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**2010 Omnibus Retirement Bill**

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

Delete everything after the enacting clause and insert:

**"ARTICLE 1  
MINNESOTA STATE DEFERRED COMPENSATION PLAN AMENDMENTS**

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

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

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

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

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

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

2.1 **ARTICLE 2**2.2 **MSRS UNCLASSIFIED STATE EMPLOYEES RETIREMENT**  
2.3 **PROGRAM AMENDMENTS**

2.4 Section 1. Minnesota Statutes 2008, section 352D.015, subdivision 9, is amended to  
2.5 read:

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

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

2.11 Sec. 2. Minnesota Statutes 2008, section 352D.04, subdivision 1, is amended to read:

2.12 Subdivision 1. **Investment options.** (a) A person exercising an option to participate  
2.13 in the retirement program provided by this chapter may elect to purchase shares in one or  
2.14 a combination of the income share account, the growth share account, the international  
2.15 share account, the money market account, the bond market account, the fixed interest  
2.16 account, or the common stock index account established in section 11A.17. The person  
2.17 may elect to participate in one or more of the investment accounts in the fund by  
2.18 specifying, ~~on a form provided~~ in a manner prescribed by the executive director, the  
2.19 percentage of the person's contributions provided in subdivision 2 to be used to purchase  
2.20 shares in each of the accounts.

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

2.30 (c) ~~Shares in the fixed interest account attributable to any guaranteed investment~~  
2.31 ~~contract as of July 1, 1994, may not be withdrawn from the fund or transferred to another~~  
2.32 ~~account until the guaranteed investment contract has expired, unless the participant~~  
2.33 ~~qualifies for withdrawal under section 352D.05 or for benefit payments under sections~~  
2.34 ~~352D.06 to 352D.075.~~

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

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

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

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

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

3.18 Sec. 4. Minnesota Statutes 2008, section 352D.06, subdivision 3, is amended to read:

3.19 Subd. 3. **Accrual date.** An annuity under this section accrues the ~~first day of the~~  
3.20 ~~first full month after an application is received or the day following termination of state~~  
3.21 ~~service, whichever is later. The account must be valued and redeemed on the later of the~~  
3.22 ~~end of the month of termination of covered employment, or the end of the month of receipt~~  
3.23 ~~of the annuity application for the purpose of computing the annuity~~ day following receipt  
3.24 of the application or the day following termination, whichever is later. The benefit will be  
3.25 based on the value of the account the day following receipt of the application or the date of  
3.26 termination, whichever is later, plus any contributions and interest received after that date.

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

3.28 Sec. 5. Minnesota Statutes 2008, section 352D.065, subdivision 3, is amended to read:

3.29 Subd. 3. **Annuity payment.** The annuity payable under this section shall begin to  
3.30 accrue the ~~first day of the month following the date of disability~~ receipt of the application  
3.31 or the day after termination, whichever is later, plus any contributions and interest received  
3.32 after that date, and shall be based on the participant's age when the annuity begins to

4.1 accrue. The shares shall be valued as of the end of the ~~month following authorization of~~  
4.2 ~~payments~~ day on which the benefit accrues.

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

4.4 Sec. 6. Minnesota Statutes 2008, section 352D.09, subdivision 3, is amended to read:

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

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

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

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

4.13 Subd. 7. **Administrative fees.** The board of directors shall establish a budget  
4.14 and charge participants a reasonable fee to pay the administrative expenses of the  
4.15 unclassified program. Fees cannot be charged on contributions and investment returns  
4.16 attributable to contributions made before July 1, 1992. ~~Annual total fees charged for plan~~  
4.17 ~~administration cannot exceed 10/100 of one percent of the contributions and investment~~  
4.18 ~~returns attributable to contributions made on or after July 1, 1992.~~

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

4.20 **ARTICLE 3**

4.21 **TEACHERS RETIREMENT ASSOCIATION SERVICE CREDIT**  
4.22 **PROCEDURE REVISIONS**

4.23 Section 1. Minnesota Statutes 2008, section 354.05, is amended by adding a  
4.24 subdivision to read:

4.25 Subd. 41. **Annual base salary.** (a) "Annual base salary" means:

4.26 (1) for an independent school district or educational cooperative, the lowest full-time  
4.27 Bachelor of Arts (BA) base contract salary for the previous fiscal year for that employing  
4.28 unit;

4.29 (2) for a charter school, the lowest starting annual salary for a full-time licensed  
4.30 teacher employed during the previous fiscal year for that employing unit; and

4.31 (3) for a state agency or professional organization, the lowest starting annual salary  
4.32 for a full-time Teachers Retirement Association covered position for the previous fiscal  
4.33 year for that employing unit.

5.1 (b) If there is no previous fiscal year data because an employer unit is new and  
5.2 paragraph (c) does not apply, the annual base salary for the first year of operation will be  
5.3 as stated in paragraph (a), except that the base contract salary for the current fiscal year,  
5.4 rather than the previous fiscal year, must be used.

5.5 (c) For a new employer unit created as a result of a merger or consolidation, the  
5.6 annual base salary will be the lowest annual base salary as specified in paragraph (a) for  
5.7 any of the employer units involved in the merger or consolidation.

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

5.9 Sec. 2. Minnesota Statutes 2008, section 354.091, is amended to read:

5.10 **354.091 SERVICE CREDIT.**

5.11 Subdivision 1. **Definition; monthly base salary.** For purposes of this section,  
5.12 "monthly base salary" means the annual base salary, as defined in section 354.05,  
5.13 subdivision 41, divided by 12.

5.14 Subd. 2. **Service credit annual limit.** (a) ~~In computing service credit,~~ No teacher  
5.15 may receive credit for more than one year of teaching service for any fiscal year.

5.16 ~~Additionally, in crediting allowable service:~~

5.17 ~~(1) if a teacher teaches less than five hours in a day, service credit must be given for~~  
5.18 ~~the fractional part of the day as the term of service performed bears to five hours;~~

5.19 ~~(2) if a teacher teaches five or more hours in a day, service credit must be given for~~  
5.20 ~~only one day;~~

5.21 ~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be~~  
5.22 ~~given for a full year of teaching service; and~~

5.23 ~~(4) if a teacher teaches for only a fractional part of the year, service credit must be~~  
5.24 ~~given for such fractional part of the year in the same relationship as the period of service~~  
5.25 ~~performed bears to 170 days.~~

5.26 ~~(b) A teacher must receive a full year of service credit based on the number of days~~  
5.27 ~~in the employer's full school year if that school year is less than 170 days. Teaching~~  
5.28 ~~service performed before July 1, 1961, must be computed under the law in effect at the~~  
5.29 ~~time it was performed.~~

5.30 ~~(c) A teacher must not lose or gain retirement service credit as a result of the~~  
5.31 ~~employer converting to a flexible or alternate work schedule. If the employer converts~~  
5.32 ~~to a flexible or alternate work schedule, the forms for reporting teaching service and the~~  
5.33 ~~procedures for determining service credit must be determined by the executive director~~  
5.34 ~~with the approval of the board of trustees.~~

6.1 Subd. 3. Service credit calculation. (a) Except as specified in subdivisions 4 and  
6.2 5, service credit will be calculated monthly by dividing the teacher's monthly salary by  
6.3 the monthly base salary for the teacher's employing unit and multiplying the result by  
6.4 11.1 percent.

6.5 (b) For purposes of computing service credit, salary will be allocated to each  
6.6 calendar month based on the pay period begin and end dates. If the pay period covers  
6.7 more than one calendar month, the salary must be allocated based on the number of days  
6.8 in each calendar month.

6.9 (c) A teacher may not receive more than 11.1 percent of a year's service credit in  
6.10 a calendar month.

6.11 (d) Annual service credit is calculated by adding the allowable monthly service  
6.12 credit for all 12 months of the fiscal year with the result rounded to two decimal places,  
6.13 subject to the annual limit specified in subdivision 2.

6.14 Subd. 4. Service credit determination for Minnesota State Colleges and  
6.15 Universities system teachers. (d) For all services rendered on or after July 1, 2003,  
6.16 service credit for all members employed by the Minnesota State Colleges and Universities  
6.17 system must be determined:

6.18 (1) for full-time employees, by the definition of full-time employment contained in  
6.19 the collective bargaining agreement for those units listed in section 179A.10, subdivision  
6.20 2, or contained in the applicable personnel or salary plan for those positions designated in  
6.21 section 179A.10, subdivision 1; and

6.22 (2) for part-time employees, by the appropriate proration of full-time equivalency  
6.23 based on the provisions contained in the collective bargaining agreement for those units  
6.24 listed in section 179A.10, subdivision 2, or contained in the applicable personnel or salary  
6.25 plan for those positions designated in section 179A.10, subdivision 1, and the applicable  
6.26 procedures of the Minnesota State Colleges and Universities system; and

6.27 ~~(3) in no case may a member receive more than one year of service credit for any~~  
6.28 ~~fiscal year.~~

6.29 Subd. 5. Service credit procedure, nontraditional schedules. For employer units  
6.30 that have nontraditional work schedules or pay schedules, the procedure for determining  
6.31 service credit must be specified by the executive director with the approval of the board of  
6.32 trustees.

6.33 EFFECTIVE DATE. This section is effective for teaching service performed after  
6.34 June 30, 2010.

6.35 Sec. 3. Minnesota Statutes 2008, section 354.52, subdivision 4b, is amended to read:

7.1 Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide  
 7.2 the following data to the association for payroll warrants on an ongoing basis within 14  
 7.3 calendar days after the date of the payroll warrant in a format prescribed by the executive  
 7.4 director:

- 7.5 (1) association member number;
- 7.6 (2) employer-assigned employee number;
- 7.7 (3) Social Security number;
- 7.8 (4) amount of each salary deduction;
- 7.9 (5) amount of salary as defined in section 354.05, subdivision 35, from which each  
 7.10 deduction was made;
- 7.11 (6) reason for payment;
- 7.12 (7) ~~service credit~~;
- 7.13 ~~(8)~~ the beginning and ending dates of the payroll period covered and the date  
 7.14 of actual payment;
- 7.15 ~~(9)~~ (8) fiscal year of salary earnings;
- 7.16 ~~(10)~~ (9) total remittance amount including employee, employer, and additional  
 7.17 employer contributions; ~~and~~
- 7.18 (10) reemployed annuitant salary under section 354.44, subdivision 5; and
- 7.19 (11) other information as may be required by the executive director.

7.20 **EFFECTIVE DATE.** This section is effective January 1, 2010, except for the  
 7.21 striking of clause (7), which is effective July 1, 2010.

7.22 Sec. 4. Minnesota Statutes 2008, section 354.52, is amended by adding a subdivision  
 7.23 to read:

7.24 **Subd. 4d. Annual base salary reporting.** An employing unit must provide the  
 7.25 following data to the association on or before June 30 of each fiscal year:

- 7.26 (1) annual base salary, as defined in section 354.05, subdivision 41; and
- 7.27 (2) beginning and ending dates for the regular school work year.

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

7.29 Sec. 5. Minnesota Statutes 2008, section 354.52, subdivision 6, is amended to read:

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

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

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

8.5 Sec. 6. Minnesota Statutes 2008, section 354.66, subdivision 3, is amended to read:

8.6 Subd. 3. **Part-time teaching position, defined.** (a) For purposes of this section,  
 8.7 the term "part-time teaching position" means a teaching position within the district in  
 8.8 which the teacher is ~~employed for at least 50 full days or a fractional equivalent thereof as~~  
 8.9 ~~prescribed in section 354.091, and for which the teacher is~~ compensated ~~in~~ for an amount  
 8.10 of at least 30 percent, but not exceeding 80 percent of the compensation established by the  
 8.11 board for a full-time teacher with identical education and experience with the employing  
 8.12 unit.

8.13 (b) For a teacher to which subdivision 1c, paragraph (b), applies, the term "part-time  
 8.14 teaching position" means a teaching position within the district in which the teacher is  
 8.15 ~~employed for at least 25 full days or a fractional equivalent thereof as prescribed in section~~  
 8.16 ~~354.091, and for which the teacher is~~ compensated ~~in~~ for an amount of at least 15 percent,  
 8.17 but not exceeding 40 percent of the compensation established by the board for a full-time  
 8.18 teacher, with identical education and experience with the employing unit.

8.19 **EFFECTIVE DATE.** This section is effective for service provided after June 30,  
 8.20 2010."

8.21 Delete the title and insert:

8.22 "A bill for an act  
 8.23 relating to retirement; Minnesota deferred compensation program; unclassified  
 8.24 state employees retirement program; Teachers Retirement Association; adding  
 8.25 employing unit accommodating daily valuation of investment accounts;  
 8.26 eliminating administrative fee maximum; redefining allowable service credit;  
 8.27 defining annual base salary, requiring base salary reporting by covered employing  
 8.28 units; amending Minnesota Statutes 2008, sections 352.965, subdivision 6;  
 8.29 352D.015, subdivision 9; 352D.04, subdivision 1; 352D.05, subdivision 3;  
 8.30 352D.06, subdivision 3; 352D.065, subdivision 3; 352D.09, subdivisions 3, 7;  
 8.31 354.05, by adding a subdivision; 354.091; 354.52, subdivisions 4b, 6, by adding  
 8.32 a subdivision; 354.66, subdivision 3."