, may exceed in amount the total earned service pension of the member
169.2 or former member. The total earned service pension must be calculated by multiplying
169.3 the service pension amount specified in the bylaws of the relief association at the time of
169.4 death or disability, whichever applies, by the years of service credited to the member or
169.5 former member. The years of service must be determined as of (i) the date the member or
169.6 former member became entitled to the ancillary benefit; or (ii) the date the member or
169.7 former member died entitling a survivor or the estate of the member or former member to
169.8 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
169.9 member had attained the minimum amount of service and membership credit specified in
169.10 the governing bylaws. For active members, the amount of a permanent disability benefit
169.11 or a survivor benefit must be equal to the member's total earned service pension except
169.12 that the bylaws of ~~any~~ a defined benefit relief association may provide for the payment of
169.13 a survivor benefit in an amount not to exceed five times the yearly service pension amount
169.14 specified in the bylaws on behalf of any member who dies before having performed five
169.15 years of active service in the fire department with which the relief association is affiliated.

169.16 **EFFECTIVE DATE.** This section is effective July 1, 2009.

169.17 Sec. 31. Minnesota Statutes 2008, section 424A.02, subdivision 9a, is amended to read:

169.18 Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or
169.19 special law to the contrary, a defined benefit relief association paying a monthly service
169.20 pension may provide a postretirement increase to retired members and ancillary benefit
169.21 recipients of the relief association if (1) the relief association adopts an appropriate bylaw
169.22 amendment; and (2) the bylaw amendment is approved by the municipality pursuant to
169.23 subdivision 10 and section 69.773, subdivision 6. The postretirement increase ~~shall be~~
169.24 is applicable only to retired members and ancillary benefit recipients receiving a service
169.25 pension or ancillary benefit as of the effective date of the bylaw amendment. The authority
169.26 to provide a postretirement increase to retired members and ancillary benefit recipients
169.27 of a relief association contained in this subdivision ~~shall supersede~~ supersedes any prior
169.28 special law authorization relating to the provision of postretirement increases.

169.29 **EFFECTIVE DATE.** This section is effective July 1, 2009.

169.30 Sec. 32. Minnesota Statutes 2008, section 424A.02, subdivision 9b, is amended to read:

169.31 Subd. 9b. **Repayment of service pension in certain instances.** If a retired
169.32 volunteer firefighter does not permanently separate from active firefighting service as
169.33 required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service
169.34 as a firefighter in the same volunteer fire department or as a person in charge of firefighters

170.1 in the same volunteer fire department, no additional service pension amount is payable
170.2 to the person, no additional service is creditable to the person, and the person ~~shall~~ must
170.3 repay to the defined benefit relief association any previously received service pension.

170.4 **EFFECTIVE DATE.** This section is effective July 1, 2009.

170.5 Sec. 33. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

170.6 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each
170.7 defined benefit relief association to which this section applies ~~shall~~ must file a revised
170.8 copy of its governing bylaws with the state auditor upon the adoption of any amendment
170.9 to its governing bylaws by the relief association or upon the approval of any amendment
170.10 to its governing bylaws granted by the governing body of each municipality served by the
170.11 fire department to which the relief association is directly associated. Failure of the relief
170.12 association to file a copy of the bylaws or any bylaw amendments with the state auditor
170.13 ~~shall disqualify~~ disqualifies the municipality from the distribution of any future fire state
170.14 aid until this filing requirement has been completed.

170.15 (b) If the special fund of the relief association does not have a surplus over full
170.16 funding ~~pursuant to~~ under section 69.772, subdivision 3, clause (2), subclause (e), or
170.17 69.773, subdivision 4, and if the municipality is required to provide financial support to
170.18 the special fund of the relief association ~~pursuant to~~ under section 69.772 or 69.773, no
170.19 bylaw amendment which would affect the amount of, the manner of payment of, or the
170.20 conditions for qualification for service pensions or ancillary benefits or disbursements
170.21 other than administrative expenses authorized ~~pursuant to~~ under section 69.80 payable
170.22 from the special fund of the relief association ~~shall be~~ is effective until it has been ratified
170.23 by the governing body or bodies of the appropriate municipalities. If the municipality is
170.24 not required to provide financial support to the special fund ~~pursuant to~~ under this section,
170.25 the relief association may adopt or amend without municipal ratification its articles
170.26 of incorporation or bylaws which increase or otherwise affect the service pensions or
170.27 ancillary benefits payable from the special fund so long as the changes do not cause the
170.28 amount of the resulting increase in the accrued liability of the special fund to exceed 90
170.29 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior year and
170.30 the changes do not result in the financial requirements of the special fund exceeding the
170.31 expected amount of the ~~future~~ subsequent calendar year's fire state aid to be received
170.32 by the relief association.

170.33 (c) If the relief association pays only a lump-sum pension, the financial requirements
170.34 are to be determined by the board of trustees following the preparation of an estimate
170.35 of the expected increase in the accrued liability and annual accruing liability of the

171.1 relief association attributable to the change. If the relief association pays a monthly
 171.2 benefit service pension, the financial requirements are to be determined by the board of
 171.3 trustees following either an updated actuarial valuation including the proposed change
 171.4 or an estimate of the expected actuarial impact of the proposed change prepared by the
 171.5 actuary of the relief association. If a relief association adopts or amends its articles of
 171.6 incorporation or bylaws without municipal ratification ~~pursuant to~~ under this subdivision,
 171.7 and, subsequent to the amendment or adoption, the financial requirements of the special
 171.8 fund ~~pursuant to~~ under this section are such so as to require financial support from the
 171.9 municipality, the provision which was implemented without municipal ratification ~~shall~~ is
 171.10 no longer ~~be~~ effective without municipal ratification, and any service pensions or ancillary
 171.11 benefits payable after that date ~~shall~~ must be paid only in accordance with the articles of
 171.12 incorporation or bylaws as amended or adopted with municipal ratification.

171.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

171.14 Sec. 34. Minnesota Statutes 2008, section 424A.02, subdivision 12, is amended to read:

171.15 Subd. 12. **Transfer of service credit to new district.** Notwithstanding the
 171.16 requirements of subdivision 1 or any other law, a member of a fire department which is
 171.17 disbanded upon formation of a fire district to serve substantially the same geographic
 171.18 area, who serves as an active firefighter with the new district fire department, and is a
 171.19 member of the district firefighters' defined benefit relief association ~~shall be~~ is entitled
 171.20 to a nonforfeitable service pension from the new relief association upon completion of
 171.21 a combined total of 20 years active service in the disbanded and the new departments.
 171.22 The amount of the service pension ~~shall be~~ is based upon years of service in the new
 171.23 department only; and ~~shall~~ must be in an amount equal to the accrued liability for the
 171.24 appropriate years of service calculated in accordance with section 69.772, subdivision 2.

171.25 Sec. 35. Minnesota Statutes 2008, section 424A.02, subdivision 13, is amended to read:

171.26 Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws
 171.27 of the defined benefit relief associations so provide, a volunteer firefighter with credit for
 171.28 service as an active firefighter in more than one defined benefit volunteer firefighters relief
 171.29 association is entitled, when the applicable requirements of paragraph (b) are met and
 171.30 when otherwise qualified, to a prorated service credit from each relief association.

171.31 (b) A volunteer firefighter receiving a prorated service pension under this subdivision
 171.32 must have a total amount of service credit of ten years or more, if the bylaws of every
 171.33 affected relief association ~~does~~ do not require specify only a five-year service vesting
 171.34 requirement, or five years or more, if the bylaws of every affected relief association

172.1 ~~requires~~ require only a five-year service vesting requirement, as a member of two or more
172.2 relief associations otherwise qualified. The member must have one year or more of service
172.3 credit in each relief association. The prorated service pension must be based on the service
172.4 pension amount in effect for the relief association on the date on which active volunteer
172.5 firefighting services covered by that relief association terminate. To receive a service
172.6 pension under this subdivision, the firefighter must become a member of the second or
172.7 succeeding association and must give notice of membership to the prior association within
172.8 two years of the date of termination of active service with the prior association. The notice
172.9 must be attested to by the second or subsequent relief association secretary.

172.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

172.11 Sec. 36. Minnesota Statutes 2008, section 424A.021, is amended to read:

172.12 **424A.021 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
172.13 **SERVICE.**

172.14 Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a
172.15 volunteer firefighter who is absent from firefighting service due to service in the uniformed
172.16 services, as defined in United States Code, title 38, section 4303(13), may obtain service
172.17 credit if the relief association is a defined benefit plan or an allocation ~~of any fire state~~
172.18 ~~aid, any municipal contributions, and any investment return received~~ by the relief
172.19 association as though the person was an active member if the relief association is a defined
172.20 contribution plan for the period of the uniformed service, not to exceed five years, unless a
172.21 longer period is required under United States Code, title 38, section 4312.

172.22 Subd. 2. **Limitations.** (a) To be eligible for service credit or an ~~investment return~~
172.23 ~~allocation~~ as though an active member under this section, the volunteer firefighter must
172.24 return to firefighting service with coverage by the same relief association or by the
172.25 successor to that relief association upon discharge from service in the uniformed service
172.26 within the time frame required in United States Code, title 38, section 4312(e).

172.27 (b) Service credit or an ~~investment return~~ allocation as though an active member is
172.28 not authorized if the firefighter separates from uniformed service with a dishonorable or
172.29 bad conduct discharge or under other than honorable conditions.

172.30 (c) Service credit or an ~~investment return~~ allocation as though an active member
172.31 is not authorized if the firefighter fails to provide notice to the fire department that the
172.32 individual is leaving to provide service in the uniformed service, unless it is not feasible to
172.33 provide that notice due to the emergency nature of the situation.

172.34 **EFFECTIVE DATE.** This section is effective July 1, 2009.

173.1 Sec. 37. Minnesota Statutes 2008, section 424A.03, is amended to read:

173.2 **424A.03 UNIFORMITY OF VOLUNTEER FIREFIGHTER SERVICE**
173.3 **PENSION AND RETIREMENT BENEFITS.**

173.4 Subdivision 1. **Limitation on nonuniformity of pensions.** Every partially salaried
173.5 and partially volunteer firefighters' relief association ~~shall~~ must provide service pensions
173.6 to volunteer firefighter members based on the years of service of the members not on
173.7 the compensation paid to the members for firefighting services. Each relief association
173.8 ~~shall~~ must provide service pensions to salaried members as set forth in chapter 424 and
173.9 applicable special laws.

173.10 Subd. 2. **Penalties for violations.** ~~Any~~ A municipality which has a fire department
173.11 ~~to which~~ associated with a relief association which violates the provisions of subdivision
173.12 1 is directly associated or which contracts with an independent nonprofit firefighting
173.13 corporation ~~of which~~ associated with a relief association which violates the provisions
173.14 of subdivision 1 is a subsidiary ~~shall~~ may not be included in the apportionment of fire
173.15 state aid ~~by the commissioner of commerce~~ to the applicable county auditor ~~pursuant to~~
173.16 under section 69.021, subdivision 6, and ~~shall~~ may not be included in the apportionment
173.17 of fire state aid by the county auditor to the various municipalities ~~pursuant to~~ under
173.18 section 69.021, subdivision 7.

173.19 Subd. 3. **Exception to application of limitation and penalty.** The limitation
173.20 provided for in subdivision 1 ~~shall~~ does not apply to any relief association which ~~prior to~~
173.21 before January 1, 1957, had established a definite service pension formula for members
173.22 of the partially salaried and partially volunteer firefighters' relief association who are
173.23 regularly employed firefighters.

173.24 **EFFECTIVE DATE.** This section is effective July 1, 2009.

173.25 Sec. 38. Minnesota Statutes 2008, section 424A.04, is amended to read:

173.26 **424A.04 VOLUNTEER RELIEF ASSOCIATIONS; BOARD OF TRUSTEES.**

173.27 Subdivision 1. **Membership.** (a) A relief association that is directly associated with
173.28 a municipal fire department must be managed by a board of trustees consisting of nine
173.29 members. Six trustees must be elected from the membership of the relief association and
173.30 three trustees must be drawn from the officials of the municipalities served by the fire
173.31 department to which the relief association is directly associated. The bylaws of a relief
173.32 association which provides a monthly benefit service pension may provide that one of
173.33 the six trustees elected from the relief association membership may be a retired member
173.34 receiving a monthly pension who is elected by the membership of the relief association.

174.1 The three municipal trustees must be one elected municipal official and one elected or
174.2 appointed municipal official who are designated as municipal representatives by the
174.3 municipal governing board annually and the chief of the municipal fire department.

174.4 (b) A relief association that is a subsidiary of an independent nonprofit firefighting
174.5 corporation must be managed by a board of trustees consisting of nine members. Six
174.6 trustees must be elected from the membership of the relief association, two trustees must
174.7 be drawn from the officials of the municipalities served by the fire department to which
174.8 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief
174.9 serving with the independent nonprofit firefighting corporation. The bylaws of a relief
174.10 association may provide that one of the six trustees elected from the relief association
174.11 membership may be a retired member receiving a monthly pension who is elected by the
174.12 membership of the relief association. The two municipal trustees must be elected or
174.13 appointed municipal officials, selected as follows:

174.14 (1) if only one municipality contracts with the independent nonprofit firefighting
174.15 corporation, the municipal trustees must be two officials of the contracting municipality
174.16 who are designated annually by the governing body of the municipality; or

174.17 (2) if two or more municipalities contract with the independent nonprofit corporation,
174.18 the municipal trustees must be one official from each of the two largest municipalities
174.19 in population who are designated annually by the governing bodies of the applicable
174.20 municipalities.

174.21 (c) The municipal trustees for a relief association that is directly associated with a
174.22 fire department operated as or by a joint powers entity must be the fire chief of the fire
174.23 department and two trustees designated annually by the joint powers board. The municipal
174.24 trustees for a relief association that is directly associated with a fire department service
174.25 area township must be the fire chief of the fire department and two trustees designated by
174.26 the township board.

174.27 (d) If a relief association lacks the municipal board members provided for in
174.28 paragraph (a), (b), or (c) because the fire department is not located in or associated with an
174.29 organized municipality, joint powers entity, or township, the municipal board members
174.30 must be the fire chief of the fire department and two board members appointed from the
174.31 fire department service area by the board of commissioners of the applicable county.

174.32 (e) The term of ~~these~~ the appointed municipal board members is one year or until the
174.33 person's successor is qualified, whichever is later.

174.34 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights
174.35 and duties accorded to any other trustee, except the right to be an officer of the relief
174.36 association board of trustees.

175.1 (g) A board must have at least three officers, who are a president, a secretary and a
175.2 treasurer. These officers must be elected from among the elected trustees by either the full
175.3 board of trustees or by the relief association membership, as specified in the bylaws. In
175.4 no event may any trustee hold more than one officer position at any one time. The terms
175.5 of the elected trustees and of the officers of the board must be specified in the bylaws of
175.6 the relief association, but may not exceed three years. If the term of the elected trustees
175.7 exceeds one year, the election of the various trustees elected from the membership must be
175.8 staggered on as equal a basis as is practicable.

175.9 Subd. 2. **Fiduciary duty.** The board of trustees of a relief association shall
175.10 undertake their activities consistent with chapter 356A.

175.11 Subd. 2a. **Fiduciary responsibility.** In the discharge of their respective duties, the
175.12 officers and trustees shall be held to the standard of care specified in section 11A.09. In
175.13 addition, the trustees shall act in accordance with chapter 356A. Each member of the
175.14 board is a fiduciary and shall undertake all fiduciary activities in accordance with the
175.15 standard of care of section 11A.09, and in a manner consistent with chapter 356A. No
175.16 fiduciary of a relief association shall cause a relief association to engage in a transaction if
175.17 the fiduciary knows or should know that the transaction constitutes one of the following
175.18 direct or indirect transactions:

175.19 (1) sale or exchange or leasing of any real property between the relief association
175.20 and a board member;

175.21 (2) lending of money or other extension of credit between the relief association and
175.22 a board member or member of the relief association;

175.23 (3) furnishing of goods, services, or facilities between the relief association and a
175.24 board member; or

175.25 (4) transfer to a board member, or use by or for the benefit of a board member, of any
175.26 assets of the relief association. A transfer of assets does not mean the payment of relief
175.27 association benefits or administrative expenses permitted by law.

175.28 Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter
175.29 relief association ~~hires~~ employs or contracts with a consultant to provide legal or financial
175.30 advice, the secretary of the relief association shall obtain and the consultant shall provide
175.31 to the secretary of the relief association a copy of the consultant's certificate of insurance.

175.32 (b) A consultant is any person who is employed under contract to provide legal or
175.33 financial advice and who is or who represents to the volunteer firefighter relief association
175.34 that the person is:

175.35 (1) an actuary;

175.36 (2) a licensed public accountant or a certified public accountant;

- 176.1 (3) an attorney;
- 176.2 (4) an investment advisor or manager, or an investment counselor;
- 176.3 (5) an investment advisor or manager selection consultant;
- 176.4 (6) a pension benefit design advisor or consultant; or
- 176.5 (7) any other financial consultant.

176.6 **EFFECTIVE DATE.** This section is effective July 1, 2009.

176.7 Sec. 39. Minnesota Statutes 2008, section 424A.05, subdivision 1, is amended to read:

176.8 Subdivision 1. **Establishment of special fund.** Every volunteer firefighters' relief relief
 176.9 association shall establish and maintain a special fund within the relief association.

176.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

176.11 Sec. 40. Minnesota Statutes 2008, section 424A.05, subdivision 2, is amended to read:

176.12 Subd. 2. **Special fund assets and revenues.** The special fund ~~shall~~ must be credited
 176.13 with all fire state aid moneys received ~~pursuant to~~ under sections 69.011 to 69.051,
 176.14 all taxes levied by or other revenues received from the municipality ~~pursuant to~~ under
 176.15 sections 69.771 to 69.776 or any applicable special law requiring municipal support for
 176.16 the relief association, any moneys or property donated, given, granted or devised by any
 176.17 person which is specified for use for the support of the special fund and any interest or
 176.18 investment return earned upon the assets of the special fund. The treasurer of the relief
 176.19 association ~~shall be~~ is the custodian of the assets of the special fund and ~~shall~~ must be the
 176.20 recipient on behalf of the special fund of all revenues payable to the special fund. The
 176.21 treasurer shall maintain adequate records documenting any transaction involving the assets
 176.22 or the revenues of the special fund. These records and the bylaws of the relief association
 176.23 ~~shall be~~ are public and ~~shall~~ must be open for inspection by any member of the relief
 176.24 association, any officer or employee of the state or of the municipality, or any member of
 176.25 the public, at reasonable times and places.

176.26 **EFFECTIVE DATE.** This section is effective July 1, 2009.

176.27 Sec. 41. Minnesota Statutes 2008, section 424A.05, subdivision 3, is amended to read:

176.28 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements
 176.29 from the special fund ~~are~~ may not ~~permitted to~~ be made for any purpose other than one of
 176.30 the following:

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

177.1 (2) for the payment of temporary or permanent disability benefits to disabled
 177.2 members of the relief association if authorized and paid ~~pursuant to~~ under law and
 177.3 specified in amount in the bylaws governing the relief association;

177.4 (3) for the payment of survivor benefits to surviving spouses and surviving children,
 177.5 or if none, to designated beneficiaries, of deceased members of the relief association, and
 177.6 if no survivors and if no designated beneficiary, for the payment of a death benefit to the
 177.7 estate of the deceased active or deferred firefighter, if authorized by and paid ~~pursuant to~~
 177.8 under law and specified in amount in the bylaws governing the relief association;

177.9 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire
 177.10 Department Association; and to the Minnesota Area Relief Association Coalition, ~~and to~~
 177.11 ~~the state Volunteer Firefighters Benefit Association~~ in order to entitle relief association
 177.12 members to membership in and the benefits of these associations or organizations; ~~and~~

177.13 (5) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
 177.14 Association, or an insurance company licensed by the state of Minnesota offering casualty
 177.15 insurance, in order to entitle relief association members to membership in and the benefits
 177.16 of the association or organization; and

177.17 ~~(5)~~ (6) for the payment of administrative expenses of the relief association as
 177.18 authorized under section 69.80.

177.19 (b) For purposes of this chapter, for a monthly benefit volunteer fire relief association
 177.20 or for a combination lump-sum and monthly benefit volunteer fire relief association where
 177.21 a monthly benefit service pension has been elected by or a monthly benefit is payable with
 177.22 respect to a firefighter, a designated beneficiary must be a natural person. For purposes of
 177.23 this chapter, for a defined contribution volunteer fire relief association, for a lump-sum
 177.24 volunteer fire relief association, or for a combination lump-sum and monthly benefit
 177.25 volunteer fire relief association where a lump-sum service pension has been elected by
 177.26 or a lump-sum benefit is payable with respect to a firefighter, a designated beneficiary
 177.27 may be a trust created under chapter 501B.

177.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

177.29 Sec. 42. Minnesota Statutes 2008, section 424A.05, subdivision 4, is amended to read:

177.30 Subd. 4. **Investments of assets of the special fund.** The assets of the special fund
 177.31 ~~shall~~ must be invested only in securities authorized by section 69.775.

177.32 **EFFECTIVE DATE.** This section is effective July 1, 2009.

177.33 Sec. 43. Minnesota Statutes 2008, section 424A.06, is amended to read:

177.34 **424A.06 RELIEF ASSOCIATION GENERAL FUND.**

178.1 Subdivision 1. **Establishment of general fund.** ~~Any~~ A volunteer firefighters' relief
 178.2 association may establish and maintain a general fund within the relief association.

178.3 Subd. 2. **General fund assets and revenues.** To the general fund, if established,
 178.4 ~~shall~~ must be credited all moneys received from dues, fines, initiation fees, entertainment
 178.5 revenues and any moneys or property donated, given, granted or devised by any person,
 178.6 for unspecified uses. The treasurer of the relief association ~~shall be~~ is the custodian of the
 178.7 assets of the general fund and ~~shall~~ must be the recipient on behalf of the general fund of
 178.8 all revenues payable to the general fund. The treasurer shall maintain adequate records
 178.9 documenting any transaction involving the assets or the revenues of the general fund.
 178.10 These records ~~shall~~ must be open for inspection by any member of the relief association
 178.11 at reasonable times and places.

178.12 Subd. 3. **Authorized disbursements from the general fund.** Disbursements from
 178.13 the general fund may be made for any purpose that is authorized by either the articles of
 178.14 incorporation or bylaws of the relief association.

178.15 Subd. 4. **Investment of assets of the general fund.** The assets of the general
 178.16 fund may be invested in any securities that are authorized by the bylaws of the relief
 178.17 association and may be certified for investment by the State Board of Investment in fixed
 178.18 income pools or in a separately managed account at the discretion of the State Board of
 178.19 Investment as provided in section 11A.14.

178.20 **EFFECTIVE DATE.** This section is effective July 1, 2009.

178.21 Sec. 44. Minnesota Statutes 2008, section 424A.07, is amended to read:

178.22 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS;**
 178.23 **ESTABLISHMENT OF RELIEF ASSOCIATIONS.**

178.24 ~~Prior to~~ Before paying any service pensions or retirement benefits ~~pursuant to~~
 178.25 under section 424A.02 or before becoming entitled to receive any amounts of fire state
 178.26 aid upon transmittal from a contracting municipality ~~pursuant to~~ under section 69.031,
 178.27 subdivision 5, a nonprofit firefighting corporation shall establish a volunteer firefighters'
 178.28 relief association governed by this chapter.

178.29 Sec. 45. Minnesota Statutes 2008, section 424A.08, is amended to read:

178.30 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**
 178.31 **AUTHORIZED DISBURSEMENTS.**

178.32 (a) Any qualified municipality which is entitled to receive fire state aid but which
 178.33 has no volunteer firefighters' relief association directly associated with its fire department
 178.34 and which has no full-time firefighters with retirement coverage by the public employees

179.1 police and fire retirement plan shall deposit the fire state aid in a special account
 179.2 established for that purpose in the municipal treasury. Disbursement from the special
 179.3 account ~~shall~~ may not be made for any purpose except:

179.4 (1) payment of the fees, dues and assessments to the Minnesota State Fire
 179.5 Department Association and to the state Volunteer Firefighters' Benefit Association in
 179.6 order to entitle its firefighters to membership in and the benefits of these state associations;

179.7 (2) payment of the cost of purchasing and maintaining needed equipment for the
 179.8 fire department; and

179.9 (3) payment of the cost ~~for~~ of construction, acquisition, repair ~~and~~ or maintenance
 179.10 of buildings or other premises to house the equipment of the fire department.

179.11 (b) A qualified municipality which is entitled to receive fire state aid, which has no
 179.12 volunteer firefighters' relief association directly associated with its fire department and
 179.13 which has full-time firefighters with retirement coverage by the public employees police
 179.14 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the
 179.15 payment of the employer contribution requirement with respect to firefighters covered by
 179.16 the public employees police and fire retirement plan under section 353.65, subdivision 3,
 179.17 or for a combination of the two types of disbursements.

179.18 **EFFECTIVE DATE.** This section is effective July 1, 2009.

179.19 Sec. 46. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

179.20 Subdivision 1. **Definitions.** For purposes of this section:

179.21 (1) "qualified recipient" means an individual who receives a lump-sum distribution
 179.22 of pension or retirement benefits from a volunteer firefighters' relief association for service
 179.23 that the individual has performed as a volunteer firefighter;

179.24 (2) "survivor of a deceased active or deferred volunteer firefighter" means the ~~legally~~
 179.25 ~~married~~ surviving spouse of a deceased active or deferred volunteer firefighter under
 179.26 section 424A.001, subdivision 6, or, if none, the surviving ~~minor~~ child or ~~minor~~ children
 179.27 of a deceased active or deferred volunteer firefighter;

179.28 (3) "active volunteer firefighter" means a person who regularly renders fire
 179.29 suppression service for a municipal fire department or an independent nonprofit firefighting
 179.30 corporation, who has met the statutory and other requirements for relief association
 179.31 membership, and who ~~has been~~ is deemed by the relief association under law and its
 179.32 bylaws to be a fully qualified member of the relief association for at least one month; and

179.33 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who
 179.34 terminated active firefighting service, has sufficient service credit from the applicable relief

180.1 association to be entitled to a service pension under the bylaws of the relief association,
180.2 but has not applied for or has not received the service pension.

180.3 **EFFECTIVE DATE.** This section is effective July 1, 2009.

180.4 Sec. 47. Minnesota Statutes 2008, section 424A.10, subdivision 2, is amended to read:

180.5 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer
180.6 firefighters' relief association of a lump-sum distribution to a qualified recipient, the
180.7 association must pay a supplemental benefit to the qualified recipient. Notwithstanding
180.8 any law to the contrary, the relief association must pay the supplemental benefit out of
180.9 its special fund. ~~The amount of~~ This benefit ~~equals~~ is an amount equal to ten percent of
180.10 the regular lump-sum distribution that is paid on the basis of the recipient's service as
180.11 a volunteer firefighter. In no case may the amount of the supplemental benefit exceed
180.12 \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a
180.13 deceased active or deferred volunteer firefighter in that capacity.

180.14 (b) Upon the payment by a relief association of a lump-sum survivor benefit or
180.15 funeral benefit to a survivor of a deceased active volunteer firefighter or of a deceased
180.16 deferred volunteer firefighter, the association may pay a supplemental survivor benefit
180.17 to the survivor of the deceased active or deferred volunteer firefighter from the special
180.18 fund of the relief association if its articles of incorporation or bylaws so provide. The
180.19 amount of the supplemental survivor benefit is 20 percent of the survivor benefit or funeral
180.20 benefit, but not to exceed \$2,000.

180.21 (c) An individual may receive a supplemental benefit under paragraph (a) or under
180.22 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer
180.23 firefighter benefit.

180.24 **EFFECTIVE DATE.** This section is effective July 1, 2009.

180.25 Sec. 48. Minnesota Statutes 2008, section 424A.10, subdivision 3, is amended to read:

180.26 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement
180.27 of the amount of supplemental benefits paid under subdivision 2 during the preceding
180.28 calendar year, the volunteer firefighters' relief association must apply to the commissioner
180.29 of revenue by February 15. By March 15, the commissioner shall reimburse the relief
180.30 association for the amount of the supplemental benefits paid by the relief association to
180.31 qualified recipients and to survivors of deceased active or deferred volunteer firefighters.

180.32 (b) The commissioner of revenue shall prescribe the form of and supporting
180.33 information that must be supplied as part of the application for state reimbursement.
180.34 The commissioner of revenue shall reimburse the relief association by paying the

181.1 reimbursement amount to the treasurer of the municipality where the association is located.
181.2 Within 30 days after receipt, the municipal treasurer shall transmit the state reimbursement
181.3 to the treasurer of the association if the association has filed a financial report with the
181.4 municipality. If the relief association has not filed a financial report with the municipality,
181.5 the municipal treasurer shall delay transmission of the reimbursement payment to the
181.6 association until the complete financial report is filed. If the association has dissolved or
181.7 has been removed as a trustee of state aid, the treasurer shall deposit the money in a
181.8 special account in the municipal treasury, and the money may be disbursed only for the
181.9 purposes and in the manner provided in section 424A.08. When paid to the association,
181.10 the reimbursement payment must be deposited in the special fund of the relief association.

181.11 (c) A sum sufficient to make the payments is appropriated from the general fund
181.12 to the commissioner of revenue.

181.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

181.14 Sec. 49. Minnesota Statutes 2008, section 424A.10, subdivision 4, is amended to read:

181.15 Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided
181.16 by this section is in lieu of the state income tax exclusion for lump-sum distributions of
181.17 retirement benefits paid to volunteer firefighters.

181.18 (b) If the law is modified to exclude or exempt volunteer firefighters' lump-sum
181.19 distributions from state income taxation, the supplemental benefits under this section
181.20 ~~may are no longer be paid payable,~~ beginning with the first calendar year in which the
181.21 exclusion or exemption is effective. This subdivision does not apply to exemption of all or
181.22 part of a lump-sum distribution under section 290.032 or 290.0802.

181.23 **EFFECTIVE DATE.** This section is effective July 1, 2009.

181.24 Sec. 50. Minnesota Statutes 2008, section 424A.10, subdivision 5, is amended to read:

181.25 Subd. 5. **Retroactive reimbursement in certain instances.** A supplemental
181.26 survivor ~~or funeral~~ benefit may be paid by a relief association for the death of an active
181.27 volunteer firefighter or of a deferred volunteer firefighter that occurred on or after August
181.28 1, 2005, if the relief association articles of incorporation or bylaws ~~so~~ provide for a
181.29 supplemental survivor benefit and provide for retroactivity.

181.30 **EFFECTIVE DATE.** This section is effective July 1, 2009.

181.31 Sec. 51. Minnesota Statutes 2008, section 424B.10, is amended by adding a
181.32 subdivision to read:

182.1 Subd. 1a. **Applicability.** This section applies when all of the volunteer firefighters'
182.2 relief associations involved in the consolidation are defined benefit relief associations as
182.3 defined in section 424A.001, subdivision 1b.

182.4 **EFFECTIVE DATE.** This section is effective July 1, 2009.

182.5 Sec. 52. Minnesota Statutes 2008, section 424B.10, is amended by adding a
182.6 subdivision to read:

182.7 Subd. 1b. **Benefits.** (a) The successor relief association following the consolidation
182.8 of two or more defined benefit relief associations must be a defined benefit relief
182.9 association.

182.10 (b) Notwithstanding any provision of section 424A.02, subdivision 3, to the contrary,
182.11 the initial service pension amount of the subsequent defined benefit relief association as
182.12 of the effective date of consolidation is either the service pension amount specified in
182.13 clause (1) or the service pension amounts specified in clause (2), as provided for in the
182.14 consolidated relief association's articles of incorporation or bylaws:

182.15 (1) the highest dollar amount service pension amount of any prior volunteer
182.16 firefighters relief association in effect immediately before the consolidation initiation if the
182.17 pension amount was implemented consistent with section 424A.02; or

182.18 (2) for service rendered by each individual volunteer firefighter before consolidation,
182.19 the service pension amount under the consolidating volunteer firefighters relief association
182.20 that the firefighter belonged to immediately before the consolidation if the pension amount
182.21 was implemented consistent with section 424A.02 and for service rendered after the
182.22 effective date of the consolidation, the highest dollar amount service pension of any of the
182.23 consolidating volunteer firefighters relief associations in effect immediately before the
182.24 consolidation if the pension amount was implemented consistent with section 424A.02.

182.25 (c) Any increase in the service pension amount beyond the amount implemented
182.26 under paragraph (a) must conform with the requirements and limitations of sections
182.27 69.771 to 69.775 and section 424A.02.

182.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

182.29 Sec. 53. Minnesota Statutes 2008, section 424B.10, subdivision 2, is amended to read:

182.30 Subd. 2. **Funding.** (a) Unless the applicable municipalities agree in writing to
182.31 allocate the minimum municipal obligation in a different manner, the minimum municipal
182.32 obligation under section 69.772 or 69.773, whichever applies, must be allocated between
182.33 the applicable municipalities in proportion to their fire state aid.

183.1 (b) If any applicable municipality fails to meet its portion of the minimum municipal
183.2 obligation to the subsequent relief association, all other applicable municipalities are
183.3 jointly obligated to provide the required funding upon certification by the relief association
183.4 secretary. An applicable municipality that pays the minimum municipal obligation
183.5 amount for another applicable municipality, the municipality may collect ~~the~~ that payment
183.6 amount, plus a 25 percent surcharge, from the responsible applicable municipality by any
183.7 available means, including a deduction from any state aid or payment amount payable
183.8 to the responsible municipality upon certification of the necessary information to the
183.9 commissioner of finance.

183.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

183.11 Sec. 54. **[424B.11] CONSOLIDATING DEFINED CONTRIBUTION RELIEF**
183.12 **ASSOCIATIONS; INDIVIDUAL ACCOUNTS; FUNDING.**

183.13 Subdivision 1. **Applicability.** This section applies when all of the volunteer
183.14 firefighters' relief associations involved in the consolidation are defined contribution relief
183.15 associations as defined in section 424A.001, subdivision 1c.

183.16 Subd. 2. **Individual accounts.** The successor relief association following the
183.17 consolidation of two or more defined contribution relief associations must be a defined
183.18 contribution relief association and the successor relief association board shall establish
183.19 individual accounts for every active member, inactive member, deferred member, or
183.20 retired member receiving installment payments with that status as of the consolidation
183.21 date. To each individual account the successor relief association must credit the amount to
183.22 the credit of each person by a predecessor relief association as of the date of consolidation
183.23 plus a proportional share, based on account value, of any subsequent net revenue during
183.24 the consolidation process.

183.25 Subd. 3. **Funding.** Unless the articles of incorporation or bylaws of the successor
183.26 relief association specify that municipal contributions are wholly voluntary or unless the
183.27 municipalities associated with the consolidating defined contribution relief associations
183.28 agree in writing to a different municipal support arrangement, each municipality must
183.29 continue to provide the same amount of municipal support to the successor relief
183.30 association as the municipality provided to the applicable predecessor relief association in
183.31 the calendar year immediately prior to the calendar year in which the consolidation occurs.

183.32 **EFFECTIVE DATE.** This section is effective July 1, 2009.

183.33 Sec. 55. **[424B.12] MIXED CONSOLIDATING RELIEF ASSOCIATIONS;**
183.34 **BENEFIT PLAN; FUNDING.**

184.1 Subdivision 1. **Applicability.** This section applies where one or more of the
184.2 volunteer firefighters' relief associations involved in the consolidation are defined benefit
184.3 relief associations as defined in section 424A.001, subdivision 1b, and one or more of
184.4 the volunteer firefighters' relief associations involved in the consolidation are defined
184.5 contribution relief associations as defined in section 424A.001, subdivision 1c.

184.6 Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the successor
184.7 relief association must specify whether the relief association is a defined benefit relief
184.8 association or whether the relief association is a defined contribution relief association. If
184.9 the successor relief association is a defined benefit relief association, the relief association
184.10 benefits must comply with sections 424A.02 and 424B.11, subdivision 1a. If the successor
184.11 relief association is a defined contribution relief association, the relief association must
184.12 comply with sections 424A.016 and 424B.12, subdivision 2.

184.13 Subd. 3. **Funding.** If the successor relief association is a defined benefit relief
184.14 association, the relief association funding is governed by section 424B.11, subdivision 2.
184.15 If the successor relief association is a defined contribution relief association, the relief
184.16 association funding is governed by section 424B.12, subdivision 3.

184.17 **EFFECTIVE DATE.** This section is effective July 1, 2009.

184.18 Sec. 56. Minnesota Statutes 2008, section 424B.21, is amended to read:

184.19 **424B.21 ANNUITY PURCHASES UPON DISSOLUTION.**

184.20 The board of trustees of a volunteer firefighters relief association that is scheduled
184.21 for dissolution may purchase annuity contracts under section ~~424A.02~~ 424A.015,
184.22 subdivision ~~8a~~ 3, instead of transferring special fund assets to a municipal trust fund
184.23 under section 424B.20, subdivision 4. Payment of an annuity for which a contract is
184.24 purchased may not commence before the retirement age specified in the relief association
184.25 bylaws and in compliance with section 424A.016, subdivision 2, or 424A.02, subdivision
184.26 1. Legal title to the annuity contract transfers to the municipal trust fund under section
184.27 424B.20, subdivision 4.

184.28 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1 is also
184.29 enacted.

184.30 Sec. 57. **BRIMSON FIREFIGHTERS RELIEF ASSOCIATION; BOARD OF**
184.31 **TRUSTEES MEMBERSHIP.**

184.32 Notwithstanding any provisions of Minnesota Statutes, section 424A.04, or other
184.33 law to the contrary, the Brimson Firefighters Relief Association must be managed by a
184.34 board of trustees consisting of ten members, with six trustees elected from the membership

185.1 of the relief association, one trustee drawn from the officials of each municipality served
185.2 by the fire department to which the relief association is directly associated, and one trustee
185.3 who is the fire chief serving with the independent nonprofit firefighting corporation.

185.4 **EFFECTIVE DATE.** This section is effective the day after the governing body
185.5 of the Fairbanks Township and its chief clerical officer timely comply with Minnesota
185.6 Statutes, section 645.021, subdivisions 2 and 3.

185.7 Sec. 58. **REPEALER.**

185.8 Subdivision 1. **Repealed for recodification.** Minnesota Statutes 2008, sections
185.9 424A.001, subdivision 7; 424A.02, subdivisions 4, 6, 8a, and 8b; and 424B.10, subdivision
185.10 1, are repealed.

185.11 Subd. 2. **Repealed as obsolete.** Minnesota Statutes 2008, section 424A.09, is
185.12 repealed.

185.13 Subd. 3. **Substantive repeal.** Minnesota Statutes 2008, section 424A.02,
185.14 subdivision 9b, is repealed.

185.15 **ARTICLE 12**

185.16 **CORRECTION OF PRIOR DRAFTING ERRORS**

185.17 Section 1. Minnesota Statutes 2008, section 422A.06, subdivision 8, is amended to
185.18 read:

185.19 Subd. 8. **Retirement benefit fund.** (a) The retirement benefit fund consists of
185.20 amounts held for payment of retirement allowances for members retired under this chapter,
185.21 including any transfer amount payable under subdivision 3, paragraph (c).

185.22 (b) Unless subdivision 3, paragraph (c), applies, assets equal to the required
185.23 reserves for retirement allowances under this chapter determined in accordance with the
185.24 appropriate mortality table adopted by the board of trustees based on the experience of the
185.25 fund as recommended by the actuary retained under section 356.214 must be transferred
185.26 from the deposit accumulation fund to the retirement benefit fund as of the last business
185.27 day of the month in which the retirement allowance begins. The income from investments
185.28 of these assets must be allocated to this fund and any interest charge under subdivision
185.29 3, paragraph (c), must be credited to the fund. There must be paid from this fund the
185.30 retirement annuities authorized by law. A required reserve calculation for the retirement
185.31 benefit fund must be made by the actuary retained under section 356.214 and must be
185.32 certified to the retirement board by the actuary retained under section 356.214.

185.33 (c) There is established a deferred yield adjustment account which must be increased
185.34 by the sale or disposition of any debt securities at less than book value and must be

186.1 decreased by the sale or disposition of debt securities at more than book value. At the
186.2 end of each fiscal year, a portion of the balance of this account must be offset against the
186.3 investment income for that year. The annual portion of the balance to be offset must be
186.4 proportional to the reciprocal of the average remaining life of the bonds sold, unless the
186.5 amounts are offset by gains on the future sales of these securities. The amount of this
186.6 account must be included in the recognized value of assets other than corporate stocks
186.7 and all other equity investments. In any fiscal year in which the gains on the sales of debt
186.8 securities exceed the discounts realized on the sales of such securities, the excess must
186.9 be used to reduce the balance of the account. If the realized capital gains are sufficient
186.10 to reduce the balance of the account to zero, any excess gains must be available for the
186.11 calculation of postretirement adjustments.

186.12 (d)(1) Annually, following June 30, the board shall use the procedures in clauses (2),
186.13 (3), and (4), to determine whether a postretirement adjustment is payable and to determine
186.14 the amount of any postretirement adjustment.

186.15 (2) If the Consumer Price Index for urban wage earners and clerical workers all
186.16 items index published by the Bureau of Labor Statistics of the United States Department
186.17 of Labor increases from June 30 of the preceding year to June 30 of the current year, the
186.18 board shall certify the percentage increase. The amount certified must not exceed ~~the~~
186.19 ~~lesser of the difference between the preretirement interest assumption and postretirement~~
186.20 ~~interest assumption in section 356.215, subdivision 8, paragraph (a), or 3.5 percent.~~

186.21 (3) In addition to any percentage increase certified under paragraph (b), the board
186.22 shall use the following procedures to determine if a postretirement adjustment is payable
186.23 under this paragraph:

186.24 (i) the board shall determine the market value of the fund on June 30 of that year;

186.25 (ii) the amount of reserves required as of the current June 30 for the annuity or
186.26 benefit payable to an annuitant and benefit recipient must be determined by the actuary
186.27 retained under section 356.214. An annuitant or benefit recipient who has been receiving
186.28 an annuity or benefit for at least 12 full months as of the current June 30 is eligible to
186.29 receive a full postretirement adjustment. An annuitant or benefit recipient who has been
186.30 receiving an annuity or benefit for at least one full month, but less than 12 full months as of
186.31 the current June 30, is eligible to receive a partial postretirement adjustment. The amount
186.32 of the reserves for those annuitants and benefit recipients who are eligible to receive a
186.33 full postretirement benefit adjustment is known as "eligible reserves." The amount of
186.34 the reserves for those annuitants and benefit recipients who are not eligible to receive a
186.35 postretirement adjustment is known as "noneligible reserves." For an annuitant or benefit
186.36 recipient who is eligible to receive a partial postretirement adjustment, additional "eligible

187.1 reserves" is an amount that bears the same ratio to the total reserves required for the
187.2 annuitant or benefit recipient as the number of full months of annuity or benefit receipt as
187.3 of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit
187.4 recipient's reserves are "noneligible reserves";

187.5 (iii) the board shall determine the percentage increase certified under clause (2)
187.6 multiplied by the eligible required reserves, as adjusted for mortality gains and losses,
187.7 determined under item (ii);

187.8 (iv) the board shall add the amount of reserves required for the annuities or benefits
187.9 payable to annuitants and benefit recipients of the participating public pension plans or
187.10 funds as of the current June 30 to the amount determined under item (iii);

187.11 (v) the board shall subtract the amount determined under item (iv) from the market
187.12 value of the fund determined under item (i);

187.13 (vi) the board shall adjust the amount determined under item (v) by the cumulative
187.14 current balance determined under item (viii) and any negative balance carried forward
187.15 under item (ix);

187.16 (vii) a positive amount resulting from the calculations in items (i) to (vi) is the excess
187.17 market value. A negative amount is the negative balance;

187.18 (viii) the board shall allocate one-fifth of the excess market value or one-fifth of the
187.19 negative balance to each of five consecutive years, beginning with the fiscal year ending
187.20 the current June 30; and

187.21 (ix) to calculate the postretirement adjustment under this paragraph based on
187.22 investment performance for a fiscal year, the board shall add together all excess market
187.23 value allocated to that year and subtract from the sum all negative balances allocated to
187.24 that year. If this calculation results in a negative number, the entire negative balance must
187.25 be carried forward and allocated to the next year. If the resulting amount is positive, a
187.26 postretirement adjustment is payable under this paragraph. The board shall express a
187.27 positive amount as a percentage of the total eligible required reserves certified to the
187.28 board under item (ii).

187.29 (4) The board shall determine the amount of any postretirement adjustment which
187.30 is payable using the following procedure:

187.31 (i) the total "eligible" required reserves as of the first of January next following the
187.32 end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or
187.33 partial postretirement adjustment as determined by item (ii) must be certified to the board
187.34 by the actuary retained under section 356.214. The total "eligible" required reserves
187.35 must be determined by the actuary retained under section 356.214 on the assumption that

188.1 all annuitants and benefit recipients eligible to receive a full or partial postretirement
188.2 adjustment will be alive on the January 1 in question; and

188.3 (ii) the board shall add the percentage certified under clause (2) to any positive
188.4 percentage calculated under clause (3). The board shall not subtract from the percentage
188.5 certified under paragraph (b) any negative amount calculated under clause (3). The sum
188.6 of these percentages must be carried to five decimal places and must be certified as the
188.7 full postretirement adjustment percentage.

188.8 (e) The board shall determine the amount of the postretirement adjustment payable
188.9 to each eligible annuitant and benefit recipient. The dollar amount of the postretirement
188.10 adjustment must be calculated by applying the certified postretirement adjustment
188.11 percentage to the amount of the monthly annuity or benefit payable to each eligible
188.12 annuitant or benefit recipient eligible for a full adjustment.

188.13 The dollar amount of the partial postretirement adjustment payable to each annuitant
188.14 or benefit recipient eligible for a partial adjustment must be calculated by first determining
188.15 a partial percentage amount that bears the same ratio to the certified full adjustment
188.16 percentage amount as the number of full months of annuity or benefit receipt as of the
188.17 current June 30 bears to 12 full months. The partial percentage amount determined
188.18 must then be applied to the amount of the monthly annuity or benefit payable to each
188.19 annuitant or benefit recipient eligible to receive a partial postretirement adjustment. The
188.20 postretirement adjustments are payable on January 1 following the calculations required
188.21 under this section and must thereafter be included in the monthly annuity or benefit paid to
188.22 the recipient. Any adjustments under this section must be paid automatically unless the
188.23 intended recipient files a written notice with the applicable participating public pension
188.24 fund or plan requesting that the adjustment not be paid.

188.25 (f) As of June 30 annually, the actuary retained under section 356.214 shall calculate
188.26 the amount of required reserves representing any mortality gains and any mortality losses
188.27 incurred during the fiscal year and report the results of those calculations to the plan.
188.28 The actuary shall report separately the amount of the reserves for annuitants and benefit
188.29 recipients who are eligible for a postretirement benefit adjustment and the amount of
188.30 reserves for annuitants and benefit recipients who are not eligible for a postretirement
188.31 benefit adjustment. If the net amount of required reserves represents a mortality gain,
188.32 the board shall sell sufficient securities or transfer sufficient available cash to equal the
188.33 amount. If the amount of required reserves represents a mortality loss, the plan shall
188.34 transfer an amount equal to the amount of the net mortality loss. The amount of the
188.35 transfers must be determined before any postretirement benefit adjustments have been
188.36 made. All transfers resulting from mortality adjustments must be completed annually

189.1 by December 31 for the preceding June 30. Interest is payable on any transfers after
 189.2 December 31 based upon the preretirement interest assumption for the participating plan
 189.3 or fund as specified in section 356.215, subdivision 8, stated as a monthly rate. Book
 189.4 values of the assets of the fund must be determined only after all adjustments for mortality
 189.5 gains and losses for the fiscal year have been made.

189.6 (g) All money necessary to meet the requirements of the certification of withdrawals
 189.7 and all money necessary to pay postretirement adjustments under this section are hereby
 189.8 and from time to time appropriated from the postretirement investment fund to the board.

189.9 (h) Annually, following the calculation of any postretirement adjustment payable
 189.10 from the retirement benefit fund, the board of trustees shall submit a report to the
 189.11 executive director of the Legislative Commission on Pensions and Retirement and to the
 189.12 commissioner of finance indicating the amount of any postretirement adjustment and
 189.13 the underlying calculations on which that postretirement adjustment amount is based,
 189.14 including the amount of dividends, the amount of interest, and the amount of net realized
 189.15 capital gains or losses utilized in the calculations.

189.16 (i) With respect to a former contributing member who began receiving a retirement
 189.17 annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June
 189.18 30, 1997, or with respect to a survivor of a former contributing member who began
 189.19 receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June
 189.20 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living
 189.21 adjustment payable to those annuity or benefit recipients annually must be transferred back
 189.22 to the deposit accumulation fund to the credit of the Metropolitan Airports Commission.
 189.23 The calculation of this annual reduced cost-of-living adjustment reserve transfer must be
 189.24 reviewed by the actuary retained under section 356.214.

189.25 **EFFECTIVE DATE.** This section is effective retroactively from June 30, 2008.

189.26 **ARTICLE 13**

189.27 **ONE PERSON AND SMALL GROUP RETIREMENT PROVISIONS**

189.28 Section 1. Minnesota Statutes 2008, section 352.86, subdivision 1, is amended to read:

189.29 Subdivision 1. **Eligibility; retirement annuity.** ~~A person who is employed by~~
 189.30 This section applies to any employee of the Department of Transportation in the civil
 189.31 service employment classification of aircraft pilot or chief pilot, who is covered for
 189.32 that employment by the general employee retirement plan of the system under section
 189.33 352.01, subdivision 23, and who elects this elected before June 1, 2008, special retirement
 189.34 coverage under subdivision 3, who is prohibited from performing the duties of aircraft
 189.35 pilot or chief pilot after reaching age 65 by a policy adopted by the commissioner of

190.1 ~~transportation, and~~ this section by an irrevocable election on forms provided by the
190.2 executive director.

190.3 Subd. 2. **Retirement annuity.** An eligible person under subdivision 1 who
190.4 terminates employment as a state employee on or after age 62 but prior to normal
190.5 retirement age is entitled, upon application, to a retirement annuity computed under
190.6 section 352.115, subdivisions 2 and 3, without any reduction for early retirement under
190.7 section 352.116, subdivision 1.

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

190.9 Sec. 2. Minnesota Statutes 2008, section 352.86, subdivision 1a, is amended to read:

190.10 Subd. ~~1a~~ 3. **Disability benefits.** An employee described in subdivision 1, ~~who is~~
190.11 ~~less than 62 years of age and~~ who becomes disabled and physically or mentally unfit
190.12 to perform occupational duties due to injury, sickness, or other disability, and who is
190.13 found disqualified for retention as chief pilot or pilot as a result of a physical examination
190.14 required by applicable federal laws or regulations, ~~is entitled upon application to disability~~
190.15 ~~benefits for a maximum of five years in the amount of~~ may submit an application for
190.16 disability benefits calculated under section 352.113, subdivision 3. In considering the
190.17 disability benefit application, the executive director must use the disability standard
190.18 specified in this subdivision rather than the total and permanent standard specified in
190.19 section 352.113, subdivision 1. If disability benefits commence under section 352.113,
190.20 subdivision 3, the appointing authority shall also provide payments from the state airports
190.21 fund, totaling 75 percent of current monthly salary, ~~to be paid by the appointing authority~~
190.22 less the amount payable under section 352.113, subdivision 3. Payments from the state
190.23 airports fund must be made for five years or until normal retirement age, whichever is
190.24 earlier. ~~Disability benefits must not continue after the employee reaches age 62.~~ These
190.25 benefits are in lieu of all other state benefits for the disability, including, but not limited to,
190.26 workers' compensation benefits.

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

190.28 Sec. 3. Minnesota Statutes 2008, section 352.86, subdivision 2, is amended to read:

190.29 Subd. ~~2~~ 4. **Additional contributions.** ~~The special retirement annuity authorized~~
190.30 ~~by subdivision 1 shall be financed by~~ An employee covered by this section must pay an
190.31 additional employee contribution from the covered aircraft pilot or chief pilot of 1.6
190.32 percent ~~and an employer contribution from~~ of salary. The Department of Transportation
190.33 must pay an additional employer contribution of of 1.6 percent of salary. These
190.34 contributions are in addition to the contributions required by section 352.04, subdivisions

191.1 2 and 3. They must be made in the manner provided for in section 352.04, subdivisions 4,
191.2 5, and 6.

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

191.4 Sec. 4. Minnesota Statutes 2008, section 353.01, subdivision 2, is amended to read:

191.5 Subd. 2. **Public employee.** "Public employee" means a governmental employee
191.6 performing personal services for a governmental subdivision defined in subdivision 6,
191.7 whose salary is paid, in whole or in part, from revenue derived from taxation, fees,
191.8 assessments, or from other sources. The term includes the classes of persons described or
191.9 listed in subdivision 2a. The term also includes persons who elect association membership
191.10 under subdivision 2d, paragraph (a), and persons for whom the applicable governmental
191.11 subdivision had elected association membership under subdivision 2d, paragraph (b). ~~The~~
191.12 ~~term also includes full-time employees of the Dakota County Agricultural Society.~~ The
191.13 term excludes the classes of persons listed in subdivision 2b for purposes of membership
191.14 in the association.

191.15 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
191.16 period commencing after final enactment.

191.17 Sec. 5. Minnesota Statutes 2008, section 353.01, subdivision 2a, is amended to read:

191.18 Subd. 2a. **Included employees.** (a) Public employees whose salary from
191.19 employment in one or more positions within one governmental subdivision exceeds \$425
191.20 in any month shall participate as members of the association. If the salary is less than
191.21 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public
191.22 employees shall participate as members of the association with retirement coverage by
191.23 the public employees retirement plan or the public employees police and fire retirement
191.24 plan under this chapter, or the local government correctional employees retirement plan
191.25 under chapter 353E, whichever applies, as a condition of their employment on the first
191.26 day of employment unless they:

191.27 (1) are specifically excluded under subdivision 2b;

191.28 (2) do not exercise their option to elect retirement coverage in the association as
191.29 provided in subdivision 2d, paragraph (a); or

191.30 (3) are employees of the governmental subdivisions listed in subdivision 2d,
191.31 paragraph (b), where the governmental subdivision has not elected to participate as a
191.32 governmental subdivision covered by the association.

191.33 (b) A public employee who was a member of the association on June 30, 2002,
191.34 based on employment that qualified for membership coverage by the public employees

192.1 retirement plan or the public employees police and fire plan under this chapter, or the
192.2 local government correctional employees retirement plan under chapter 353E as of June
192.3 30, 2002, retains that membership for the duration of the person's employment in that
192.4 position or incumbency in elected office. Except as provided in subdivision 28, the person
192.5 shall participate as a member until the employee or elected official terminates public
192.6 employment under subdivision 11a or terminates membership under subdivision 11b.

192.7 (c) Public employees under paragraph (a) include:

192.8 (1) physicians under section 353D.01, subdivision 2, who do not elect public
192.9 employees defined contribution plan coverage under section 353D.02, subdivision 2;

192.10 (2) full-time employees of the Dakota County Agricultural Society; and

192.11 (3) employees of the Minneapolis Firefighters Relief Association or Minneapolis

192.12 Police Relief Association who are not excluded employees under subdivision 2b due to

192.13 coverage by the relief association pension plan and who elect Public Employee Retirement

192.14 Association general plan coverage under section 5.

192.15 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
192.16 period commencing after final enactment.

192.17 Sec. 6. Minnesota Statutes 2008, section 353.01, subdivision 6, is amended to read:

192.18 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a
192.19 county, city, town, school district within this state, or a department, unit or instrumentality
192.20 of state or local government, or any public body established under state or local
192.21 authority that has a governmental purpose, is under public control, is responsible for the
192.22 employment and payment of the salaries of employees of the entity, and receives a major
192.23 portion of its revenues from taxation, fees, assessments or from other public sources.

192.24 (b) Governmental subdivision also means the Public Employees Retirement
192.25 Association, the League of Minnesota Cities, the Association of Metropolitan
192.26 Municipalities, charter schools formed under section 124D.10, service cooperatives
192.27 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers
192.28 boards organized under section 471.59, subdivision 11, paragraph (a), family service
192.29 collaboratives and children's mental health collaboratives organized under section 471.59,
192.30 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives
192.31 are governmental units that otherwise qualify for retirement plan membership, public
192.32 hospitals owned or operated by, or an integral part of, a governmental subdivision or
192.33 governmental subdivisions, the Association of Minnesota Counties, the Minnesota
192.34 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan
192.35 Airports Commission, the University of Minnesota with respect to police officers covered

193.1 by the public employees police and fire retirement plan, the Minneapolis Employees
193.2 Retirement Fund for employment initially commenced after June 30, 1979, the Range
193.3 Association of Municipalities and Schools, soil and water conservation districts, economic
193.4 development authorities created or operating under sections 469.090 to 469.108, the Port
193.5 Authority of the city of St. Paul, the Spring Lake Park Fire Department, incorporated,
193.6 the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental
193.7 Learning Center, the Dakota County Agricultural Society, ~~and~~ Hennepin Healthcare
193.8 System, Inc., and the Minneapolis Firefighters Relief Association and Minneapolis Police
193.9 Relief Association with respect to staff covered by the Public Employees Retirement
193.10 Association general plan.

193.11 (c) Governmental subdivision does not mean any municipal housing and
193.12 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
193.13 or any port authority organized under sections 469.048 to 469.089 other than the Port
193.14 Authority of the city of St. Paul; or any hospital district organized or reorganized prior
193.15 to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the
193.16 board of a family service collaborative or children's mental health collaborative organized
193.17 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
193.18 by representatives of governmental units.

193.19 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
193.20 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
193.21 governmental subdivision unless the entity has obtained a written advisory opinion from
193.22 the United States Department of Labor or a ruling from the Internal Revenue Service
193.23 declaring the entity to be an instrumentality of the state so as to provide that any future
193.24 contributions by the entity on behalf of its employees are contributions to a governmental
193.25 plan within the meaning of Internal Revenue Code, section 414(d).

193.26 (e) A public body created by state or local authority may request membership on
193.27 behalf of its employees by providing sufficient evidence that it meets the requirements in
193.28 paragraph (a).

193.29 (f) An entity determined to be a governmental subdivision is subject to the reporting
193.30 requirements of this chapter upon receipt of a written notice of eligibility from the
193.31 association.

193.32 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
193.33 period commencing after final enactment.

193.34 Sec. 7. **PRIOR PENSION PLAN TERMINATION.**

194.1 As of the effective date of this section, contributions to the defined contribution or
194.2 defined benefit pension plan or plans which previously provided primary pension coverage
194.3 for any individual who elects Public Employee Retirement Association general plan
194.4 coverage under section 5 must terminate and must not be resumed.

194.5 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
194.6 period commencing after final enactment.

194.7 Sec. 8. **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; SERVICE**
194.8 **CREDIT PURCHASE AUTHORIZATION.**

194.9 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the
194.10 contrary, unless the period to be purchased is credited as allowable service by another
194.11 retirement plan covered by Minnesota Statutes, section 356.30, or would be ineligible
194.12 for credit as allowable service under Minnesota Statutes, section 353.01, subdivision
194.13 16, if the service had been performed after the effective date of this section, an eligible
194.14 person described in paragraph (b) may purchase allowable service credit under Minnesota
194.15 Statutes, section 353.01, subdivision 16, from the Public Employees Retirement
194.16 Association general plan, for the period specified in paragraph (c), by making the payment
194.17 required under paragraph (d).

194.18 (b) An eligible person is a person who began employment as staff to the Minneapolis
194.19 Firefighters Relief Association or the Minneapolis Police Relief Association prior to the
194.20 effective date of this section, and due to that employment became a Public Employees
194.21 Retirement Association general plan member on the effective date of this section.

194.22 (c) The period of prior service credit available for purchase is the period of
194.23 employment with the Minneapolis Firefighters Relief Association or the Minneapolis
194.24 Police Relief Association, whichever is applicable, which would be includable service
194.25 under the Public Employees Retirement Association general plan if that service had been
194.26 performed after the effective date rather than before.

194.27 (d) Except as otherwise stated under this section, Minnesota Statutes, section
194.28 356.551, applies to this purchase.

194.29 (e) An eligible person may purchase allowable service credit for a portion of the
194.30 eligible period, resulting in prorated service credit.

194.31 (f) The election to purchase prior service credit under this section must be made in
194.32 writing and must be filed with the executive director of the Public Employees Retirement
194.33 Association.

194.34 (g) This section expires one year after the effective date of this section.

195.1 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
195.2 period commencing after final enactment.

195.3 **Sec. 9. ELECTION OF COVERAGE.**

195.4 (a) An individual who is an employee of the Minneapolis Firefighters Relief
195.5 Association or the Minneapolis Police Relief Association on the effective date of this
195.6 section, and who is not excluded under section 353.01, subdivision 2b, due to coverage by
195.7 the relief association pension plan, may elect prospective Public Employees Retirement
195.8 Association general plan coverage under an election as specified in this section.

195.9 (b) An eligible individual under paragraph (a) may elect Public Employees
195.10 Retirement Association general plan coverage by making an election on a form provided
195.11 by the Public Employees Retirement Association executive director. For an election to be
195.12 valid, it must be made within 90 days of the effective date of this section and is irrevocable.

195.13 (c) The Public Employees Retirement Association must provide eligible individuals
195.14 with information and counseling regarding the Public Employees Retirement Association
195.15 general plan and the implications of electing that coverage.

195.16 (d) If an eligible individual elects not to be covered by the Public Employees
195.17 Retirement Association general plan, or if no election is made, the prior coverage, if
195.18 any, remains unchanged.

195.19 **EFFECTIVE DATE.** This section is effective the first day of the first full payroll
195.20 period commencing after final enactment.

195.21 **Sec. 10. PERA-GENERAL; PURCHASE OF CREDIT FOR OMITTED**
195.22 **CONTRIBUTION PERIOD.**

195.23 (a) An eligible person described in paragraph (b) is entitled, upon written application
195.24 filed with the executive director of the Public Employees Retirement Association, to
195.25 purchase service credit for the period of omitted contributions specified in paragraph (c)
195.26 by paying the amount determined under paragraph (d). The employer of the eligible
195.27 person shall pay the amount determined under paragraph (e) within 30 days of being
195.28 notified by the Public Employees Retirement Association executive director that the
195.29 eligible person made the person's payment.

195.30 (b) An eligible person is a person who:

195.31 (1) was born on December 16, 1946;

195.32 (2) was first employed by the city of Elizabeth, Minnesota, municipal liquor store on
195.33 July 23, 2004;

195.34 (3) was first eligible for coverage by the general employees retirement plan of the
195.35 Public Employees Retirement Association in September 2004;

196.1 (4) was not reported as a general employees retirement plan member by the city of
196.2 Elizabeth, Minnesota, to the Public Employees Retirement Association until January
196.3 2005; and

196.4 (5) did not receive service credit under Minnesota Statutes, section 353.27,
196.5 subdivision 12, paragraph (e), in a timely fashion.

196.6 (c) The period of purchasable service credit is that portion of the period September
196.7 1, 2004, until January 1, 2005, during which the eligible person was an included employee
196.8 under Minnesota Statutes, section 353.01, subdivision 2a, and during which the required
196.9 deductions from the compensation of the eligible employee were not made under
196.10 Minnesota Statutes, section 353.27, subdivision 2.

196.11 (d) The member purchase amount is the amount of the omitted member contributions
196.12 during the period of purchasable service credit, plus compound annual interest at the rate
196.13 of 8.5 percent from October 15, 2004, to the date on which payment is made.

196.14 (e) The employer purchase amount is either the balance of the full actuarial value
196.15 purchase payment amount determined under Minnesota Statutes, section 356.551,
196.16 remaining after subtracting the amount under paragraph (d) or the amount of the employer
196.17 and employer additional contributions under Minnesota Statutes, section 353.27,
196.18 subdivisions 3 and 3a, plus compound annual interest at the rate of 8.5 percent from
196.19 October 15, 2004, to the date on which payment is made, whichever is larger. If the
196.20 employer fails to pay the employer purchase amount in a timely fashion, the executive
196.21 director of the Public Employees Retirement Association shall certify the unpaid
196.22 amount, plus monthly compound interest at the rate of 0.71 percent for the period, to the
196.23 commissioners of finance and revenue, who shall deduct the unpaid amount from any state
196.24 aid or state transfers that the employing unit is eligible to receive and shall transmit the
196.25 amount to the Public Employees Retirement Association.

196.26 (f) Purchase authority under this section expires on July 1, 2010.

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

196.28 Sec. 11. **PERA-GENERAL AND TRA; ANNUITY APPLICATION**
196.29 **REVOCAATION.**

196.30 (a) An eligible person specified in paragraph (b) may elect to revoke retirement
196.31 annuity applications as provided in paragraph (c). The election must be made in writing
196.32 and must be filed with the executive director of the applicable retirement plan.

196.33 (b) An eligible person is a person who:

196.34 (1) was born in 1943;

197.1 (2) was employed as publications editor for St. Cloud State University for twenty
197.2 years, ending in 1998, and was covered by virtue of that employment by the general state
197.3 employees retirement plan of the Minnesota State Retirement System;

197.4 (3) retired from the general state employees retirement plan of the Minnesota State
197.5 Retirement System in 2007;

197.6 (4) was employed by the Underwood, Minnesota, municipal liquor store in early
197.7 2008, terminated that employment on April 18, 2008, applied for a retirement annuity from
197.8 the general employee retirement plan of the Public Employees Retirement Association
197.9 and from the Teachers Retirement Association under Minnesota Statutes, section 356.30,
197.10 in April or May 2008, and was subsequently reemployed by the municipal liquor store
197.11 on or about May 20, 2008; and

197.12 (5) was informed by the Public Employees Retirement Association of a retirement
197.13 annuity overpayment of \$349.65 on July 22, 2008.

197.14 (c) If elected, the eligible person may revoke the person's application for a retirement
197.15 annuity from the general employee retirement plan of the Public Employees Retirement
197.16 Association, or revoke the person's application for a retirement annuity from the Teachers
197.17 Retirement Association, or revoke the person's application for a retirement annuity from
197.18 both retirement plans. If a retirement application is revoked, the person's retirement
197.19 annuity ends, the entitlement of the person to a future retirement annuity is restored, and
197.20 that future retirement annuity amount must be adjusted by subtracting the total value of
197.21 the retirement annuity amounts received from that retirement plan from the actuarial
197.22 present value of the eligible person's future annuity without adjustment, calculated based
197.23 on the mortality table for retired lives of the applicable retirement plan and 8.5 percent
197.24 interest rate assumption, and determining the adjusted annuity amount from the remaining
197.25 actuarial present value amount using the same interest and mortality assumption.

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

197.27 **Sec. 12. MSRS-GENERAL AND PERA-GENERAL; PLAN MEMBERSHIP**
197.28 **EXCLUSION AND DEFERRED ANNUITY AUGMENTATION.**

197.29 (a) A qualified person described in paragraph (b) may, upon written application
197.30 filed with the executive director of the Public Employees Retirement Association, elect
197.31 retroactive exclusion from coverage by the general employees retirement plan of the
197.32 Public Employees Retirement Association for any period of teacher assistant service for
197.33 Independent School District No. 623, Roseville, and qualification for deferred annuities
197.34 augmentation for the retroactively excluded period.

197.35 (b) A qualified person is a person who:

198.1 (1) was born on January 17, 1951;
198.2 (2) was employed by Ramsey County from January 20, 1975, to June 22, 1999;
198.3 (3) was employed by the state of Minnesota from June 22, 1999, to April 4, 2006; and
198.4 (4) was employed by Independent School District No. 623, Roseville, as a teacher
198.5 assistant following terminating state employment from December 13, 2007, to June 6,
198.6 2008.

198.7 (c) If the retroactive exclusion is elected, all member and employer contributions to
198.8 the general employees retirement plan of the Public Employees Retirement Association
198.9 made with respect to Independent School District No. 623, Roseville, teacher assistant
198.10 employment must be refunded with interest under Minnesota Statutes, section 353.27,
198.11 subdivision 7, and the qualified person is entitled, if otherwise eligible, for deferred
198.12 annuities augmentation from the general employees retirement plan of the Public
198.13 Employees Retirement Association and from the general state employees retirement plan
198.14 of the Minnesota State Retirement System for the period of retroactive exclusion.

198.15 (d) Authority to make the election under this section expires September 1, 2009.

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

198.17 Sec. 13. **MSRS-GENERAL; EXCEPTION TO DISABILITY BENEFIT**
198.18 **APPLICATION DEADLINE.**

198.19 (a) Notwithstanding any provision of Minnesota Statutes, section 352.113,
198.20 subdivision 4, paragraph (e), to the contrary, an eligible person described in paragraph
198.21 (b) is entitled to file a disability benefit application with the general state employees
198.22 retirement plan of the Minnesota State Retirement System and, if otherwise qualified under
198.23 Minnesota Statutes, section 352.113, receive a disability benefit from the retirement plan.

198.24 (b) An eligible person is a person who:

198.25 (1) was born on March 8, 1966;

198.26 (2) was an employee of the Minnesota Veterans Home at Silver Bay, Minnesota;

198.27 (3) terminated state employment on July 25, 2007;

198.28 (4) attempted to apply for a disability benefit in February 2008;

198.29 (5) had a request to apply for a disability benefit denied by the executive director of
198.30 the Minnesota State Retirement System on April 3, 2008;

198.31 (6) appealed the executive director's decision to the Minnesota State Retirement
198.32 System board of directors on April 24, 2008; and

198.33 (7) had the appeal to the Minnesota State Retirement System board of directors
198.34 denied on August 4, 2008.

198.35 (c) This section expires on June 1, 2010.

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

199.2 Sec. 14. **MSRS - GENERAL; ALLOWABLE SERVICE CREDIT REVISION**
199.3 **FOR JOB-SHARE EMPLOYEES.**

199.4 (a) An eligible person as described in paragraph (b) is entitled to have any partial
199.5 month allowable service credit in the general state employees retirement plan of the
199.6 Minnesota State Retirement System for part-time employment as a job-share employee
199.7 revised to be identical to allowable service credit for part-time state employment under
199.8 Minnesota Statutes, section 352.01, subdivision 11, that was not rendered as a job-share
199.9 employee.

199.10 (b) An eligible person:

199.11 (1) is an active member of the general state employees retirement plan or a retired
199.12 member of the general state employees retirement plan;

199.13 (2) was employed in the demonstration job-sharing project under Laws 1980,
199.14 chapter 572, or in the job-sharing program under Minnesota Statutes 1998, sections
199.15 43A.41 to 43A.46;

199.16 (3) was employed in the demonstration job-sharing project or in the job-sharing
199.17 program for one-half of full time; and

199.18 (4) received partial month allowable service credit under Minnesota Statutes, section
199.19 352.01, subdivision 11.

199.20 (c) To have allowable service credit revised under this section, an eligible person
199.21 shall provide the executive director of the Minnesota State Retirement System any
199.22 relevant documentation that the executive director requests.

199.23 (d) If the eligible person is a retired member of the general state employees
199.24 retirement plan, the person's retirement annuity must be recomputed based on the revised
199.25 service credit under this section and the recomputed retirement annuity is payable on the
199.26 first day of the month next following the effective date of this section.

199.27 (e) Nothing in this section may be interpreted to authorize the crediting of more than
199.28 one year of allowable service during any 12-month period or to authorize the payment of
199.29 any retroactive recomputed retirement annuity amounts.

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

199.31 Sec. 15. **HENNEPIN COUNTY EMPLOYEE WAIVER OF SERVICE**
199.32 **REQUIREMENT TO APPLY FOR DISABILITY.**

199.33 (a) Notwithstanding Minnesota Statutes, section 353.33, subdivision 1, an eligible
199.34 person specified in paragraph (b) is authorized to submit an application for disability

200.1 benefits from the general employees retirement plan of the Public Employees Retirement
200.2 Association.

200.3 (b) An eligible person is a person who:

200.4 (1) was born May 6, 1972;

200.5 (2) was employed by Independent School District No. 11, Anoka-Hennepin, from
200.6 September 11, 1995, to August 6, 1996;

200.7 (3) was employed by Hennepin County from July 31, 2000, to December 30, 2004;

200.8 (4) was again employed by Hennepin County starting April 2, 2007, with the most
200.9 recent employment position being a principal child support officer;

200.10 (5) has service credit with the Public Employees Retirement Association due to the
200.11 employment under clauses (2), (3), and (4); and

200.12 (6) has had several leaves from Hennepin County employment of a medical-related
200.13 nature.

200.14 (c) If an eligible person under paragraph (b) files a valid application, the executive
200.15 director of the Public Employees Retirement Association shall determine whether that
200.16 eligible person qualifies to receive a disability benefit under the laws and procedures
200.17 applicable to the general employees retirement plan of the Public Employees Retirement
200.18 Association.

200.19 (d) This section expires one year after the effective date of this section.

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

200.21 **Sec. 16. REPEALER.**

200.22 Minnesota Statutes 2008, section 352.86, subdivision 3, is repealed."

200.23 Delete the title and insert:

200.24 "A bill for an act
200.25 relating to retirement; various retirement plans; making various statutory changes
200.26 needed to accommodate the dissolution of the Minnesota Post Retirement
200.27 Investment Fund; redefining the value of pension plan assets for actuarial
200.28 reporting purposes; revising various disability benefit provisions of the general
200.29 state employees retirement plan, the correctional state employees retirement plan,
200.30 and the State Patrol retirement plan; making various administrative provision
200.31 changes; establishing a voluntary statewide lump-sum volunteer firefighter
200.32 retirement plan administered by the Public Employees Retirement Association;
200.33 revising various volunteer firefighters' relief association provisions; correcting
200.34 2008 drafting errors related to the Minneapolis Employees Retirement Fund;
200.35 granting special retirement benefit authority in certain cases; revising the special
200.36 transportation pilots retirement plan of the Minnesota State Retirement System;
200.37 expanding the membership of the state correctional employees retirement plan;
200.38 extending the amortization target date for the Fairmont Police Relief Association;
200.39 increasing state education aid to offset teacher retirement plan employer
200.40 contribution increases; increasing teacher retirement plan member and employer
200.41 contributions; revising the normal retirement age and providing prospective
200.42 benefit accrual rate increases for teacher retirement plans; permitting the Brimson
200.43 Volunteer Firefighters' Relief Association to implement a different board of

201.1 trustees composition; permitting employees of the Minneapolis Firefighters
201.2 Relief Association and the Minneapolis Police Relief Association to become
201.3 members of the general employee retirement plan of the Public Employees
201.4 Retirement Association; creating a two-year demonstration postretirement
201.5 adjustment mechanism for the St. Paul Teachers Retirement Fund Association;
201.6 creating a temporary postretirement option program for employees covered
201.7 by the general employee retirement plan of the Public Employees Retirement
201.8 Association; setting a statute of limitations for erroneous receipts of the general
201.9 employee retirement plan of the Public Employees Retirement Association;
201.10 permitting the Minnesota State Colleges and Universities System board to
201.11 create an early separation incentive program; permitting certain Minnesota
201.12 State Colleges and Universities System faculty members to make a second
201.13 chance retirement coverage election upon achieving tenure; including the Weiner
201.14 Memorial Medical Center, Inc., in the Public Employees Retirement Association
201.15 privatization law; amending Minnesota Statutes 2008, sections 3A.02,
201.16 subdivision 3, by adding a subdivision; 3A.03, by adding a subdivision; 3A.04,
201.17 by adding a subdivision; 3A.115; 11A.08, subdivision 1; 11A.17, subdivisions 1,
201.18 2; 11A.23, subdivisions 1, 2; 43A.34, subdivision 4; 43A.346, subdivisions 2,
201.19 6; 69.011, subdivisions 1, 2, 4; 69.021, subdivisions 7, 9; 69.031, subdivisions
201.20 1, 5; 69.77, subdivision 4; 69.771, subdivision 3; 69.772, subdivisions 4, 6;
201.21 69.773, subdivision 6; 127A.50, subdivision 1; 299A.465, subdivision 1; 352.01,
201.22 subdivision 2b, by adding subdivisions; 352.021, by adding a subdivision;
201.23 352.04, subdivisions 1, 12; 352.061; 352.113, subdivision 4, by adding a
201.24 subdivision; 352.115, by adding a subdivision; 352.12, by adding a subdivision;
201.25 352.75, subdivisions 3, 4; 352.86, subdivisions 1, 1a, 2; 352.91, subdivision
201.26 3d; 352.911, subdivisions 3, 5; 352.93, by adding a subdivision; 352.931, by
201.27 adding a subdivision; 352.95, subdivisions 1, 2, 3, 4, 5, by adding a subdivision;
201.28 352B.02, subdivisions 1, 1a, 1c, 1d; 352B.08, by adding a subdivision; 352B.10,
201.29 subdivisions 1, 2, 5, by adding subdivisions; 352B.11, subdivision 2, by
201.30 adding a subdivision; 352C.10; 352D.06, subdivision 1; 352D.065, by adding
201.31 a subdivision; 352D.075, by adding a subdivision; 353.01, subdivisions 2, 2a,
201.32 6, 11b, 16, 16b; 353.0161, subdivision 1; 353.06; 353.27, subdivisions 1, 2,
201.33 3, 7, 7b; 353.29, by adding a subdivision; 353.31, subdivision 1b, by adding
201.34 a subdivision; 353.33, subdivisions 1, 3b, 7, 11, 12, by adding subdivisions;
201.35 353.65, subdivisions 2, 3; 353.651, by adding a subdivision; 353.656, subdivision
201.36 5a, by adding a subdivision; 353.657, subdivision 3a, by adding a subdivision;
201.37 353.665, subdivision 3; 353A.02, subdivisions 14, 23; 353A.05, subdivisions 1,
201.38 2; 353A.08, subdivisions 1, 3, 6a; 353A.081, subdivision 2; 353A.09, subdivision
201.39 1; 353A.10, subdivisions 2, 3; 353E.01, subdivisions 3, 5; 353E.04, by adding a
201.40 subdivision; 353E.06, by adding a subdivision; 353E.07, by adding a subdivision;
201.41 353F.02, subdivision 4; 354.05, subdivision 38, by adding a subdivision; 354.07,
201.42 subdivision 4; 354.33, subdivision 5; 354.35, by adding a subdivision; 354.42,
201.43 subdivisions 1a, 2, 3, by adding subdivisions; 354.44, subdivisions 4, 5, 6, by
201.44 adding a subdivision; 354.46, by adding a subdivision; 354.47, subdivision
201.45 1; 354.48, subdivisions 4, 6, by adding a subdivision; 354.49, subdivision 2;
201.46 354.52, subdivisions 2a, 4b; 354.55, subdivisions 11, 13; 354.70, subdivisions
201.47 5, 6; 354A.011, subdivision 15a; 354A.096; 354A.12, subdivisions 1, 2a, by
201.48 adding subdivisions; 354A.29, subdivision 3; 354A.31, subdivisions 4, 4a, 7;
201.49 354A.36, subdivision 6; 354B.21, subdivision 2; 356.20, subdivision 2; 356.215,
201.50 subdivisions 1, 11; 356.219, subdivision 3; 356.315, by adding a subdivision;
201.51 356.351, subdivision 2; 356.401, subdivisions 2, 3; 356.465, subdivision 1, by
201.52 adding a subdivision; 356.611, subdivisions 3, 4; 356.635, subdivisions 6, 7;
201.53 356.96, subdivisions 1, 5; 422A.06, subdivision 8; 424A.001, subdivisions 1, 1a,
201.54 2, 3, 4, 5, 6, 8, 9, 10, by adding subdivisions; 424A.01; 424A.02, subdivisions
201.55 1, 2, 3, 3a, 7, 8, 9, 9a, 9b, 10, 12, 13; 424A.021; 424A.03; 424A.04; 424A.05,
201.56 subdivisions 1, 2, 3, 4; 424A.06; 424A.07; 424A.08; 424A.10, subdivisions 1,
201.57 2, 3, 4, 5; 424B.10, subdivision 2, by adding subdivisions; 424B.21; 490.123,
201.58 subdivisions 1, 3; 490.124, by adding a subdivision; proposing coding for

202.1 new law in Minnesota Statutes, chapters 136F; 352B; 353; 354; 356; 420;
202.2 424A; 424B; proposing coding for new law as Minnesota Statutes, chapter
202.3 353G; repealing Minnesota Statutes 2008, sections 11A.041; 11A.18; 11A.181;
202.4 352.119, subdivisions 2, 3, 4; 352.86, subdivision 3; 352B.01, subdivisions
202.5 1, 2, 3, 3b, 4, 6, 7, 9, 10, 11; 352B.26, subdivisions 1, 3; 353.271; 353A.02,
202.6 subdivision 20; 353A.09, subdivisions 2, 3; 354.05, subdivision 26; 354.06,
202.7 subdivision 6; 354.55, subdivision 14; 354.63; 354A.29, subdivisions 2, 4, 5;
202.8 356.41; 356.431, subdivision 2; 422A.01, subdivision 13; 422A.06, subdivision
202.9 4; 424A.001, subdivision 7; 424A.02, subdivisions 4, 6, 8a, 8b, 9b; 424A.09;
202.10 424B.10, subdivision 1; 490.123, subdivisions 1c, 1e."