

1.1 **2014 OMNIBUS RETIREMENT BILL**

1.2 **AS OF MARCH 11, 2014**

1.3 moves to amend S.F. No. 1803; H.F. No. 1951, as follows:

1.4 Delete everything after the enacting clause and insert:

1.5 **"ARTICLE 1**

1.6 **RETIREMENT PLAN MEMBERSHIP INCLUSIONS AND EXCLUSIONS**

1.7 Section 1. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2a,
1.8 is amended to read:

1.9 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
1.10 whose salary exceeds \$425 in any month and who are not specifically excluded under
1.11 subdivision 2b or who have not been provided an option to participate under subdivision
1.12 2d, whether individually or by action of the governmental subdivision, must participate as
1.13 members of the association with retirement coverage by the general employees retirement
1.14 plan under this chapter, the public employees police and fire retirement plan under this
1.15 chapter, or the local government correctional employees retirement plan under chapter
1.16 353E, whichever applies. Membership commences as a condition of their employment on
1.17 the first day of their employment or on the first day that the eligibility criteria are met,
1.18 whichever is later. Public employees include but are not limited to:

1.19 (1) persons whose salary meets the threshold in this paragraph from employment in
1.20 one or more positions within one governmental subdivision;

1.21 (2) elected county sheriffs;

1.22 (3) persons who are appointed, employed, or contracted to perform governmental
1.23 functions that by law or local ordinance are required of a public officer, including, but
1.24 not limited to:

1.25 (i) town and city clerk or treasurer;

1.26 (ii) county auditor, treasurer, or recorder;

1.27 (iii) city manager as defined in section 353.028 who does not exercise the option
1.28 provided under subdivision 2d; or

1.29 (iv) emergency management director, as provided under section 12.25;

1.30 (4) physicians under section 353D.01, subdivision 2, who do not elect public
1.31 employees defined contribution plan coverage under section 353D.02, subdivision 2;

1.32 (5) full-time employees of the Dakota County Agricultural Society;

1.33 (6) employees of the Red Wing Port Authority who were first employed by the
1.34 Red Wing Port Authority before May 1, 2011, and who are not excluded employees
1.35 under subdivision 2b; and

2.1 (7) employees of the Seaway Port Authority of Duluth who are not excluded
2.2 employees under subdivision 2b; and

2.3 (8) employees of the Stevens County Housing and Redevelopment Authority who
2.4 were first employed by the Stevens County Housing and Redevelopment Authority before
2.5 May 1, 2014, and who are not excluded employees under subdivision 2b.

2.6 (b) A public employee or elected official who was a member of the association on
2.7 June 30, 2002, based on employment that qualified for membership coverage by the public
2.8 employees retirement plan or the public employees police and fire plan under this chapter,
2.9 or the local government correctional employees retirement plan under chapter 353E as of
2.10 June 30, 2002, retains that membership for the duration of the person's employment in that
2.11 position or incumbency in elected office. Except as provided in subdivision 28, the person
2.12 shall participate as a member until the employee or elected official terminates public
2.13 employment under subdivision 11a or terminates membership under subdivision 11b.

2.14 (c) If the salary of an included public employee is less than \$425 in any subsequent
2.15 month, the member retains membership eligibility.

2.16 (d) For the purpose of participation in the MERF division of the general employees
2.17 retirement plan, public employees include employees who were members of the former
2.18 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
2.19 members of the MERF division of the association.

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

2.21 Sec. 2. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is
2.22 amended to read:

2.23 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
2.24 to participate as members of the association with retirement coverage by the general
2.25 employees retirement plan, the local government correctional employees retirement plan
2.26 under chapter 353E, or the public employees police and fire retirement plan:

2.27 (1) persons whose salary from one governmental subdivision never exceeds \$425 in
2.28 a month;

2.29 (2) public officers who are elected to a governing body, city mayors, or persons who
2.30 are appointed to fill a vacancy in an elective office of a governing body, whose term of office
2.31 commences on or after July 1, 2002, for the service to be rendered in that elective position;

2.32 (3) election officers or election judges;

2.33 (4) patient and inmate personnel who perform services for a governmental
2.34 subdivision;

3.1 (5) except as otherwise specified in subdivision 12a, employees who are hired for
3.2 a temporary position as defined under subdivision 12a, and employees who resign from
3.3 a nontemporary position and accept a temporary position within 30 days in the same
3.4 governmental subdivision;

3.5 (6) employees who are employed by reason of work emergency caused by fire,
3.6 flood, storm, or similar disaster;

3.7 (7) employees who by virtue of their employment in one governmental subdivision
3.8 are required by law to be a member of and to contribute to any of the plans or funds
3.9 administered by the Minnesota State Retirement System, the Teachers Retirement
3.10 Association, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers
3.11 Retirement Fund Association. This clause must not be construed to prevent a person from
3.12 being a member of and contributing to the Public Employees Retirement Association and
3.13 also belonging to and contributing to another public pension plan or fund for other service
3.14 occurring during the same period of time. A person who meets the definition of "public
3.15 employee" in subdivision 2 by virtue of other service occurring during the same period of
3.16 time becomes a member of the association unless contributions are made to another public
3.17 retirement fund on the salary based on the other service or to the Teachers Retirement
3.18 Association by a teacher as defined in section 354.05, subdivision 2;

3.19 (8) persons who are members of a religious order and are excluded from coverage
3.20 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
3.21 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
3.22 as amended through January 1, 1987, if no irrevocable election of coverage has been made
3.23 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

3.24 (9) employees of a governmental subdivision who have not reached the age of
3.25 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
3.26 basis at an accredited school, college, or university in an undergraduate, graduate, or
3.27 professional-technical program, or a public or charter high school;

3.28 (10) resident physicians, medical interns, and pharmacist residents and pharmacist
3.29 interns who are serving in a degree or residency program in public hospitals or clinics;

3.30 (11) students who are serving for up to five years in an internship or residency program
3.31 sponsored by a governmental subdivision, including an accredited educational institution;

3.32 (12) persons who hold a part-time adult supplementary technical college license who
3.33 render part-time teaching service in a technical college;

3.34 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,
3.35 foreign citizens who are employed by a governmental subdivision under a work permit, or
3.36 an H-1b visa initially issued or extended for a combined period less than three years of

4.1 employment. Upon extension of the employment beyond the three-year period, the foreign
4.2 citizens must be reported for membership beginning the first of the month thereafter
4.3 provided the monthly earnings threshold as provided under subdivision 2a is met;

4.4 (14) public hospital employees who elected not to participate as members of the
4.5 association before 1972 and who did not elect to participate from July 1, 1988, to October
4.6 1, 1988;

4.7 (15) except as provided in section 353.86, volunteer ambulance service personnel, as
4.8 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
4.9 may still qualify as public employees under subdivision 2 and may be members of the
4.10 Public Employees Retirement Association and participants in the general employees
4.11 retirement plan or the public employees police and fire plan, whichever applies, on the
4.12 basis of compensation received from public employment service other than service as
4.13 volunteer ambulance service personnel;

4.14 (16) except as provided in section 353.87, volunteer firefighters, as defined in
4.15 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,
4.16 but a person who is a volunteer firefighter may still qualify as a public employee under
4.17 subdivision 2 and may be a member of the Public Employees Retirement Association and
4.18 a participant in the general employees retirement plan or the public employees police
4.19 and fire plan, whichever applies, on the basis of compensation received from public
4.20 employment activities other than those as a volunteer firefighter;

4.21 (17) pipefitters and associated trades personnel employed by Independent School
4.22 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
4.23 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
4.24 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
4.25 241, article 2, section 12;

4.26 (18) electrical workers, plumbers, carpenters, and associated trades personnel who
4.27 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
4.28 who have retirement coverage under a collective bargaining agreement by the Electrical
4.29 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
4.30 or the pension plan applicable to Carpenters Local 87 322 who were either first employed
4.31 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
4.32 Laws 2000, chapter 461, article 7, section 5;

4.33 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
4.34 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
4.35 or Independent School District No. 625, St. Paul, with coverage under a collective
4.36 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,

5.1 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
5.2 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
5.3 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
5.4 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
5.5 Session chapter 10, article 10, section 6;

5.6 (20) plumbers who are employed by the Metropolitan Airports Commission, with
5.7 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
5.8 who either were first employed after May 1, 2001, or if first employed before May 2,
5.9 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
5.10 10, section 6;

5.11 (21) employees who are hired after June 30, 2002, to fill seasonal positions under
5.12 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
5.13 days or less in each year of employment with the governmental subdivision;

5.14 (22) persons who are provided supported employment or work-study positions by a
5.15 governmental subdivision and who participate in an employment or industries program
5.16 maintained for the benefit of these persons where the governmental subdivision limits the
5.17 position's duration to up to five years, including persons participating in a federal or state
5.18 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
5.19 relief program where the training or work experience is not provided as a part of, or
5.20 for, future permanent public employment;

5.21 (23) independent contractors and the employees of independent contractors;

5.22 (24) reemployed annuitants of the association during the course of that
5.23 reemployment; ~~and~~

5.24 (25) persons appointed to serve on a board or commission of a governmental
5.25 subdivision or an instrumentality thereof; and

5.26 (26) persons employed as full-time fixed-route bus drivers by the St. Cloud
5.27 Metropolitan Transit Commission who are members of the International Brotherhood
5.28 of Teamsters Local 638 and who are, by virtue of that employment, members of the
5.29 International Brotherhood of Teamsters Central States pension plan.

5.30 (b) Any person performing the duties of a public officer in a position defined in
5.31 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
5.32 employee of an independent contractor.

5.33 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 1986.

5.34 Sec. 3. Minnesota Statutes 2012, section 356.24, subdivision 1, is amended to read:

6.1 Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other
6.2 governmental subdivision or state agency to levy taxes for or to contribute public funds to
6.3 a supplemental pension or deferred compensation plan that is established, maintained,
6.4 and operated in addition to a primary pension program for the benefit of the governmental
6.5 subdivision employees other than:

6.6 (1) to a supplemental pension plan that was established, maintained, and operated
6.7 before May 6, 1971;

6.8 (2) to a plan that provides solely for group health, hospital, disability, or death
6.9 benefits;

6.10 (3) to the individual retirement account plan established by chapter 354B;

6.11 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring
6.12 or terminating employee;

6.13 (5) for employees other than personnel employed by the Board of Trustees of the
6.14 Minnesota State Colleges and Universities and covered under the Higher Education
6.15 Supplemental Retirement Plan under chapter 354C, but including city managers covered
6.16 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
6.17 (a), or by the defined contribution plan of the Public Employees Retirement Association
6.18 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
6.19 provided for in a personnel policy of the public employer or in the collective bargaining
6.20 agreement between the public employer and the exclusive representative of public
6.21 employees in an appropriate unit or in the individual employment contract between a city
6.22 and a city manager, and if for each available investment all fees and historic rates of return
6.23 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an
6.24 easily comprehended document not to exceed two pages, in an amount matching employee
6.25 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
6.26 one-half of the available elective deferral permitted per year per employee, under the
6.27 Internal Revenue Code:

6.28 (i) to the state of Minnesota deferred compensation plan under section 352.965;

6.29 (ii) in payment of the applicable portion of the contribution made to any investment
6.30 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has
6.31 complied with any applicable pension plan provisions of the Internal Revenue Code with
6.32 respect to the tax-sheltered annuity program during the preceding calendar year; or

6.33 (iii) any other deferred compensation plan offered by the employer under section
6.34 457 of the Internal Revenue Code;

6.35 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
6.36 and Universities and not covered by clause (5), to the supplemental retirement plan under

7.1 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy
7.2 or in the collective bargaining agreement of the public employer with the exclusive
7.3 representative of the covered employees in an appropriate unit, in an amount matching
7.4 employee contributions on a dollar for dollar basis, but not to exceed an employer
7.5 contribution of \$2,700 a year for each employee;

7.6 (7) to a supplemental plan or to a governmental trust to save for postretirement
7.7 health care expenses qualified for tax-preferred treatment under the Internal Revenue
7.8 Code, if the supplemental plan coverage is provided for in a personnel policy or in the
7.9 collective bargaining agreement of a public employer with the exclusive representative of
7.10 the covered employees in an appropriate unit;

7.11 (8) to the laborers national industrial pension fund or to a laborers local pension fund
7.12 for the employees of a governmental subdivision who are covered by a collective bargaining
7.13 agreement that provides for coverage by that fund and that sets forth a fund contribution
7.14 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

7.15 (9) to the plumbers and pipefitters national pension fund or to a plumbers and
7.16 pipefitters local pension fund for the employees of a governmental subdivision who are
7.17 covered by a collective bargaining agreement that provides for coverage by that fund and
7.18 that sets forth a fund contribution rate, but not to exceed an employer contribution of
7.19 \$5,000 per year per employee;

7.20 (10) to the international union of operating engineers pension fund for the employees
7.21 of a governmental subdivision who are covered by a collective bargaining agreement that
7.22 provides for coverage by that fund and that sets forth a fund contribution rate, but not to
7.23 exceed an employer contribution of \$5,000 per year per employee;

7.24 (11) to a supplemental plan organized and operated under the federal Internal
7.25 Revenue Code, as amended, that is wholly and solely funded by the employee's
7.26 accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

7.27 (12) to the International Association of Machinists national pension fund for the
7.28 employees of a governmental subdivision who are covered by a collective bargaining
7.29 agreement that provides for coverage by that fund and that sets forth a fund contribution
7.30 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

7.31 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
7.32 deferred compensation program, if the employee makes a contribution, in an amount that
7.33 does not exceed the total percentage of covered salary under section 353.27, subdivisions
7.34 3 and 3a; ~~or~~

7.35 (14) to the alternative retirement plans established by the Hennepin County Medical
7.36 Center under section 383B.914, subdivision 5; or

8.1 (15) to the International Brotherhood of Teamsters Central States pension plan for
 8.2 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who
 8.3 are members of the International Brotherhood of Teamsters Local 638 by virtue of that
 8.4 employment.

8.5 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 1986.

8.6 Sec. 4. **VALIDATION OF PAST RETIREMENT COVERAGE**
 8.7 **AND CONTRIBUTIONS FOR STEVENS COUNTY HOUSING AND**
 8.8 **REDEVELOPMENT AUTHORITY EMPLOYEES.**

8.9 (a) Retirement coverage by the general employees plan of the Public Employees
 8.10 Retirement Association, allowable service credit, and salary credit for employees of the
 8.11 Stevens County Housing and Redevelopment Authority who were so employed after
 8.12 November 7, 1984, and were first so employed before May 1, 2014, who had monthly
 8.13 salary in any month of at least \$325 until June 30, 1988, and who had monthly salary in
 8.14 any month of at least \$425 after June 30, 1988, who were not otherwise excluded under
 8.15 the applicable edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had
 8.16 member deductions taken and transferred in a timely manner to the general employees
 8.17 retirement fund before the effective date of this section are hereby validated.

8.18 (b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the
 8.19 contrary, employee contributions deducted from employees of the Stevens County
 8.20 Housing and Redevelopment Authority described in paragraph (a) before the effective
 8.21 date of this section and associated employer contributions are valid assets of the general
 8.22 employees retirement fund and are not subject to refund or adjustment for erroneous
 8.23 receipt except as provided in Minnesota Statutes, section 353.32, subdivision 1 or 2;
 8.24 or 353.34, subdivisions 1 and 2.

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

8.26 **ARTICLE 2**

8.27 **RETIREMENT GOVERNING BOARD PROVISIONS**

8.28 Section 1. Minnesota Statutes 2012, section 352.03, subdivision 1, is amended to read:
 8.29 Subdivision 1. **Membership of board; election; term.** (a) The policy-making
 8.30 function of the system is vested in a board of 11 members known as the board of directors.
 8.31 This board shall consist of:

9.1 (1) three members appointed by the governor, one of whom must be a constitutional
 9.2 officer or appointed state official and two of whom must be public members knowledgeable
 9.3 in pension matters;

9.4 (2) four state employees elected by ~~state employees covered by the system~~ active
 9.5 members and former members eligible for a deferred annuity from the general state
 9.6 employees retirement plan, excluding employees in categories specifically authorized
 9.7 to designate or elect a member by this subdivision, and deferred annuitants for whom
 9.8 a board member is designated;

9.9 (3) one employee of the Metropolitan Council's transit operations or its successor
 9.10 agency designated by the executive committee of the labor organization that is the
 9.11 exclusive bargaining agent representing employees of the transit division;

9.12 (4) one employee who is a member of the State Patrol retirement fund plan elected
 9.13 by active members of and former members eligible for a deferred annuity from that fund
 9.14 at a time and in a manner fixed by the board, plan;

9.15 (5) one employee ~~covered by~~ who is a member of the correctional state employees
 9.16 retirement plan established under this chapter elected by ~~employees covered by~~ active
 9.17 members and former members eligible for a deferred annuity from that plan; and

9.18 (6) one retired employee of a plan included in the system, elected by disabled and
 9.19 retired employees of ~~all the plans~~ administered by the system at a time and in a manner ~~to~~
 9.20 ~~be fixed~~ determined by the board.

9.21 (b) The terms of the four elected state employees under paragraph (a), clause (2),
 9.22 must be staggered, with two of the state employee members board positions elected
 9.23 each biennium, whose terms of office begin on the first Monday in May after their
 9.24 election, ~~must be elected biennially.~~ Elected members and the appointed member of the
 9.25 Metropolitan Council's transit operations hold office for a term of four years and until their
 9.26 successors are elected or appointed, and have qualified.

9.27 (c) An employee or former employee of the system is not eligible for membership
 9.28 on the board of directors. A state employee on leave of absence is not eligible for election
 9.29 or reelection to membership on the board of directors.

9.30 (d) The term of any board member who is on leave for more than six months
 9.31 automatically ends on expiration of the term of office.

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

9.33 Sec. 2. Minnesota Statutes 2012, section 352.03, subdivision 1a, is amended to read:

9.34 Subd. 1a. **Membership voting limitations.** Active members and former members
 9.35 eligible for a deferred annuity from a plan under this chapter or chapter 352B are eligible

10.1 to vote in board elections as further specified and restricted in this section. Retired
 10.2 members and disabilitants from a plan in the system may vote only for the retired member
 10.3 position under subdivision 1, paragraph (a), clause (6). If a former member eligible for a
 10.4 deferred annuity from a plan under this chapter or chapter 352B is a deferred annuitant
 10.5 from more than one plan covered by the system, that person is eligible to vote only in
 10.6 elections applicable for deferred annuitants from the plan in the system from which the
 10.7 person last received allowable service. If a person is an active member of a plan in the
 10.8 system and is a deferred annuitant or a retiree from another plan or plans in the system,
 10.9 the person is only eligible to vote in board elections applicable due to the active member
 10.10 plan membership. If a person is a deferred annuitant from a plan in the system and is also
 10.11 a retiree from another plan in the system, the person is only eligible to vote in elections
 10.12 applicable due to the retiree status.

10.13 Subd. 1b. **Terms; compensation; removal; vacancies; public members.** The
 10.14 membership terms, compensation, removal of members, and filling of vacancies for the
 10.15 public members on the board are as provided in section 15.0575.

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

10.17 **ARTICLE 3**

10.18 **RETIREMENT PLAN CONTRIBUTION RATE CHANGES**

10.19 Section 1. Minnesota Statutes 2012, section 352.04, subdivision 2, is amended to read:

10.20 Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must
 10.21 be equal to the following percent of salary:

10.22	before July 1, 2007	4.00
10.23	from July 1, 2007, to June 30, 2008	4.25
10.24	from July 1, 2008, to June 30, 2009	4.50
10.25	from July 1, 2009, to June 30, 2010	4.75
10.26	from July 1, 2010, and thereafter <u>to June 30,</u>	
10.27	<u>2014</u>	5.00.
10.28	<u>from July 1, 2014, and thereafter</u>	<u>5.50.</u>

10.29 (b) These contributions must be made by deduction from salary as provided in
 10.30 subdivision 4.

10.31 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay
 10.32 period beginning after July 1, 2014.

10.33 Sec. 2. Minnesota Statutes 2012, section 352.04, subdivision 3, is amended to read:

11.1 Subd. 3. **Employer contributions.** The employer contribution to the fund must be
11.2 equal to the following percent of salary:

11.3	before July 1, 2007	4.00
11.4	from July 1, 2007, to June 30, 2008	4.25
11.5	from July 1, 2008, to June 30, 2009	4.50
11.6	from July 1, 2009, to June 30, 2010	4.75
11.7	from July 1, 2010, and thereafter <u>to June 30,</u>	
11.8	<u>2014</u>	5.00-
11.9	<u>from July 1, 2014, and thereafter</u>	<u>5.50.</u>

11.10 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay
11.11 period beginning after July 1, 2014.

11.12 Sec. 3. Minnesota Statutes 2012, section 352.92, subdivision 1, is amended to read:

11.13 Subdivision 1. **Employee contributions.** (a) Employee contributions of covered
11.14 correctional employees must be in an amount equal to the following percent of salary:

11.15	before July 1, 2007	5.69
11.16	from July 1, 2007, to June 30, 2008	6.40
11.17	from July 1, 2008, to June 30, 2009	7.00
11.18	from July 1, 2009, to June 30, 2010	7.70
11.19	from July 1, 2010, and thereafter <u>to June 30,</u>	
11.20	<u>2014</u>	8.60-
11.21	<u>from July 1, 2014, and thereafter</u>	<u>9.10.</u>

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

11.24 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay
11.25 period beginning after July 1, 2014.

11.26 Sec. 4. Minnesota Statutes 2012, section 352.92, subdivision 2, is amended to read:

11.27 Subd. 2. **Employer contributions.** The employer shall contribute for covered
11.28 correctional employees an amount equal to the following percent of salary:

11.29	before July 1, 2007	7.98
11.30	from July 1, 2007, to June 30, 2008	9.10
11.31	from July 1, 2008, to June 30, 2009	10.10
11.32	from July 1, 2009, to June 30, 2010	11.10
11.33	from July 1, 2010, and thereafter <u>to June 30,</u>	
11.34	<u>2014</u>	12.10-
11.35	<u>from July 1, 2014, and thereafter</u>	<u>12.85</u>

12.1 **EFFECTIVE DATE.** This section is effective on the first day of the first full pay
 12.2 period beginning after July 1, 2014.

12.3 Sec. 5. Minnesota Statutes 2012, section 353.27, subdivision 2, is amended to read:

12.4 Subd. 2. **General employees retirement plan; employee contribution.** (a) For
 12.5 a basic member of the general employees retirement plan of the Public Employees
 12.6 Retirement Association, the employee contribution is 9.10 percent of salary. For a
 12.7 coordinated member of the general employees retirement plan of the Public Employees
 12.8 Retirement Association, the employee contribution is the following percentage of salary
 12.9 plus any contribution rate adjustment under subdivision 3b:

12.10	Effective before January 1, 2011	6.00
12.11	Effective after December 31, 2010	6.25
12.12	<u>Effective January 1, 2015</u>	<u>6.50</u>

12.13 (b) These contributions must be made by deduction from salary as defined in section
 12.14 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
 12.15 member's salary is paid from other than public funds, the member's employee contribution
 12.16 must be based on the total salary received by the member from all sources.

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

12.18 Sec. 6. Minnesota Statutes 2012, section 353.27, subdivision 3, is amended to read:

12.19 Subd. 3. **General employees retirement plan; employer contribution.** (a) For
 12.20 a basic member of the general employees retirement plan of the Public Employees
 12.21 Retirement Association, the employer contribution is 9.10 percent of salary. For a
 12.22 coordinated member of the general employees retirement plan of the Public Employees
 12.23 Retirement Association, the employer contribution is the following percentage of salary
 12.24 plus any contribution rate adjustment under subdivision 3b:

12.25	Effective before January 1, 2011	6.00
12.26	Effective after December 31, 2010	6.25
12.27	<u>Effective January 1, 2015</u>	<u>6.5</u>

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

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

12.31 Sec. 7. Minnesota Statutes 2012, section 353.27, subdivision 3b, is amended to read:

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

13.2 (a) For purposes of this section:

13.3 (1) a contribution sufficiency exists if the total of the employee contribution under
13.4 subdivision 2, the employer contribution under subdivision 3, the additional employer
13.5 contribution under subdivision 3a, and any additional contribution previously imposed
13.6 under this subdivision exceeds the total of the normal cost, the administrative expenses,
13.7 and the amortization contribution of the general employees retirement plan as reported in
13.8 the most recent actuarial valuation of the retirement plan prepared by the actuary retained
13.9 under section 356.214 and prepared under section 356.215 and the standards for actuarial
13.10 work of the Legislative Commission on Pensions and Retirement; and

13.11 (2) a contribution deficiency exists if the total of the employee contributions under
13.12 subdivision 2, the employer contributions under subdivision 3, the additional employer
13.13 contribution under subdivision 3a, and any additional contribution previously imposed
13.14 under this subdivision is less than the total of the normal cost, the administrative expenses,
13.15 and the amortization contribution of the general employees retirement plan as reported in
13.16 the most recent actuarial valuation of the retirement plan prepared by the actuary retained
13.17 under section 356.214 and prepared under section 356.215 and the standards for actuarial
13.18 work of the Legislative Commission on Pensions and Retirement.

13.19 (b) Employee and employer contributions to the general employees retirement plan
13.20 under subdivisions 2 and 3 must be adjusted:

13.21 (1) if, ~~on or after July 1, 2010,~~ the regular actuarial valuation of the general employees
13.22 retirement plan of the Public Employees Retirement Association under section 356.215
13.23 indicates that there is a contribution sufficiency under paragraph (a) greater than one
13.24 percent of covered payroll and that the sufficiency has existed for at least two consecutive
13.25 years, the coordinated program employee and employer contribution rates must be
13.26 decreased as determined under paragraph (c) to a level such that the sufficiency is no
13.27 greater than one percent of covered payroll based on the most recent actuarial valuation; or

13.28 (2) if, ~~on or after July 1, 2010,~~ the regular actuarial valuation of the general
13.29 employees retirement plan of the Public Employees Retirement Association under section
13.30 356.215 indicates that there is a contribution deficiency equal to or greater than 0.5 percent
13.31 of covered payroll and that the deficiency has existed for at least two consecutive years,
13.32 the coordinated program employee and employer contribution rates must be increased
13.33 as determined under paragraph (d) to a level such that no deficiency exists based on the
13.34 most recent actuarial valuation.

13.35 (c) If the actuarially required contribution of the general employees retirement plan is
13.36 less than the total support provided by the combined employee and employer contribution

14.1 rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll,
14.2 the general employees retirement plan coordinated program employee and employer
14.3 contribution rates under subdivisions 2 and 3 must be decreased incrementally over one or
14.4 more years by no more than 0.25 percent of pay each for employee and employer matching
14.5 contribution rates to a level such that there remains a contribution sufficiency of at least one
14.6 percent of covered payroll. No contribution rate decrease may be made until at least two
14.7 years have elapsed since any adjustment under this subdivision has been fully implemented.

14.8 (d) If the actuarially required contribution exceeds the total support provided by the
14.9 combined employee and employer contribution rates under subdivisions 2, 3, and 3a,
14.10 the employee and matching employer contribution rates must be increased equally to
14.11 eliminate that contribution deficiency. If the contribution deficiency is:

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

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

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

14.18 (e) The general employees retirement plan contribution sufficiency or deficiency
14.19 determination under paragraphs (a) to (d) must be made without the inclusion of the
14.20 contributions to, the funded condition of, or the actuarial funding requirements of the
14.21 MERF division.

14.22 (f) Any recommended adjustment to the contribution rates must be reported to the
14.23 chair and the executive director of the Legislative Commission on Pensions and Retirement
14.24 by January 15 following the receipt of the most recent annual actuarial valuation prepared
14.25 under section 356.215. If the Legislative Commission on Pensions and Retirement does
14.26 not recommend against the rate change or does not recommend a modification in the rate
14.27 change, the recommended adjustment becomes effective on the first day of the first full
14.28 payroll period in the fiscal year for any salary paid on or after the January 1 next following
14.29 receipt of the most recent actuarial valuation that gave rise to the adjustment the legislative
14.30 session in which the Legislative Commission on Pensions and Retirement did not take any
14.31 action to disapprove or modify the Public Employees Retirement Association Board of
14.32 Trustees' recommendation to adjust the employee and employer rates.

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

15.1 (h) Before any reduction in contributions to eliminate a sufficiency in excess of one
 15.2 percent of covered pay may be recommended, the executive director must review any
 15.3 need for a change in actuarial assumptions, as recommended by the actuary retained under
 15.4 section 356.214 in the most recent experience study of the general employees retirement
 15.5 plan prepared under section 356.215 and the standards for actuarial work promulgated by
 15.6 the Legislative Commission on Pensions and Retirement that may result in an increase
 15.7 in the actuarially required contribution and must report to the Legislative Commission
 15.8 on Pensions and Retirement any recommendation by the board to use the sufficiency
 15.9 exceeding one percent of covered payroll to offset the impact of an actuarial assumption
 15.10 change recommended by the actuary retained under section 356.214, subdivision 1, and
 15.11 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

15.12 (i) No contribution sufficiency in excess of one percent of covered pay may be
 15.13 proposed to be used to increase benefits, and no benefit increase may be proposed that
 15.14 would initiate an automatic adjustment to increase contributions under this subdivision.
 15.15 Any proposed benefit improvement must include a recommendation, prepared by the
 15.16 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary
 15.17 retained by the Legislative Commission on Pensions and Retirement as provided under
 15.18 section 356.214, subdivision 4, on how the benefit modification will be funded.

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

15.20 ARTICLE 4

15.21 TRA-DTRFA CONSOLIDATION

15.22 Section 1. Minnesota Statutes 2012, section 13.632, subdivision 1, is amended to read:

15.23 Subdivision 1. **Beneficiary and survivor data.** The following data on beneficiaries
 15.24 and survivors of the St. Paul Teachers Retirement Fund Association ~~and the Duluth~~
 15.25 ~~Teachers Retirement Fund Association~~ members are private data on individuals: home
 15.26 address, date of birth, direct deposit number, and tax withholding data.

15.27 Sec. 2. Minnesota Statutes 2012, section 122A.18, subdivision 7a, is amended to read:

15.28 Subd. 7a. **Permission to substitute teach.** (a) The Board of Teaching may allow a
 15.29 person who is enrolled in and making satisfactory progress in a board-approved teacher
 15.30 program and who has successfully completed student teaching to be employed as a
 15.31 short-call substitute teacher.

15.32 (b) The Board of Teaching may issue a lifetime qualified short-call substitute
 15.33 teaching license to a person who:

16.1 (1) was a qualified teacher under section 122A.16 while holding a continuing
 16.2 five-year teaching license issued by the board, and receives a retirement annuity from the
 16.3 Teachers Retirement Association, ~~Minneapolis Teachers Retirement Fund Association,~~
 16.4 or the St. Paul Teachers Retirement Fund Association, ~~or Duluth Teachers Retirement~~
 16.5 ~~Fund Association;~~

16.6 (2) holds an out-of-state teaching license and receives a retirement annuity as a
 16.7 result of the person's teaching experience; or

16.8 (3) held a continuing five-year license issued by the board, taught at least three
 16.9 school years in an accredited nonpublic school in Minnesota, and receives a retirement
 16.10 annuity as a result of the person's teaching experience.

16.11 A person holding a lifetime qualified short-call substitute teaching license is not required
 16.12 to complete continuing education clock hours. A person holding this license may reapply
 16.13 to the board for a continuing five-year license and must again complete continuing
 16.14 education clock hours one school year after receiving the continuing five-year license.

16.15 Sec. 3. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is
 16.16 amended to read:

16.17 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
 16.18 to participate as members of the association with retirement coverage by the general
 16.19 employees retirement plan, the local government correctional employees retirement plan
 16.20 under chapter 353E, or the public employees police and fire retirement plan:

16.21 (1) persons whose salary from one governmental subdivision never exceeds \$425 in
 16.22 a month;

16.23 (2) public officers who are elected to a governing body, city mayors, or persons who
 16.24 are appointed to fill a vacancy in an elective office of a governing body, whose term of office
 16.25 commences on or after July 1, 2002, for the service to be rendered in that elective position;

16.26 (3) election officers or election judges;

16.27 (4) patient and inmate personnel who perform services for a governmental
 16.28 subdivision;

16.29 (5) except as otherwise specified in subdivision 12a, employees who are hired for
 16.30 a temporary position as defined under subdivision 12a, and employees who resign from
 16.31 a nontemporary position and accept a temporary position within 30 days in the same
 16.32 governmental subdivision;

16.33 (6) employees who are employed by reason of work emergency caused by fire,
 16.34 flood, storm, or similar disaster;

17.1 (7) employees who by virtue of their employment in one governmental subdivision
17.2 are required by law to be a member of and to contribute to any of the plans or funds
17.3 administered by the Minnesota State Retirement System, the Teachers Retirement
17.4 Association, ~~the Duluth Teachers Retirement Fund Association~~, and the St. Paul Teachers
17.5 Retirement Fund Association. This clause must not be construed to prevent a person from
17.6 being a member of and contributing to the Public Employees Retirement Association and
17.7 also belonging to and contributing to another public pension plan or fund for other service
17.8 occurring during the same period of time. A person who meets the definition of "public
17.9 employee" in subdivision 2 by virtue of other service occurring during the same period of
17.10 time becomes a member of the association unless contributions are made to another public
17.11 retirement fund on the salary based on the other service or to the Teachers Retirement
17.12 Association by a teacher as defined in section 354.05, subdivision 2;

17.13 (8) persons who are members of a religious order and are excluded from coverage
17.14 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
17.15 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
17.16 as amended through January 1, 1987, if no irrevocable election of coverage has been made
17.17 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

17.18 (9) employees of a governmental subdivision who have not reached the age of
17.19 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
17.20 basis at an accredited school, college, or university in an undergraduate, graduate, or
17.21 professional-technical program, or a public or charter high school;

17.22 (10) resident physicians, medical interns, and pharmacist residents and pharmacist
17.23 interns who are serving in a degree or residency program in public hospitals or clinics;

17.24 (11) students who are serving for up to five years in an internship or residency program
17.25 sponsored by a governmental subdivision, including an accredited educational institution;

17.26 (12) persons who hold a part-time adult supplementary technical college license who
17.27 render part-time teaching service in a technical college;

17.28 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,
17.29 foreign citizens who are employed by a governmental subdivision under a work permit, or
17.30 an H-1b visa initially issued or extended for a combined period less than three years of
17.31 employment. Upon extension of the employment beyond the three-year period, the foreign
17.32 citizens must be reported for membership beginning the first of the month thereafter
17.33 provided the monthly earnings threshold as provided under subdivision 2a is met;

17.34 (14) public hospital employees who elected not to participate as members of the
17.35 association before 1972 and who did not elect to participate from July 1, 1988, to October
17.36 1, 1988;

18.1 (15) except as provided in section 353.86, volunteer ambulance service personnel, as
18.2 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
18.3 may still qualify as public employees under subdivision 2 and may be members of the
18.4 Public Employees Retirement Association and participants in the general employees
18.5 retirement plan or the public employees police and fire plan, whichever applies, on the
18.6 basis of compensation received from public employment service other than service as
18.7 volunteer ambulance service personnel;

18.8 (16) except as provided in section 353.87, volunteer firefighters, as defined in
18.9 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,
18.10 but a person who is a volunteer firefighter may still qualify as a public employee under
18.11 subdivision 2 and may be a member of the Public Employees Retirement Association and
18.12 a participant in the general employees retirement plan or the public employees police
18.13 and fire plan, whichever applies, on the basis of compensation received from public
18.14 employment activities other than those as a volunteer firefighter;

18.15 (17) pipefitters and associated trades personnel employed by Independent School
18.16 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
18.17 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
18.18 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
18.19 241, article 2, section 12;

18.20 (18) electrical workers, plumbers, carpenters, and associated trades personnel who
18.21 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
18.22 who have retirement coverage under a collective bargaining agreement by the Electrical
18.23 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
18.24 or the pension plan applicable to Carpenters Local 87 who were either first employed after
18.25 May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
18.26 Laws 2000, chapter 461, article 7, section 5;

18.27 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
18.28 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
18.29 or Independent School District No. 625, St. Paul, with coverage under a collective
18.30 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
18.31 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
18.32 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
18.33 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
18.34 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
18.35 Session chapter 10, article 10, section 6;

19.1 (20) plumbers who are employed by the Metropolitan Airports Commission, with
19.2 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
19.3 who either were first employed after May 1, 2001, or if first employed before May 2,
19.4 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
19.5 10, section 6;

19.6 (21) employees who are hired after June 30, 2002, to fill seasonal positions under
19.7 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
19.8 days or less in each year of employment with the governmental subdivision;

19.9 (22) persons who are provided supported employment or work-study positions by a
19.10 governmental subdivision and who participate in an employment or industries program
19.11 maintained for the benefit of these persons where the governmental subdivision limits the
19.12 position's duration to up to five years, including persons participating in a federal or state
19.13 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
19.14 relief program where the training or work experience is not provided as a part of, or
19.15 for, future permanent public employment;

19.16 (23) independent contractors and the employees of independent contractors;

19.17 (24) reemployed annuitants of the association during the course of that
19.18 reemployment; and

19.19 (25) persons appointed to serve on a board or commission of a governmental
19.20 subdivision or an instrumentality thereof.

19.21 (b) Any person performing the duties of a public officer in a position defined in
19.22 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
19.23 employee of an independent contractor.

19.24 Sec. 4. Minnesota Statutes 2012, section 354.05, subdivision 2, is amended to read:

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

19.26 (1) a person who renders service as a teacher, supervisor, principal, superintendent,
19.27 librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of
19.28 the state located outside of the corporate limits of ~~the city of Duluth~~ or the city of St. Paul,
19.29 or in any charter school, irrespective of the location of the school, or in any charitable,
19.30 penal, or correctional institutions of a governmental subdivision, or who is engaged in
19.31 educational administration in connection with the state public school system, but excluding
19.32 the University of Minnesota, whether the position be a public office or an employment, and
19.33 not including the members or officers of any general governing or managing board or body;

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

20.1 (3) a person who renders teaching service on a part-time basis and who also renders
 20.2 other services for a single employing unit. A person whose teaching service comprises at
 20.3 least 50 percent of the combined employment salary is a member of the association for all
 20.4 services with the single employing unit. If the person's teaching service comprises less
 20.5 than 50 percent of the combined employment salary, the executive director must determine
 20.6 whether all or none of the combined service is covered by the association; or

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

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

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

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

20.14 (iv) a teacher or a research assistant.

20.15 (b) "Teacher" does not mean:

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

20.18 (2) a person who renders part-time teaching service or who is a customized trainer
 20.19 as defined by the Minnesota State Colleges and Universities system if (i) the service is
 20.20 incidental to the regular nonteaching occupation of the person; and (ii) the employer
 20.21 stipulates annually in advance that the part-time teaching service or customized training
 20.22 service will not exceed 300 hours in a fiscal year and retains the stipulation in its records;
 20.23 and (iii) the part-time teaching service or customized training service actually does not
 20.24 exceed 300 hours in a fiscal year; or

20.25 (3) a person exempt from licensure under section 122A.30.

20.26 Sec. 5. Minnesota Statutes 2012, section 354.05, subdivision 13, is amended to read:

20.27 Subd. 13. **Allowable service.** "Allowable service" means:

20.28 (1) Any service rendered by a teacher for which on or before July 1, 1957, the
 20.29 teacher's account in the retirement fund was credited by reason of employee contributions
 20.30 in the form of salary deductions, payments in lieu of salary deductions, or in any other
 20.31 manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by
 20.32 Laws 1955, chapters 361, 549, 550, 611, ~~or~~;

20.33 (2) Any service rendered by a teacher for which on or before July 1, 1961, the
 20.34 teacher elected to obtain credit for service by making payments to the fund pursuant to
 20.35 under Minnesota Statutes 1980, section 354.09 and section 354.51, ~~or~~;

21.1 (3) Any service rendered by a teacher after July 1, 1957, for any calendar month
21.2 when the member receives salary from which deductions are made, deposited and credited
21.3 in the fund;~~or;~~

21.4 (4) Any service rendered by a person after July 1, 1957, for any calendar month where
21.5 payments in lieu of salary deductions are made, deposited and credited into the fund as
21.6 provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53;~~or;~~

21.7 (5) Any service rendered by a teacher for which the teacher elected to obtain credit
21.8 for service by making payments to the fund pursuant to under Minnesota Statutes 1980,
21.9 section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957,
21.10 section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or
21.11 Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3;~~or;~~

21.12 (6) Both service during years of actual membership in the course of which
21.13 contributions were currently made and service in years during which the teacher was not a
21.14 member but for which the teacher later elected to obtain credit by making payments to the
21.15 fund as permitted by any law then in effect;~~or;~~

21.16 (7) Any service rendered where contributions were made and no credit was
21.17 established because of the limitations contained in Minnesota Statutes 1957, section
21.18 135.09, subdivision 2, as determined by the ratio between the amounts of money credited
21.19 to the teacher's account in a fiscal year and the maximum retirement contribution allowable
21.20 for that year;~~or;~~

21.21 (8) MS 2002 [Expired]

21.22 (9) A period of time during which a teacher was on strike without pay, not to exceed a
21.23 period of one year, if payment in lieu of salary deductions is made under section 354.72;~~or;~~

21.24 (10) A period of service before July 1, 2006, that was properly credited as allowable
21.25 service by the Minneapolis Teachers Retirement Fund Association, and that was rendered
21.26 by a teacher as an employee of Special School District No. 1, Minneapolis, or by an
21.27 employee of the Minneapolis Teachers Retirement Fund Association who was a member
21.28 of the Minneapolis Teachers Retirement Fund Association by virtue of that employment,
21.29 who has not begun receiving an annuity or other retirement benefit from the former
21.30 Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that
21.31 service before July 1, 2006, and who has not taken a refund of member contributions
21.32 related to that service unless the refund is repaid under section 354.50, subdivision 4.
21.33 Service as an employee of Special School District No. 1, Minneapolis, on or after July 1,
21.34 2006, is "allowable service" only as provided by this chapter; or

21.35 (11) A period of service before July 1, 2015, that was properly credited as allowable
21.36 service by the Duluth Teachers Retirement Fund Association, and that was rendered

22.1 by a teacher as an employee of Independent School District No. 709, Duluth, or by an
 22.2 employee of the Duluth Teachers Retirement Fund Association who was a member of the
 22.3 Duluth Teachers Retirement Fund Association by virtue of that employment, who has not
 22.4 begun receiving an annuity or other retirement benefit from the former Duluth Teachers
 22.5 Retirement Fund Association calculated in whole or in part on that service before July
 22.6 1, 2015, and who has not taken a refund of member contributions related to that service
 22.7 unless the refund is repaid under section 354.50, subdivision 4. Service as an employee
 22.8 of Independent School District No. 709, Duluth, on or after July 1, 2015, is "allowable
 22.9 service" only as provided by this chapter.

22.10 Sec. 6. Minnesota Statutes 2012, section 354.42, subdivision 2, is amended to read:

22.11 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
 22.12 contribution to the fund is the following percentage of the member's salary:

22.13	<u>Period</u>	<u>Basic Program</u>	<u>Coordinated Program</u>
22.14	before July 1, 2011	9.0 percent	
22.15	from July 1, 2011, until June 30, 2012	9.5 percent	
22.16	from July 1, 2012, until June 30, 2013	10.0 percent	
22.17	from July 1, 2013, until June 30, 2014	10.5 percent	<u>7.0 percent</u>
22.18	after June 30, 2014	11.0 percent	<u>7.5 percent</u>

22.19 ~~(b) For a coordinated member, the employee contribution is the following percentage~~
 22.20 ~~of the member's salary:~~

22.21	before July 1, 2011	5.5 percent
22.22	from July 1, 2011, until June 30, 2012	6.0 percent
22.23	from July 1, 2012, until June 30, 2013	6.5 percent
22.24	from July 1, 2013, until June 30, 2014	7.0 percent
22.25	after June 30, 2014	7.5 percent

22.26 ~~(e) (b)~~ When an employee contribution rate changes for a fiscal year, the new
 22.27 contribution rate is effective for the entire salary paid for each employer unit with the
 22.28 first payroll cycle reported.

22.29 ~~(d) (c)~~ After June 30, 2015, if a contribution rate revision is required under
 22.30 subdivisions 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must
 22.31 be adjusted accordingly.

22.32 ~~(e) (d)~~ This contribution must be made by deduction from salary. Where any portion
 22.33 of a member's salary is paid from other than public funds, the member's employee
 22.34 contribution must be based on the entire salary received.

22.35 Sec. 7. Minnesota Statutes 2012, section 354.42, subdivision 3, is amended to read:

23.1 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special
 23.2 School District No. 1, Minneapolis, is an amount equal to the applicable following
 23.3 percentage of salary of each coordinated member and the applicable following percentage
 23.4 of salary of each basic member: specified in paragraph (c).

23.5	Period	Coordinated Member	Basic Member
23.6	before July 1, 2011	5.5 percent	9.5 percent
23.7	from July 1, 2011, until June 30, 2012	6.0 percent	10.0 percent
23.8	from July 1, 2012, until June 30, 2013	6.5 percent	10.5 percent
23.9	from July 1, 2013, until June 30, 2014	7.0 percent	11.0 percent
23.10	after June 30, 2014	7.5 percent	11.5 percent

23.11 The additional employer contribution to the fund by Special School District No. 1,
 23.12 Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a
 23.13 coordinated member or who is a basic member.

23.14 (b) The regular employer contribution to the fund by Independent School District
 23.15 No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law
 23.16 or new law coordinated member specified for the coordinated program in paragraph (c).

23.17 ~~(b)~~ (c) The employer contribution to the fund for every other employer is an amount
 23.18 equal to the applicable following percentage of the salary of each coordinated member and
 23.19 the applicable following percentage of the salary of each basic member:

23.20	Period	Coordinated Member	Basic Member
23.21	before July 1, 2011	5.5 percent	9.5 percent
23.22	from July 1, 2011, until June 30, 2012	6.0 percent	10.0 percent
23.23	from July 1, 2012, until June 30, 2013	6.5 percent	10.5 percent
23.24	from July 1, 2013, until June 30, 2014	7.0 percent	11.0 percent
23.25	after June 30, 2014	7.5 percent	11.5 percent

23.26 ~~(e)~~ (d) When an employer contribution rate changes for a fiscal year, the new
 23.27 contribution rate is effective for the entire salary paid for each employer unit with the
 23.28 first payroll cycle reported.

23.29 ~~(d)~~ (e) After June 30, 2015, if a contribution rate revision is made under subdivisions
 23.30 4a, 4b, and 4c, the employer contributions under paragraphs (a) ~~and~~, (b), and (c) must
 23.31 be adjusted accordingly.

23.32 Sec. 8. Minnesota Statutes 2013 Supplement, section 354.436, is amended to read:

23.33 **354.436 DIRECT STATE AID ON BEHALF OF THE FORMER**
 23.34 **MINNEAPOLIS FIRST CLASS CITY TEACHERS RETIREMENT FUND**
 23.35 **ASSOCIATION ASSOCIATIONS.**

24.1 Subdivision 1. **Aid authorization.** The state shall pay \$12,954,000 to the Teachers
 24.2 Retirement Association on behalf of the former Minneapolis Teachers Retirement Fund
 24.3 Association and shall pay \$14,377,000 on behalf of the Duluth Teachers Retirement
 24.4 Fund Association.

24.5 Subd. 2. **Aid appropriation.** The commissioner of management and budget shall
 24.6 pay the aid amounts under subdivision 1 annually on October 1. The amount required
 24.7 is appropriated annually from the general fund to the commissioner of management and
 24.8 budget.

24.9 Subd. 3. **Aid expiration.** The aid amounts specified in this section ~~terminates~~
 24.10 terminate and this section expires on the October 1 next following the later of the
 24.11 following dates when: (1) the current assets of the Teachers Retirement Association
 24.12 fund equal or exceed the actuarial accrued liabilities of the fund as determined in the
 24.13 most recent actuarial valuation report for the Teachers Retirement Association fund by
 24.14 the actuary retained under section 356.214, ~~or on the established date for full funding~~
 24.15 ~~under section 356.215, subdivision 11, whichever occurs earlier;~~ and (2) the member and
 24.16 employer contribution rates are first determined to be eligible for a reduction under section
 24.17 354.42, subdivisions 4a, 4b, 4c, and 4d.

24.18 Sec. 9. Minnesota Statutes 2013 Supplement, section 354.44, subdivision 6, is
 24.19 amended to read:

24.20 Subd. 6. **Computation of formula program retirement annuity.** (a) The formula
 24.21 retirement annuity must be computed in accordance with the applicable provisions of the
 24.22 formulas stated in paragraph (b) or (d) on the basis of each member's average salary under
 24.23 section 354.05, subdivision 13a, for the period of the member's formula service credit.

24.24 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
 24.25 became a member of the association or a member of a pension fund listed in section
 24.26 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with
 24.27 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The
 24.28 average salary as defined in section 354.05, subdivision 13a, multiplied by the following
 24.29 percentages per year of formula service credit shall determine the amount of the annuity to
 24.30 which the member qualifying therefor is entitled for service rendered before July 1, 2006:

24.31	<u>Period</u>	Coordinated Member	Basic Member
24.32	Each year of service	1.2 percent per year	2.2 percent per year
24.33	during first ten		
24.34	Each year of service	1.7 percent per year	2.7 percent per year
24.35	thereafter		

25.1 For service rendered on or after July 1, 2006, by a member other than a member
 25.2 who was a member of the former Duluth Teachers Retirement Fund Association between
 25.3 January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a
 25.4 member who was a member of the former Duluth Teachers Retirement Fund Association
 25.5 between January 1, 2013, and June 30, 2015, the average salary as defined in section
 25.6 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,
 25.7 determines the amount the annuity to which the member qualifying therefor is entitled:

25.8	<u>Period</u>	Coordinated Member	Basic Member
25.9	Each year of service	1.4 percent per year	2.2 percent per year
25.10	during first ten		
25.11	Each year of service after	1.9 percent per year	2.7 percent per year
25.12	ten years of service		

25.13 (c)(i) This paragraph applies only to a person who first became a member of the
 25.14 association or a member of a pension fund listed in section 356.30, subdivision 3, before
 25.15 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in
 25.16 conjunction with this paragraph than when calculated under paragraph (d), in conjunction
 25.17 with paragraph (e).

25.18 (ii) Where any member retires prior to normal retirement age under a formula
 25.19 annuity, the member shall be paid a retirement annuity in an amount equal to the normal
 25.20 annuity provided in paragraph (b) reduced by one-quarter of one percent for each month
 25.21 that the member is under normal retirement age at the time of retirement except that for
 25.22 any member who has 30 or more years of allowable service credit, the reduction shall be
 25.23 applied only for each month that the member is under age 62.

25.24 (iii) Any member whose attained age plus credited allowable service totals 90 years
 25.25 is entitled, upon application, to a retirement annuity in an amount equal to the normal
 25.26 annuity provided in paragraph (b), without any reduction by reason of early retirement.

25.27 (d) This paragraph applies to a member who has become at least 55 years old and
 25.28 first became a member of the association after June 30, 1989, and to any other member
 25.29 who has become at least 55 years old and whose annuity amount when calculated under
 25.30 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated
 25.31 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average
 25.32 salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each
 25.33 year of service for a basic member determines the amount of the retirement annuity to
 25.34 which the basic member is entitled. The annuity of a basic member who was a member of
 25.35 the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must
 25.36 be determined according to the annuity formula under the articles of incorporation of the
 25.37 former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a

26.1 coordinated member, the average salary, as defined in section 354.05, subdivision 13a,
26.2 multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9
26.3 percent for each year of service rendered on or after July 1, 2006, for a member other than
26.4 a member who was a member of the former Duluth Teachers Retirement Fund Association
26.5 between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service
26.6 rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement
26.7 Fund Association between January 1, 2013, and June 30, 2015, determines the amount of
26.8 the retirement annuity to which the coordinated member is entitled.

26.9 (e) This paragraph applies to a person who has become at least 55 years old and first
26.10 becomes a member of the association after June 30, 1989, and to any other member who
26.11 has become at least 55 years old and whose annuity is higher when calculated under
26.12 paragraph (d) in conjunction with this paragraph than when calculated under paragraph
26.13 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity
26.14 before the normal retirement age shall be paid the normal annuity provided in paragraph
26.15 (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that
26.16 would be payable to the employee if the employee deferred receipt of the annuity and the
26.17 annuity amount were augmented at an annual rate of three percent compounded annually
26.18 from the day the annuity begins to accrue until the normal retirement age if the employee
26.19 became an employee before July 1, 2006, and at 2.5 percent compounded annually if the
26.20 employee becomes an employee after June 30, 2006. Except in regards to section 354.46,
26.21 this paragraph remains in effect until June 30, 2015.

26.22 (f) After June 30, 2020, this paragraph applies to a person who has become at least
26.23 55 years old and first becomes a member of the association after June 30, 1989, and to any
26.24 other member who has become at least 55 years old and whose annuity is higher when
26.25 calculated under paragraph (d) in conjunction with this paragraph than when calculated
26.26 under paragraph (b) in conjunction with paragraph (c). An employee who retires under
26.27 the formula annuity before the normal retirement age is entitled to receive the normal
26.28 annuity provided in paragraph (d). For a person who is at least age 62 or older and has at
26.29 least 30 years of service, the annuity must be reduced by an early reduction factor of six
26.30 percent per year of the annuity that would be payable to the employee if the employee
26.31 deferred receipt of the annuity and the annuity amount were augmented at an annual rate
26.32 of three percent compounded annually from the day the annuity begins to accrue until the
26.33 normal retirement age if the employee became an employee before July 1, 2006, and at 2.5
26.34 percent compounded annually if the employee became an employee after June 30, 2006.
26.35 For a person who is not at least age 62 or older and does not have at least 30 years of
26.36 service, the annuity would be reduced by an early reduction factor of four percent per year

27.1 for ages 55 through 59 and seven percent per year of the annuity that would be payable
27.2 to the employee if the employee deferred receipt of the annuity and the annuity amount
27.3 were augmented at an annual rate of three percent compounded annually from the day
27.4 the annuity begins to accrue until the normal retirement age if the employee became an
27.5 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
27.6 became an employee after June 30, 2006.

27.7 (g) After June 30, 2015, and before July 1, 2020, for a person who would have
27.8 a reduced retirement annuity under either paragraph (e) or (f) if they were applicable,
27.9 the employee is entitled to receive a reduced annuity which must be calculated using
27.10 a blended reduction factor augmented monthly by 1/60 of the difference between the
27.11 reduction required under paragraph (e) and the reduction required under paragraph (f).

27.12 (h) No retirement annuity is payable to a former employee with a salary that exceeds
27.13 95 percent of the governor's salary unless and until the salary figures used in computing
27.14 the highest five successive years average salary under paragraph (a) have been audited by
27.15 the Teachers Retirement Association and determined by the executive director to comply
27.16 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

27.17 Sec. 10. **[354.73] RETIREMENT COVERAGE RELATED TO THE FORMER**
27.18 **DULUTH TEACHERS RETIREMENT FUND ASSOCIATION.**

27.19 Subdivision 1. **Application.** This section applies to the retirement coverage of
27.20 members of the former Duluth Teachers Retirement Fund Association transferred to the
27.21 Teachers Retirement Association by section 46.

27.22 Subd. 2. **Teachers Retirement Association as successor in interest.** The Teachers
27.23 Retirement Association is the successor in interest to all claims which the former Duluth
27.24 Teachers Retirement Fund Association may have or may have been able to assert against
27.25 any person on June 30, 2015, and is the successor in interest to all claims which could
27.26 have been asserted against the former Duluth Teachers Retirement Fund Association,
27.27 subject to the following:

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

27.32 (2) the Teachers Retirement Association may assert any applicable defense to
27.33 any claim in any judicial or administrative proceeding that the former Duluth Teachers
27.34 Retirement Fund Association or its board would otherwise have been entitled to assert;

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

28.3 (4) the Teachers Retirement Association shall indemnify any former fiduciary of the
28.4 Duluth Teachers Retirement Fund Association consistent with section 356A.11.

28.5 Subd. 3. **Benefit calculation.** (a) For every deferred, inactive, disabled, and
28.6 retired member of the Duluth Teachers Retirement Fund Association transferred under
28.7 subdivision 1, and the survivors of these members, annuities or benefits earned before July
28.8 1, 2015, other than future postretirement adjustments, must be calculated and paid by the
28.9 Teachers Retirement Association under the laws, articles of incorporation, and bylaws of
28.10 the former Duluth Teachers Retirement Fund Association that were in effect relative to
28.11 the person on the date of the person's termination of active service covered by the former
28.12 Duluth Teachers Retirement Fund Association.

28.13 (b) Former Duluth Teachers Retirement Fund Association members who retired
28.14 before July 1, 2015, must receive postretirement adjustments after January 1, 2015, only
28.15 as provided in section 356.415. All other benefit recipients of the former Duluth Teachers
28.16 Retirement Fund Association must receive postretirement adjustments after December 31,
28.17 2015, only as provided in section 356.415.

28.18 (c) This consolidation does not impair or diminish benefits for an active, deferred,
28.19 or retired member or a survivor of an active, deferred, or retired member under the
28.20 former Duluth Teachers Retirement Fund Association in existence at the time of the
28.21 consolidation, except that any future postretirement adjustments must be paid after July 1,
28.22 2015, in accordance with paragraph (b), and all benefits based on service on or after July
28.23 1, 2015, must be determined only by laws governing the Teachers Retirement Association.

28.24 Sec. 11. Minnesota Statutes 2012, section 354A.011, subdivision 11, is amended to read:

28.25 Subd. 11. **Coordinated member.** "Coordinated member" means any member of the
28.26 teachers retirement fund association who is covered by any agreement or modification
28.27 made between the state and the Secretary of Health, Education and Welfare making the
28.28 provisions of the federal Old Age, Survivors and Disability Insurance Act applicable
28.29 to certain teachers ~~except in the case of a member of the Duluth Teachers Retirement~~
28.30 ~~Fund Association, in which it means additionally that the member either first became a~~
28.31 ~~member prior to July 1, 1981, and elected to be covered by the new law coordinated~~
28.32 ~~program of the Duluth Teachers Retirement Fund Association or first became a member~~
28.33 ~~on or subsequent to July 1, 1981.~~

29.1 Sec. 12. Minnesota Statutes 2012, section 354A.011, subdivision 15a, is amended to
29.2 read:

29.3 Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 for a
29.4 person who first became a member of the coordinated program of the St. Paul Teachers
29.5 Retirement Fund Association ~~or the new law coordinated program of the Duluth Teachers~~
29.6 ~~Retirement Fund Association~~ or a member of a pension fund listed in section 356.30,
29.7 subdivision 3, before July 1, 1989. For a person who first became a member of the
29.8 coordinated program of the St. Paul Teachers Retirement Fund Association ~~or the new law~~
29.9 ~~coordinated program of the Duluth Teachers Retirement Fund Association~~ after June 30,
29.10 1989, normal retirement age means the higher of age 65 or retirement age, as defined in
29.11 United States Code, title 42, section 416(l), as amended, but not to exceed age 66. For a
29.12 person who is a member of the basic program of the St. Paul Teachers Retirement Fund
29.13 Association ~~or the old law coordinated program of the Duluth Teachers Retirement Fund~~
29.14 ~~Association~~, normal retirement age means the age at which a teacher becomes eligible for
29.15 a normal retirement annuity computed upon meeting the age and service requirements
29.16 specified in the applicable provisions of the articles of incorporation or bylaws of the
29.17 ~~respective~~ teachers retirement fund association.

29.18 Sec. 13. Minnesota Statutes 2012, section 354A.011, subdivision 27, is amended to read:

29.19 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public
29.20 school district, other than a charter school, located in the corporate limits of ~~Duluth or~~
29.21 St. Paul, as any of the following:

29.22 (1) a full-time employee in a position for which a valid license from the state
29.23 Department of Education is required;

29.24 (2) an employee of the teachers retirement fund association located in the city of ~~the~~
29.25 ~~first class~~ St. Paul;

29.26 (3) a part-time employee in a position for which a valid license from the state
29.27 Department of Education is required; or

29.28 (4) a part-time employee in a position for which a valid license from the state
29.29 Department of Education is required who also renders other nonteaching services for the
29.30 school district, unless the board of trustees of the teachers retirement fund association
29.31 determines that the combined employment is on the whole so substantially dissimilar to
29.32 teaching service that the service may not be covered by the association.

29.33 (b) The term does not mean any person who renders service in the school district
29.34 as any of the following:

29.35 (1) an independent contractor or the employee of an independent contractor;

30.1 (2) an employee who is a full-time teacher covered by the Teachers Retirement
 30.2 Association ~~or by another teachers retirement fund association established pursuant to~~
 30.3 ~~this chapter or under~~ chapter 354;

30.4 (3) an employee who is exempt from licensure pursuant to section 122A.30;

30.5 (4) an employee who is a teacher in a technical college located in a city of the first
 30.6 class unless the person elects coverage by the ~~applicable~~ first class city teacher retirement
 30.7 fund association under section 354B.21, subdivision 2;

30.8 (5) a teacher employed by a charter school, irrespective of the location of the
 30.9 school; or

30.10 (6) an employee who is a part-time teacher in a technical college in a the city of the
 30.11 ~~first class~~ St. Paul and who has elected coverage by the ~~applicable~~ first class city teacher
 30.12 retirement fund association under section 354B.21, subdivision 2, but (i) the teaching
 30.13 service is incidental to the regular nonteaching occupation of the person; (ii) the applicable
 30.14 technical college stipulates annually in advance that the part-time teaching service will not
 30.15 exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed
 30.16 300 hours in the fiscal year to which the certification applies.

30.17 Sec. 14. Minnesota Statutes 2012, section 354A.021, subdivision 1, is amended to read:

30.18 Subdivision 1. **Establishment.** There is established a teachers retirement fund
 30.19 association in ~~each of the cities~~ city of Duluth and St. Paul. The ~~associations shall be~~
 30.20 ~~association is~~ known respectively as the "~~Duluth Teachers Retirement Fund Association~~"
 30.21 ~~and the~~ "St. Paul Teachers Retirement Fund Association." ~~Each~~ The association ~~shall be~~
 30.22 is a continuation of the teachers retirement fund association with the same corporate
 30.23 name established ~~pursuant to~~ under the authorization contained in Laws 1909, chapter
 30.24 343, section 1.

30.25 Sec. 15. **[354A.022] AUTHORIZATION TO CERTIFY FUNDS TO STATE**
 30.26 **BOARD OF INVESTMENT.**

30.27 Subdivision 1. **Certification of funds to State Board of Investment.** The chief
 30.28 administrative officer of the Duluth Teachers Retirement Fund Association, from time
 30.29 to time, may certify to the State Board of Investment those portions of the assets of the
 30.30 retirement plan that are not needed for administrative expenses or benefit payments.
 30.31 Assets certified to the State Board of Investment must be invested under sections 11A.14
 30.32 and 11A.23. The chief administrative officer of the Duluth Teachers Retirement Fund
 30.33 Association may certify assets for withdrawal from the State Board of Investment only
 30.34 to make benefit payments or to pay administrative expenses or investment expenses of

31.1 existing direct real estate holdings or assets that are noncompliant with State Board of
 31.2 Investment objectives or limitations.

31.3 Subd. 2. **Investment of certified funds.** Assets certified to the State Board of
 31.4 Investment are deemed to be from a covered retirement fund required to be invested by
 31.5 the State Board of Investment under section 11A.23.

31.6 Sec. 16. Minnesota Statutes 2012, section 354A.092, is amended to read:

31.7 **354A.092 SABBATICAL LEAVE.**

31.8 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
 31.9 Association ~~or any teacher in the new law coordinated program of the Duluth Teachers~~
 31.10 ~~Retirement Fund Association~~ who is granted a sabbatical leave ~~shall be~~ is entitled to
 31.11 receive allowable service credit in the ~~applicable~~ association for periods of sabbatical
 31.12 leave. To obtain the service credit, the teacher on sabbatical leave shall make an employee
 31.13 contribution to the ~~applicable~~ association. No teacher ~~shall be~~ is entitled to receive more
 31.14 than three years of allowable service credit ~~pursuant to~~ under this section for a period or
 31.15 periods of sabbatical leave during any ten consecutive ~~fiscal or calendar~~ years, ~~whichever is~~
 31.16 ~~the applicable plan year for the teachers retirement fund association~~. If the teacher granted a
 31.17 sabbatical leave makes the employee contribution for a period of sabbatical leave ~~pursuant~~
 31.18 ~~to~~ under this section, the employing unit shall make an employer contribution on behalf of
 31.19 the teacher to the ~~applicable~~ association for that period of sabbatical leave in the manner
 31.20 described in section 354A.12, subdivision 2a. The employee and employer contributions
 31.21 ~~shall~~ must be in an amount equal to the employee and employer contribution rates in effect
 31.22 for other active members of the association covered by the same program applied to a salary
 31.23 figure equal to the teacher's actual covered salary for the plan year immediately preceding
 31.24 the sabbatical leave period. Payment of the employee contribution authorized ~~pursuant~~
 31.25 ~~to~~ under this section ~~shall~~ must be made by the teacher on or before June 30 of year
 31.26 next following the year in which the sabbatical leave terminated and ~~shall~~ must be made
 31.27 without interest. For sabbatical leaves taken after June 30, 1986, the required employer
 31.28 contributions ~~shall~~ must be paid by the employing unit within 30 days after notification by
 31.29 the association of the amount due. If the employee contributions for the sabbatical leave
 31.30 period are less than an amount equal to the applicable contribution rate applied to a salary
 31.31 figure equal to the teacher's actual covered salary for the plan year immediately preceding
 31.32 the sabbatical leave period, service credit ~~shall~~ must be prorated. The prorated service
 31.33 credit ~~shall~~ must be determined by the ratio between the amount of the actual payment
 31.34 which was made and the full contribution amount payable ~~pursuant to~~ under this section.

32.1 Sec. 17. Minnesota Statutes 2012, section 354A.093, subdivision 1, is amended to read:

32.2 Subdivision 1. **Eligibility.** Any teacher in the coordinated program of the St. Paul
32.3 Teachers Retirement Fund Association ~~or any teacher in the new law coordinated program~~
32.4 ~~of the Duluth Teachers Retirement Fund Association~~ who is absent from employment by
32.5 reason of service in the uniformed services as defined in United States Code, title 38,
32.6 section 4303(13) and who returns to the employer providing active teaching service upon
32.7 discharge from uniformed service within the time frames required under United States
32.8 Code, title 38, section 4312(e), may receive allowable service credit in the applicable
32.9 association for all or a portion of the period of uniformed service, provided that the teacher
32.10 did not separate from uniformed service with a dishonorable or bad conduct discharge
32.11 or under other than honorable conditions.

32.12 Sec. 18. Minnesota Statutes 2012, section 354A.096, is amended to read:

32.13 **354A.096 MEDICAL LEAVE.**

32.14 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
32.15 Association ~~or the new law coordinated program of the Duluth Teachers Retirement Fund~~
32.16 ~~Association~~ who is on an authorized medical leave of absence and subsequently returns to
32.17 teaching service is entitled to receive allowable service credit, not to exceed one year, for
32.18 the period of leave, upon making the prescribed payment to the fund. This payment must
32.19 include the required employee and employer contributions at the rates specified in section
32.20 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly
32.21 salary rate on the date the leave of absence commenced plus annual interest at the rate of
32.22 8.5 percent per year from the end of the fiscal year during which the leave terminates to the
32.23 end of the month during which payment is made. The member must pay the total amount
32.24 required unless the employing unit, at its option, pays the employer contributions. The total
32.25 amount required must be paid by the end of the fiscal year following the fiscal year in which
32.26 the leave of absence terminated or before the member retires, whichever is earlier. Payment
32.27 must be accompanied by a copy of the resolution or action of the employing authority
32.28 granting the leave and the employing authority, upon granting the leave, must certify the
32.29 leave to the association in a manner specified by the executive director. A member may not
32.30 receive more than one year of allowable service credit during any fiscal year by making
32.31 payment under this section. A member may not receive disability benefits under section
32.32 354A.36 and receive allowable service credit under this section for the same period of time.

32.33 Sec. 19. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 1, is
32.34 amended to read:

33.1 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid
 33.2 by each member of a the St. Paul Teachers Retirement Fund Association is the percentage
 33.3 of total salary specified below for the applicable association and program:

33.4 Association and Program	Percentage of Total Salary
33.5 Duluth Teachers Retirement Fund Association	
33.6 old law and new law	
33.7 coordinated programs	
33.8 before July 1, 2013	6.5 percent
33.9 effective July 1, 2013	7.0 percent
33.10 effective July 1, 2014	7.5 percent
33.11 St. Paul Teachers Retirement Fund Association	
33.12 basic program after June 30, 2012	8.5 percent
33.13 basic program after June 30, 2013	8.75 percent
33.14 basic program after June 30, 2014	9.0 percent
33.15 basic program after June 30, 2015	9.5 percent
33.16 basic program after June 30, 2016	10.0 percent
33.17 coordinated program after June 30, 2012	6.0 percent
33.18 coordinated program after June 30, 2013	6.25 percent
33.19 coordinated program after June 30, 2014	6.5 percent
33.20 coordinated program after June 30, 2015	7.0 percent
33.21 coordinated program after June 30, 2016	7.5 percent

33.22 (b) Contributions shall must be made by deduction from salary and must be remitted
 33.23 directly to the respective St. Paul Teachers Retirement Fund Association at least once
 33.24 each month.

33.25 (c) When an employee contribution rate changes for a fiscal year, the new
 33.26 contribution rate is effective for the entire salary paid by the employer with the first
 33.27 payroll cycle reported.

33.28 Sec. 20. Minnesota Statutes 2012, section 354A.12, subdivision 2, is amended to read:

33.29 Subd. 2. **Retirement contribution levy disallowed.** Except as provided in
 33.30 section 423A.02, subdivision 3, with respect to Independent School District No. 625,
 33.31 notwithstanding any law to the contrary, levies for the St. Paul Teachers Retirement Fund
 33.32 ~~associations in the cities of Duluth and St. Paul Association~~, including levies for any
 33.33 employer Social Security taxes for teachers covered by the ~~Duluth Teachers Retirement~~
 33.34 ~~Fund Association or the St. Paul Teachers Retirement Fund Association~~, are disallowed.

33.35 Sec. 21. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 2a,
 33.36 is amended to read:

34.1 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
 34.2 units shall make the following employer contributions to the teachers retirement fund
 34.3 ~~associations~~ association:

34.4 (1) for any coordinated member of ~~one of the following~~ St. Paul Teachers
 34.5 Retirement Fund associations in a city of the first class Association, the employing unit
 34.6 shall make a regular employer contribution to the ~~respective~~ retirement fund association in
 34.7 an amount equal to the designated percentage of the salary of the coordinated member
 34.8 as provided below:

34.9	Duluth Teachers Retirement Fund Association	
34.10	before July 1, 2013	6.79 percent
34.11	effective July 1, 2013	7.29 percent
34.12	effective July 1, 2014	7.50 percent
34.13	St. Paul Teachers Retirement Fund Association	
34.14	after June 30, 2012	5.0 percent
34.15	after June 30, 2013	5.25 percent
34.16	after June 30, 2014	5.5 percent
34.17	after June 30, 2015	6.0 percent
34.18	after June 30, 2016	6.25 percent
34.19	after June 30, 2017	6.5 percent

34.20 (2) for any basic member of the St. Paul Teachers Retirement Fund Association, the
 34.21 employing unit shall make a regular employer contribution to the respective retirement
 34.22 fund in an amount according to the schedule below:

34.23	after June 30, 2012	8.5 percent of salary
34.24	after June 30, 2013	8.75 percent of salary
34.25	after June 30, 2014	9.0 percent of salary
34.26	after June 30, 2015	9.5 percent of salary
34.27	after June 30, 2016	9.75 percent of salary
34.28	after June 30, 2017	10.0 percent of salary

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

34.32 (4) for a coordinated member of the St. Paul Teachers Retirement Fund Association,
 34.33 the employing unit shall make an additional employer contribution to the respective fund
 34.34 in an amount equal to ~~the applicable percentage~~ 3.84 percent of the coordinated member's
 34.35 salary, ~~as provided below~~:

34.36	St. Paul Teachers Retirement Fund Association	3.84 percent
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35.1 (b) The regular and additional employer contributions must be remitted directly to
 35.2 the respective St. Paul Teachers Retirement Fund Association at least once each month.
 35.3 Delinquent amounts are payable with interest under the procedure in subdivision 1a.

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

35.7 (d) When an employer contribution rate changes for a fiscal year, the new
 35.8 contribution rate is effective for the entire salary paid by the employer with the first
 35.9 payroll cycle reported.

35.10 Sec. 22. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3a,
 35.11 is amended to read:

35.12 Subd. 3a. **Special direct state aid to first class city teachers retirement fund**
 35.13 **associations.** (a) The state shall pay ~~\$346,000 as special direct state aid to the Duluth~~
 35.14 ~~Teachers Retirement Fund Association and~~ \$2,827,000 to the St. Paul Teachers Retirement
 35.15 Fund Association.

35.16 (b) The ~~aids~~ aid under this subdivision are payable October 1 annually. The
 35.17 commissioner of management and budget shall pay the aids specified in this subdivision.
 35.18 The amounts required are appropriated annually from the general fund to the commissioner
 35.19 of management and budget.

35.20 Sec. 23. Minnesota Statutes 2012, section 354A.31, subdivision 1, is amended to read:

35.21 Subdivision 1. **Age and service requirements.** Any coordinated member or former
 35.22 coordinated member of the ~~Duluth Teachers Retirement Fund Association or of the St.~~
 35.23 ~~Paul Teachers Retirement Fund Association~~ who has ceased to render teaching service for
 35.24 ~~the Independent School District in which the teachers retirement fund association exists~~
 35.25 No. 625, who is vested and who has either attained the age of at least 55 years or received
 35.26 credit for not less than 30 years of allowable service regardless of age, ~~shall be~~ is entitled
 35.27 upon written application to a retirement annuity.

35.28 Sec. 24. Minnesota Statutes 2012, section 354A.32, subdivision 1, is amended to read:

35.29 Subdivision 1. **Optional forms generally.** The board of the St. Paul Teachers
 35.30 Retirement Fund Association shall establish for the coordinated program ~~and the board~~
 35.31 ~~of the Duluth Teachers Retirement Fund Association shall establish for the new law~~
 35.32 ~~coordinated program~~ an optional retirement annuity which ~~shall~~ must take the form of
 35.33 a joint and survivor annuity. ~~Each~~ The board may also, in its discretion, establish an

36.1 optional annuity which ~~shall~~ may take the form of an annuity payable for a period certain
 36.2 and for life thereafter. ~~Each~~ The board shall also establish an optional retirement annuity
 36.3 that guarantees payment of the balance of the annuity recipient's accumulated deductions
 36.4 to a designated beneficiary upon the death of the annuity recipient. Except as provided in
 36.5 subdivision 1a, the optional annuity forms ~~shall~~ must be the actuarial equivalent of the
 36.6 normal forms provided in section 354A.31. In establishing these optional annuity forms,
 36.7 the board shall obtain the written recommendation of the actuary retained under section
 36.8 356.214. The recommendation ~~shall~~ must be a part of the permanent records of the board.

36.9 Sec. 25. Minnesota Statutes 2012, section 354A.35, subdivision 1, is amended to read:

36.10 Subdivision 1. **Death before retirement; refund.** If a coordinated member or
 36.11 former coordinated member dies ~~prior to~~ before retirement or ~~prior to~~ before the receipt
 36.12 of any retirement annuity or other benefit payment which is or may be payable and a
 36.13 surviving spouse optional annuity is not payable ~~pursuant to~~ under subdivision 2, a
 36.14 refund ~~shall~~ must be paid to the person's surviving spouse, or if there is none, to the
 36.15 person's designated beneficiary, or if there is none, to the legal representative of the
 36.16 person's estate. For a coordinated member or former coordinated member of the St. Paul
 36.17 Teachers Retirement Fund Association, the refund ~~shall~~ must be in an amount equal to the
 36.18 person's accumulated employee contributions plus interest at the rate of six percent per
 36.19 annum compounded annually. ~~For a coordinated member or former coordinated member~~
 36.20 ~~of the Duluth Teachers Retirement Fund Association, the refund shall be in an amount~~
 36.21 ~~equal to the person's accumulated employee contributions plus interest at the rate of six~~
 36.22 ~~percent per annum compounded annually to July 1, 2010, and four percent per annum~~
 36.23 ~~compounded annually thereafter.~~

36.24 Sec. 26. Minnesota Statutes 2012, section 354A.37, subdivision 3, is amended to read:

36.25 Subd. 3. **Computation of refund amount.** A former coordinated member who
 36.26 qualifies for a refund under subdivision 1 ~~shall~~ is entitled to receive a refund equal to the
 36.27 amount of the former coordinated member's accumulated employee contributions with
 36.28 interest at the rate of six percent per annum compounded annually to ~~July 1, 2010, if the~~
 36.29 ~~person is a former member of the Duluth Teachers Retirement Fund Association, or to~~
 36.30 July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund
 36.31 Association, and four percent per annum compounded annually thereafter.

36.32 Sec. 27. Minnesota Statutes 2012, section 354A.37, subdivision 4, is amended to read:

37.1 Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member
37.2 who has attained the normal retirement age with less than ten years of allowable service
37.3 credit and has terminated active teaching service ~~shall be~~ is entitled to a refund in lieu of a
37.4 proportionate annuity under section 356.32. The refund must be equal to the coordinated
37.5 member's accumulated employee contributions plus interest at the rate of six percent
37.6 compounded annually to July 1, 2010, ~~if the person is a former member of the Duluth~~
37.7 ~~Teachers Retirement Fund Association,~~ or to July 1, 2011, if the person is a former
37.8 member of the St. Paul Teachers Retirement Fund Association, and four percent per
37.9 annum compounded annually thereafter.

37.10 Sec. 28. Minnesota Statutes 2012, section 354A.39, is amended to read:

37.11 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

37.12 Any person who has been a member of the Minnesota State Retirement System, the
37.13 Public Employees Retirement Association including the Public Employees Retirement
37.14 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota
37.15 State Patrol Retirement Association, the legislators retirement plan, the constitutional
37.16 officers retirement plan, ~~the Duluth Teachers Retirement Fund Association new law~~
37.17 ~~coordinated program,~~ the St. Paul Teachers Retirement Fund Association coordinated
37.18 program, or any other public employee retirement system in the state of Minnesota
37.19 having a like provision, but excluding all other funds providing retirement benefits for
37.20 police officers or firefighters, is entitled, when qualified, to an annuity from each fund if
37.21 the person's total allowable service in all of the funds or in any two or more of the funds
37.22 totals three or more years, provided that no portion of the allowable service upon which
37.23 the retirement annuity from one fund is based is used again in the computation for a
37.24 retirement annuity from another fund and provided further that the person has not taken a
37.25 refund from any of funds or associations since the person's membership in the fund or
37.26 association has terminated. The annuity from each fund or association must be determined
37.27 by the appropriate provisions of the law governing each fund or association, except that
37.28 the requirement that a person must have at least three years of allowable service in the
37.29 respective fund or association does not apply for the purposes of this section, provided
37.30 that the aggregate service in two or more of these funds equals three or more years.

37.31 Sec. 29. Minnesota Statutes 2012, section 354A.41, is amended to read:

37.32 **354A.41 ADMINISTRATION OF COORDINATED PROGRAM.**

37.33 Subdivision 1. **Administrative provisions.** The provisions of the articles of
37.34 incorporation and bylaws of the St. Paul Teachers Retirement Fund Association relating

38.1 to the administration of the fund shall govern the administration of the coordinated and
38.2 basic programs ~~and the provisions of the articles of incorporation and bylaws of the~~
38.3 ~~Duluth Teachers Retirement Fund Association relating to the administration of the fund~~
38.4 ~~shall govern the administration of the new law coordinated program in instances where the~~
38.5 administrative provisions are not inconsistent with the provisions of sections 354A.31 to
38.6 354A.41, including but not limited to provisions relating to the composition and function
38.7 of the board of trustees, the investment of assets of the St. Paul Teachers Retirement Fund
38.8 Association, and the definition of the plan year. The administrative provisions in the
38.9 articles of incorporation and the bylaws of the Minneapolis Teachers Retirement Fund
38.10 Association pertaining to the granting of pension benefits of the basic and coordinated
38.11 programs are no longer in effect after June 30, 2006, and the administrative provisions of
38.12 the Duluth Teachers Retirement Fund Association pertaining to retirement benefits of the
38.13 old law coordinated program are no longer in effect after June 30, 2015.

38.14 Subd. 2. **Actuarial valuations.** In any actuarial valuation of the St. Paul Teachers
38.15 Retirement Fund Association, ~~or the Duluth Teachers Retirement Fund Association~~ under
38.16 section 356.215 prepared by the actuary retained under section 356.214 or supplemental
38.17 actuarial valuation prepared by an approved actuary retained by the St. Paul Teachers
38.18 Retirement Fund Association, there ~~shall~~ must be included a finding of the condition of the
38.19 fund showing separately the basic and coordinated programs ~~or the old law coordinated~~
38.20 ~~and new law coordinated programs, as appropriate.~~ The finding ~~shall~~ must include the level
38.21 normal cost and the applicable employee and employer contribution rates for each program.

38.22 Sec. 30. Minnesota Statutes 2012, section 354B.21, subdivision 3a, is amended to read:

38.23 Subd. 3a. **Plan coverage and election; certain past service technical college**
38.24 **faculty.** (a) Notwithstanding subdivision 3, if an employee of the board was employed in
38.25 a faculty position in a technical college on June 30, 1997, with coverage by the Teachers
38.26 Retirement Association, the employee retains that coverage. If the employee was a
38.27 technical college faculty member on June 30, 1995, covered by a first class city teacher
38.28 retirement fund established under chapter 354A, the retirement coverage continues with
38.29 ~~the Duluth Teachers Retirement Fund Association or the~~ St. Paul Teachers Retirement
38.30 Fund Association, whichever is applicable. If the person was a technical college faculty
38.31 member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund
38.32 Association or the former Duluth Teachers Retirement Fund Association, the Teachers
38.33 Retirement Association shall provide coverage.

38.34 (b) An employee under paragraph (a) who has coverage by ~~a first class city~~
38.35 ~~teacher~~ the St. Paul Teachers Retirement Fund Association retains that coverage for the

39.1 duration of the person's employment by the board unless, within one year of a change in
 39.2 employment within the Minnesota State Colleges and Universities system, the person
 39.3 elects the individual retirement account plan for all future employment by the board.
 39.4 The election is irrevocable.

39.5 Sec. 31. Minnesota Statutes 2012, section 355.01, subdivision 2c, is amended to read:

39.6 Subd. 2c. **Duluth teacher.** "Duluth teacher" means a person employed by
 39.7 Independent School District No. 709, Duluth, who holds a position covered by the ~~Duluth~~
 39.8 Teachers Retirement Fund Association established under ~~chapter 354A~~ section 354.73.

39.9 Sec. 32. Minnesota Statutes 2013 Supplement, section 356.20, subdivision 2, is
 39.10 amended to read:

39.11 Subd. 2. **Covered public pension plans and funds.** This section applies to the
 39.12 following public pension plans:

39.13 (1) the general state employees retirement plan of the Minnesota State Retirement
 39.14 System;

39.15 (2) the general employees retirement plan of the Public Employees Retirement
 39.16 Association;

39.17 (3) the Teachers Retirement Association;

39.18 (4) the State Patrol retirement plan;

39.19 (5) the St. Paul Teachers Retirement Fund Association;

39.20 ~~(6) the Duluth Teachers Retirement Fund Association;~~

39.21 ~~(7) (6)~~ the University of Minnesota faculty retirement plan;

39.22 ~~(8) (7)~~ the University of Minnesota faculty supplemental retirement plan;

39.23 ~~(9) (8)~~ the judges retirement fund;

39.24 ~~(10) (9)~~ the Bloomington Fire Department Relief Association;

39.25 ~~(11) (10)~~ a volunteer firefighter relief association governed by section 424A.091;

39.26 ~~(12) (11)~~ the public employees police and fire plan of the Public Employees
 39.27 Retirement Association;

39.28 ~~(13) (12)~~ the correctional state employees retirement plan of the Minnesota State
 39.29 Retirement System;

39.30 ~~(14) (13)~~ the local government correctional service retirement plan of the Public
 39.31 Employees Retirement Association; and

39.32 ~~(15) (14)~~ the voluntary statewide lump-sum volunteer firefighter retirement plan.

40.1 Sec. 33. Minnesota Statutes 2013 Supplement, section 356.214, subdivision 1, is
40.2 amended to read:

40.3 Subdivision 1. **Actuary retention.** (a) The governing board or managing or
40.4 administrative official of each public pension plan and retirement fund or plan enumerated
40.5 in paragraph (b) shall contract with an established actuarial consulting firm to conduct
40.6 annual actuarial valuations and related services. The principal from the actuarial
40.7 consulting firm on the contract must be an approved actuary under section 356.215,
40.8 subdivision 1, paragraph (c).

40.9 (b) Actuarial services must include the preparation of actuarial valuations and
40.10 related actuarial work for the following retirement plans:

- 40.11 (1) the teachers retirement plan, Teachers Retirement Association;
40.12 (2) the general state employees retirement plan, Minnesota State Retirement System;
40.13 (3) the correctional employees retirement plan, Minnesota State Retirement System;
40.14 (4) the State Patrol retirement plan, Minnesota State Retirement System;
40.15 (5) the judges retirement plan, Minnesota State Retirement System;
40.16 (6) the general employees retirement plan, Public Employees Retirement
40.17 Association, including the MERF division;
40.18 (7) the public employees police and fire plan, Public Employees Retirement
40.19 Association;
40.20 ~~(8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund~~
40.21 ~~Association;~~
40.22 ~~(9)~~ (8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
40.23 Association;
40.24 ~~(10)~~ (9) the legislators retirement plan, Minnesota State Retirement System; and
40.25 ~~(11)~~ (10) the local government correctional service retirement plan, Public
40.26 Employees Retirement Association.

40.27 (c) The actuarial valuation for the legislators retirement plan must include a separate
40.28 calculation of total plan actuarial accrued liabilities due to constitutional officer coverage
40.29 under section 3A.17.

40.30 (d) The contracts must require completion of the annual actuarial valuation
40.31 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations
40.32 as specified in section 356.215, and in conformity with the standards for actuarial work
40.33 adopted by the Legislative Commission on Pensions and Retirement.

40.34 The contracts must require completion of annual experience data collection and
40.35 processing and a quadrennial published experience study for the plans listed in paragraph
40.36 (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by

41.1 the commission. The experience data collection, processing, and analysis must evaluate
41.2 the following:

- 41.3 (1) individual salary progression;
- 41.4 (2) the rate of return on investments based on the current asset value;
- 41.5 (3) payroll growth;
- 41.6 (4) mortality;
- 41.7 (5) retirement age;
- 41.8 (6) withdrawal; and
- 41.9 (7) disablement.

41.10 (e) The actuary shall annually prepare a report to the governing or managing board
41.11 or administrative official and the legislature, summarizing the results of the actuarial
41.12 valuation calculations. The actuary shall include with the report any recommendations
41.13 concerning the appropriateness of the support rates to achieve proper funding of
41.14 the retirement plans by the required funding dates. The actuary shall, as part of the
41.15 quadrennial experience study, include recommendations on the appropriateness of the
41.16 actuarial valuation assumptions required for evaluation in the study.

41.17 (f) If the actuarial gain and loss analysis in the actuarial valuation calculations
41.18 indicates a persistent pattern of sizable gains or losses, the governing or managing board
41.19 or administrative official shall direct the actuary to prepare a special experience study for a
41.20 plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), or (10), ~~or (11)~~, in the manner
41.21 provided for in the standards for actuarial work adopted by the commission.

41.22 Sec. 34. Minnesota Statutes 2013 Supplement, section 356.215, subdivision 8, is
41.23 amended to read:

41.24 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
41.25 the applicable following preretirement interest assumption and the applicable following
41.26 postretirement interest assumption:

41.27 (1) select and ultimate interest rate assumption

41.28	ultimate	ultimate
41.29	preretirement	postretirement
41.30	interest rate	interest rate
41.31	assumption	assumption
plan		
41.32 general state employees retirement plan	8.5%	6.0%
41.33 correctional state employees retirement plan	8.5	6.0
41.34 State Patrol retirement plan	8.5	6.0
41.35 legislators retirement plan, and for the	0.0	0.0
41.36 constitutional officers calculation of total plan		
41.37 liabilities		
41.38 judges retirement plan	8.5	6.0

42.1	general public employees retirement plan	8.5	6.0
42.2	public employees police and fire retirement plan	8.5	6.0
42.3	local government correctional service	8.5	6.0
42.4	retirement plan		
42.5	teachers retirement plan	8.5	6.0
42.6	Duluth teachers retirement plan	8.5	8.5
42.7	St. Paul teachers retirement plan	8.5	8.5

42.8 Except for the legislators retirement plan and the constitutional officers calculation
 42.9 of total plan liabilities, the select preretirement interest rate assumption for the period
 42.10 after June 30, 2012, through June 30, 2017, is 8.0 percent. Except for the legislators
 42.11 retirement plan and the constitutional officers calculation of total plan liabilities, the select
 42.12 postretirement interest rate assumption for the period after June 30, 2012, through June
 42.13 30, 2017, is 5.5 percent, except for the ~~Duluth teachers retirement plan~~ and the St. Paul
 42.14 teachers retirement plan, each with a select postretirement interest rate assumption for the
 42.15 period after June 30, 2012, through June 30, 2017, of 8.0 percent.

42.16 (2) single rate preretirement and postretirement interest rate assumption

42.17	plan	interest rate
42.18		assumption
42.19	Bloomington Fire Department Relief Association	6.0
42.20	local monthly benefit volunteer firefighters relief	5.0
42.21	associations	

42.22 (b) The actuarial valuation must use the applicable following single rate future salary
 42.23 increase assumption, the applicable following modified single rate future salary increase
 42.24 assumption, or the applicable following graded rate future salary increase assumption:

42.25 (1) single rate future salary increase assumption

42.26	plan	future salary increase assumption
42.27	legislators retirement plan	5.0%
42.28	judges retirement plan	3.0
42.29	Bloomington Fire Department Relief	4.0
42.30	Association	

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

42.33	plan	future salary increase assumption
42.34	local government correctional service retirement plan	assumption <u>C</u> <u>B</u>
42.35	Duluth teachers retirement plan	assumption <u>A</u>
42.36	St. Paul teachers retirement plan	assumption <u>B</u> <u>A</u>

42.37 For plans other than the ~~Duluth~~ St. Paul
 42.38 teachers retirement plan and the local

43.1 government correctional service retirement
 43.2 plan, the select calculation is: during the
 43.3 designated select period, a designated
 43.4 percentage rate is multiplied by the result of
 43.5 the designated integer minus T, where T is the
 43.6 number of completed years of service, and is
 43.7 added to the applicable future salary increase
 43.8 assumption. The designated select period is
 43.9 ten years and the designated integer is ten
 43.10 ~~for the Duluth Teachers Retirement Fund~~
 43.11 ~~Association and for the local government~~
 43.12 ~~correctional service retirement plan and 15~~
 43.13 ~~for the St. Paul Teachers Retirement Fund~~
 43.14 ~~Association. The designated percentage~~
 43.15 ~~rate is 0.2 percent for the St. Paul Teachers~~
 43.16 ~~Retirement Fund Association. The select~~
 43.17 ~~calculation for the Duluth Teachers~~
 43.18 ~~Retirement Fund Association is 8.00 percent~~
 43.19 ~~per year for service years one through seven,~~
 43.20 ~~7.25 percent per year for service years seven~~
 43.21 ~~and eight, and 6.50 percent per year for~~
 43.22 ~~service years eight and nine.~~

43.23 The ultimate future salary increase assumption is:

43.24 age	A	B A	€ B
43.25 16	6.00%	5.90%	9.00%
43.26 17	6.00	5.90	9.00
43.27 18	6.00	5.90	9.00
43.28 19	6.00	5.90	9.00
43.29 20	6.00	5.90	9.00
43.30 21	6.00	5.90	8.75
43.31 22	6.00	5.90	8.50
43.32 23	6.00	5.85	8.25
43.33 24	6.00	5.80	8.00
43.34 25	6.00	5.75	7.75
43.35 26	6.00	5.70	7.50
43.36 27	6.00	5.65	7.25
43.37 28	6.00	5.60	7.00
43.38 29	6.00	5.55	6.75
43.39 30	6.00	5.50	6.75

44.1	31	6.00	5.45	6.50
44.2	32	6.00	5.40	6.50
44.3	33	6.00	5.35	6.50
44.4	34	6.00	5.30	6.25
44.5	35	6.00	5.25	6.25
44.6	36	5.86	5.20	6.00
44.7	37	5.73	5.15	6.00
44.8	38	5.59	5.10	6.00
44.9	39	5.45	5.05	5.75
44.10	40	5.31	5.00	5.75
44.11	41	5.18	4.95	5.75
44.12	42	5.04	4.90	5.50
44.13	43	4.90	4.85	5.25
44.14	44	4.76	4.80	5.25
44.15	45	4.63	4.75	5.00
44.16	46	4.49	4.70	5.00
44.17	47	4.35	4.65	5.00
44.18	48	4.21	4.60	5.00
44.19	49	4.08	4.55	5.00
44.20	50	3.94	4.50	5.00
44.21	51	3.80	4.45	5.00
44.22	52	3.66	4.40	5.00
44.23	53	3.53	4.35	5.00
44.24	54	3.39	4.30	5.00
44.25	55	3.25	4.25	4.75
44.26	56	3.25	4.20	4.75
44.27	57	3.25	4.15	4.50
44.28	58	3.25	4.10	4.25
44.29	59	3.25	4.05	4.25
44.30	60	3.25	4.00	4.25
44.31	61	3.25	4.00	4.25
44.32	62	3.25	4.00	4.25
44.33	63	3.25	4.00	4.25
44.34	64	3.25	4.00	4.25
44.35	65	3.25	4.00	4.00
44.36	66	3.25	4.00	4.00
44.37	67	3.25	4.00	4.00
44.38	68	3.25	4.00	4.00
44.39	69	3.25	4.00	4.00
44.40	70	3.25	4.00	4.00

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

45.1	general state employees retirement plan of the					assumption A	
45.2	Minnesota State Retirement System						
45.3	general employees retirement plan of the Public					assumption B	
45.4	Employees Retirement Association						
45.5	Teachers Retirement Association					assumption C	
45.6	public employees police and fire retirement plan					assumption D	
45.7	State Patrol retirement plan					assumption E	
45.8	correctional state employees retirement plan of the					assumption F	
45.9	Minnesota State Retirement System						
45.10	service						
45.11	length	A	B	C	D	E	F
45.12	1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
45.13	2	8.10	8.90	9.00	11.00	7.50	5.85
45.14	3	6.90	7.46	8.00	9.00	7.00	5.70
45.15	4	6.20	6.58	7.50	8.00	6.75	5.55
45.16	5	5.70	5.97	7.25	6.50	6.50	5.40
45.17	6	5.30	5.52	7.00	6.10	6.25	5.25
45.18	7	5.00	5.16	6.85	5.80	6.00	5.10
45.19	8	4.70	4.87	6.70	5.60	5.85	4.95
45.20	9	4.50	4.63	6.55	5.40	5.70	4.80
45.21	10	4.40	4.42	6.40	5.30	5.55	4.65
45.22	11	4.20	4.24	6.25	5.20	5.40	4.55
45.23	12	4.10	4.08	6.00	5.10	5.25	4.45
45.24	13	4.00	3.94	5.75	5.00	5.10	4.35
45.25	14	3.80	3.82	5.50	4.90	4.95	4.25
45.26	15	3.70	3.70	5.25	4.80	4.80	4.15
45.27	16	3.60	3.60	5.00	4.80	4.65	4.05
45.28	17	3.50	3.51	4.75	4.80	4.50	3.95
45.29	18	3.50	3.50	4.50	4.80	4.35	3.85
45.30	19	3.50	3.50	4.25	4.80	4.20	3.75
45.31	20	3.50	3.50	4.00	4.80	4.05	3.75
45.32	21	3.50	3.50	3.90	4.70	4.00	3.75
45.33	22	3.50	3.50	3.80	4.60	4.00	3.75
45.34	23	3.50	3.50	3.70	4.50	4.00	3.75
45.35	24	3.50	3.50	3.60	4.50	4.00	3.75
45.36	25	3.50	3.50	3.50	4.50	4.00	3.75
45.37	26	3.50	3.50	3.50	4.50	4.00	3.75
45.38	27	3.50	3.50	3.50	4.50	4.00	3.75
45.39	28	3.50	3.50	3.50	4.50	4.00	3.75
45.40	29	3.50	3.50	3.50	4.50	4.00	3.75
45.41	30 or more	3.50	3.50	3.50	4.50	4.00	3.75
45.42	(c) The actuarial valuation must use the applicable following payroll growth						
45.43	assumption for calculating the amortization requirement for the unfunded actuarial						

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

46.3	plan	payroll growth assumption
46.4	general state employees retirement plan of the	3.75%
46.5	Minnesota State Retirement System	
46.6	correctional state employees retirement plan	3.75
46.7	State Patrol retirement plan	3.75
46.8	judges retirement plan	3.00
46.9	general employees retirement plan of the Public	3.75
46.10	Employees Retirement Association	
46.11	public employees police and fire retirement plan	3.75
46.12	local government correctional service retirement plan	3.75
46.13	teachers retirement plan	3.75
46.14	Duluth teachers retirement plan	3.50
46.15	St. Paul teachers retirement plan	4.00

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

46.18 (1) has been proposed by the governing board of the applicable retirement plan;

46.19 (2) is accompanied by the concurring recommendation of the actuary retained under
46.20 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
46.21 most recent actuarial valuation report if section 356.214 does not apply; and

46.22 (3) has been approved or deemed approved under subdivision 18.

46.23 Sec. 35. Minnesota Statutes 2013 Supplement, section 356.219, subdivision 8, is
46.24 amended to read:

46.25 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief
46.26 Association and the volunteer firefighter relief associations, the information required
46.27 under this section must be submitted by the due date for reports required under section
46.28 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of
46.29 a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered
46.30 by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief
46.31 administrative officer of the covered pension plan shall certify that compliance on a form
46.32 prescribed by the state auditor. The state auditor shall transmit annually to the State Board
46.33 of Investment a list or lists of covered pension plans which submitted certifications in
46.34 order to facilitate reporting by the State Board of Investment under paragraph (c).

46.35 (b) For the St. Paul Teachers Retirement Fund Association, ~~the Duluth Teachers~~
46.36 ~~Retirement Fund Association~~, and the University of Minnesota faculty supplemental

47.1 retirement plan, the information required under this section must be submitted to the state
47.2 auditor by June 1 of each year.

47.3 (c) The State Board of Investment, on behalf of pension funds specified in
47.4 subdivision 1, paragraph (c), ~~must~~ shall report information required under this section by
47.5 September 1 of each year.

47.6 Sec. 36. Minnesota Statutes 2013 Supplement, section 356.30, subdivision 3, is
47.7 amended to read:

47.8 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

47.9 (1) the general state employees retirement plan of the Minnesota State Retirement
47.10 System, established under chapter 352;

47.11 (2) the correctional state employees retirement plan of the Minnesota State
47.12 Retirement System, established under chapter 352;

47.13 (3) the unclassified employees retirement program, established under chapter 352D;

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

47.15 (5) the legislators retirement plan, established under chapter 3A, including
47.16 constitutional officers as specified in that chapter;

47.17 (6) the general employees retirement plan of the Public Employees Retirement
47.18 Association, established under chapter 353, including the MERF division of the Public
47.19 Employees Retirement Association;

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

47.22 (8) the local government correctional service retirement plan of the Public
47.23 Employees Retirement Association, established under chapter 353E;

47.24 (9) the Teachers Retirement Association, established under chapter 354;

47.25 (10) the St. Paul Teachers Retirement Fund Association, established under chapter
47.26 354A; and

47.27 ~~(11) the Duluth Teachers Retirement Fund Association, established under chapter~~
47.28 ~~354A; and~~

47.29 ~~(12)~~ (11) the judges retirement fund, established by chapter 490.

47.30 Sec. 37. Minnesota Statutes 2012, section 356.302, subdivision 7, is amended to read:

47.31 Subd. 7. **Covered retirement plans.** This section applies to the following
47.32 retirement plans:

47.33 (1) the general state employees retirement plan of the Minnesota State Retirement
47.34 System, established by chapter 352;

- 48.1 (2) the unclassified state employees retirement program of the Minnesota State
 48.2 Retirement System, established by chapter 352D;
- 48.3 (3) the general employees retirement plan of the Public Employees Retirement
 48.4 Association, established by chapter 353, including the MERF division of the Public
 48.5 Employees Retirement Association;
- 48.6 (4) the Teachers Retirement Association, established by chapter 354;
- 48.7 ~~(5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~
- 48.8 ~~(6)~~ (5) the St. Paul Teachers Retirement Fund Association, established by chapter
 48.9 354A;
- 48.10 ~~(7)~~ (6) the state correctional employees retirement plan of the Minnesota State
 48.11 Retirement System, established by chapter 352;
- 48.12 ~~(8)~~ (7) the State Patrol retirement plan, established by chapter 352B;
- 48.13 ~~(9)~~ (8) the public employees police and fire plan of the Public Employees Retirement
 48.14 Association, established by chapter 353;
- 48.15 ~~(10)~~ (9) the local government correctional service retirement plan of the Public
 48.16 Employees Retirement Association, established by chapter 353E; and
- 48.17 ~~(11)~~ (10) the judges retirement plan, established by chapter 490.

48.18 Sec. 38. Minnesota Statutes 2012, section 356.303, subdivision 4, is amended to read:

48.19 Subd. 4. **Covered retirement plans.** This section applies to the following
 48.20 retirement plans:

- 48.21 (1) the legislators retirement plan, established by chapter 3A;
- 48.22 (2) the general state employees retirement plan of the Minnesota State Retirement
 48.23 System, established by chapter 352;
- 48.24 (3) the correctional state employees retirement plan of the Minnesota State
 48.25 Retirement System, established by chapter 352;
- 48.26 (4) the State Patrol retirement plan, established by chapter 352B;
- 48.27 (5) the elective state officers retirement plan, established by chapter 352C;
- 48.28 (6) the unclassified state employees retirement program, established by chapter 352D;
- 48.29 (7) the general employees retirement plan of the Public Employees Retirement
 48.30 Association, established by chapter 353, including the MERF division of the Public
 48.31 Employees Retirement Association;
- 48.32 (8) the public employees police and fire plan of the Public Employees Retirement
 48.33 Association, established by chapter 353;
- 48.34 (9) the local government correctional service retirement plan of the Public
 48.35 Employees Retirement Association, established by chapter 353E;

- 49.1 (10) the Teachers Retirement Association, established by chapter 354;
49.2 ~~(11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~
49.3 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established by chapter
49.4 354A; and
49.5 ~~(13)~~ (12) the judges retirement fund, established by chapter 490.

49.6 Sec. 39. Minnesota Statutes 2012, section 356.32, subdivision 2, is amended to read:

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

49.9 (1) the general state employees retirement plan of the Minnesota State Retirement
49.10 System, established under chapter 352;

49.11 (2) the correctional state employees retirement plan of the Minnesota State
49.12 Retirement System, established under chapter 352;

49.13 (3) the State Patrol retirement plan, established under chapter 352B;

49.14 (4) the general employees retirement plan of the Public Employees Retirement
49.15 Association, established under chapter 353, including the MERF division of the Public
49.16 Employees Retirement Association;

49.17 (5) the public employees police and fire plan of the Public Employees Retirement
49.18 Association, established under chapter 353;

49.19 (6) the Teachers Retirement Association, established under chapter 354; and

49.20 ~~(7) the Duluth Teachers Retirement Fund Association, established under chapter~~
49.21 ~~354A; and~~

49.22 ~~(8)~~ (7) the St. Paul Teachers Retirement Fund Association, established under chapter
49.23 354A.

49.24 Sec. 40. Minnesota Statutes 2013 Supplement, section 356.401, subdivision 3, is
49.25 amended to read:

49.26 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
49.27 following retirement plans:

49.28 (1) the legislators retirement plan, established by chapter 3A, including constitutional
49.29 officers as specified in that chapter;

49.30 (2) the general state employees retirement plan of the Minnesota State Retirement
49.31 System, established by chapter 352;

49.32 (3) the correctional state employees retirement plan of the Minnesota State
49.33 Retirement System, established by chapter 352;

49.34 (4) the State Patrol retirement plan, established by chapter 352B;

- 50.1 (5) the unclassified state employees retirement program, established by chapter 352D;
- 50.2 (6) the general employees retirement plan of the Public Employees Retirement
- 50.3 Association, established by chapter 353, including the MERF division of the Public
- 50.4 Employees Retirement Association;
- 50.5 (7) the public employees police and fire plan of the Public Employees Retirement
- 50.6 Association, established by chapter 353;
- 50.7 (8) the public employees defined contribution plan, established by chapter 353D;
- 50.8 (9) the local government correctional service retirement plan of the Public
- 50.9 Employees Retirement Association, established by chapter 353E;
- 50.10 (10) the voluntary statewide lump-sum volunteer firefighter retirement plan,
- 50.11 established by chapter 353G;
- 50.12 (11) the Teachers Retirement Association, established by chapter 354;
- 50.13 ~~(12) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~
- 50.14 ~~(13)~~ (12) the St. Paul Teachers Retirement Fund Association, established by chapter
- 50.15 354A;
- 50.16 ~~(14)~~ (13) the individual retirement account plan, established by chapter 354B;
- 50.17 ~~(15)~~ (14) the higher education supplemental retirement plan, established by chapter
- 50.18 354C; and
- 50.19 ~~(16)~~ (15) the judges retirement fund, established by chapter 490.

50.20 Sec. 41. Minnesota Statutes 2012, section 356.42, subdivision 3, is amended to read:

50.21 Subd. 3. **Covered retirement plans.** The postretirement adjustment provided in

50.22 this section applies to the following retirement funds:

- 50.23 (1) the general employees retirement plans of the Public Employees Retirement
- 50.24 Association;
- 50.25 (2) the public employees police and fire plan of the Public Employees Retirement
- 50.26 Association;
- 50.27 (3) the teachers retirement association;
- 50.28 (4) the State Patrol retirement plan;
- 50.29 (5) the state employees retirement plan of the Minnesota State Retirement System;
- 50.30 and
- 50.31 (6) the St. Paul Teachers Retirement Fund Association established under chapter
- 50.32 354A; and
- 50.33 ~~(7) the Duluth Teachers Retirement Fund Association established under chapter~~
- 50.34 ~~354A.~~

51.1 Sec. 42. Minnesota Statutes 2012, section 356.465, subdivision 3, is amended to read:

51.2 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
51.3 following retirement plans:

51.4 (1) the general state employees retirement plan of the Minnesota State Retirement
51.5 System established under chapter 352;

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

51.8 (3) the State Patrol retirement plan established under chapter 352B;

51.9 (4) the legislators retirement plan established under chapter 3A;

51.10 (5) the judges retirement plan established under chapter 490;

51.11 (6) the general employees retirement plan of the Public Employees Retirement
51.12 Association established under chapter 353, including the MERF division of the Public
51.13 Employees Retirement Association;

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

51.16 (8) the teachers retirement plan established under chapter 354;

51.17 ~~(9) the Duluth Teachers Retirement Fund Association established under chapter~~
51.18 ~~354A;~~

51.19 ~~(10)~~ (9) the St. Paul Teachers Retirement Fund Association established under
51.20 chapter 354A; and

51.21 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
51.22 Employees Retirement Association established under chapter 353E.

51.23 Sec. 43. Minnesota Statutes 2012, section 356.47, subdivision 3, is amended to read:

51.24 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
51.25 period ends relating to the reemployment that gave rise to the limitation, and the filing of a
51.26 written application, the retired member is entitled to the payment, in a lump sum, of the
51.27 value of the person's amount under subdivision 2, plus annual compound interest. For the
51.28 general state employees retirement plan, the correctional state employees retirement plan,
51.29 the general employees retirement plan of the Public Employees Retirement Association,
51.30 the public employees police and fire retirement plan, the local government correctional
51.31 employees retirement plan, and the teachers retirement plan, the annual interest rate is
51.32 six percent from the date on which the amount was deducted from the retirement annuity
51.33 to the date of payment or until January 1, 2011, whichever is earlier, and no interest
51.34 after January 1, 2011. ~~For the Duluth Teachers Retirement Fund Association, the annual~~
51.35 ~~interest is six percent from the date on which the amount was deducted from the retirement~~

52.1 ~~annuity to the date of payment or until June 30, 2010, whichever is earlier, and with~~
52.2 ~~no interest accrual after June 30, 2010.~~ For the St. Paul Teachers Retirement Fund
52.3 Association, the annual interest is the rate of six percent from the date that the amount was
52.4 deducted from the retirement annuity to the date of payment or June 30, 2011, whichever
52.5 is earlier, and with no interest accrual after June 30, 2011.

52.6 (b) The written application must be on a form prescribed by the chief administrative
52.7 officer of the applicable retirement plan.

52.8 (c) If the retired member dies before the payment provided for in paragraph (a) is
52.9 made, the amount is payable, upon written application, to the deceased person's surviving
52.10 spouse, or if none, to the deceased person's designated beneficiary, or if none, to the
52.11 deceased person's estate.

52.12 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
52.13 or after the payment date under paragraph (a), if the federal Internal Revenue Code so
52.14 permits, the retired member may elect to have all or any portion of the payment amount
52.15 under this section paid in the form of a direct rollover to an eligible retirement plan as
52.16 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
52.17 retired member. If the retired member dies with a balance remaining payable under this
52.18 section, the surviving spouse of the retired member, or if none, the deceased person's
52.19 designated beneficiary, or if none, the administrator of the deceased person's estate may
52.20 elect a direct rollover under this paragraph.

52.21 Sec. 44. Minnesota Statutes 2012, section 356.99, subdivision 1, is amended to read:

52.22 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in paragraphs
52.23 (b) to (e) have the meanings given them.

52.24 (b) "Chief administrative officer" means the person selected or elected by the
52.25 governing board of a covered pension plan with primary responsibility to administer the
52.26 covered pension plan, or that person's designee or representative.

52.27 (c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision
52.28 3, except clauses (3), (5), and (6).

52.29 (d) "Governing board" means the governing board of the Minnesota State Retirement
52.30 System, the Public Employees Retirement Association, the Teachers Retirement
52.31 Association, ~~the Duluth Teachers Retirement Fund Association,~~ or the St. Paul Teachers
52.32 Retirement Fund Association.

52.33 (e) "Member" means an active plan member in a covered pension plan.

53.1 Sec. 45. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is
53.2 amended to read:

53.3 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the
53.4 difference between \$5,720,000 and the current year amortization aid distributed under
53.5 subdivision 1 that is not distributed for any reason to a municipality must be distributed
53.6 by the commissioner of revenue according to this paragraph. The commissioner shall
53.7 distribute ~~50~~ 60 percent of the amounts derived under this paragraph to the Teachers
53.8 Retirement Association, ~~ten percent to the Duluth Teachers Retirement Fund Association,~~
53.9 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded
53.10 actuarial accrued liabilities of the respective funds. These payments must be made on July
53.11 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth
53.12 Teachers Retirement Fund Association becomes fully funded, the association's eligibility
53.13 for its portion of this aid ceases. Amounts remaining in the undistributed balance account
53.14 at the end of the biennium if aid eligibility ceases cancel to the general fund.

53.15 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
53.16 Independent School District No. 625, St. Paul, must make an additional contribution of
53.17 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

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

53.23 Sec. 46. **CONSOLIDATION OF THE DULUTH TEACHERS RETIREMENT**
53.24 **FUND ASSOCIATION.**

53.25 Subdivision 1. **Membership transfer.** All active, inactive, and retired members
53.26 of the Duluth Teachers Retirement Fund Association are transferred to the Teachers
53.27 Retirement Association and are no longer members of the Duluth Teachers Retirement
53.28 Fund Association as of July 1, 2015.

53.29 Subd. 2. **Teachers Retirement Association membership.** A person first hired as a
53.30 teacher by Independent School District No. 709, Duluth, after June 30, 2015, and who is a
53.31 teacher as defined in Minnesota Statutes, section 354.05, subdivision 2, is a member of the
53.32 Teachers Retirement Association for the person's subsequent teaching service.

53.33 Subd. 3. **Service credit and liability transfer.** All allowable service and salary
53.34 credit of the members and other individuals transferred under subdivision 1 as specified

54.1 in the records of the Duluth Teachers Retirement Fund Association as of June 30, 2015,
54.2 is allowable service credit under Minnesota Statutes, section 354.05, subdivision 13,
54.3 formula service credit under Minnesota Statutes, section 354.05, subdivision 25, and
54.4 salary credit under Minnesota Statutes, section 354.05, subdivision 35, for the Teachers
54.5 Retirement Association.

54.6 Subd. 4. **Transfer of records.** On or before June 30, 2015, the chief administrative
54.7 officer of the Duluth Teachers Retirement Fund Association shall transfer all records and
54.8 documents relating to the funds and the benefit plans of the association to the executive
54.9 director of the Teachers Retirement Association. To the extent possible, original copies of
54.10 all records and documents must be transferred.

54.11 Subd. 5. **Transfer of assets.** (a) On or before December 31, 2014, the chief
54.12 administrative officer of the Duluth Teachers Retirement Fund Association shall transfer
54.13 to the State Board of Investment for investment under section 11A.14, the entire assets of
54.14 the special retirement fund, except for direct real estate holdings, of the Duluth Teachers
54.15 Retirement Fund Association.

54.16 (b) By August 1, 2014, the chief administrative officer of the Duluth Teachers
54.17 Retirement Fund Association must provide to the State Board of Investment a list of
54.18 assets that are intended to be transferred.

54.19 (c) The executive director of the State Board of Investment shall review the assets
54.20 and determine which assets are not in compliance with the requirements and limitations
54.21 set forth in 11A.09, 11A.14, 11A.23 and 11A.24 or are not appropriate for retention
54.22 under the established investment objectives of the State Board of Investment. Within 30
54.23 days of the date on which the asset transfer occurred, the executive director of the State
54.24 Board of Investment shall provide the chief administrative officer of the Duluth Teachers
54.25 Retirement Fund Association with a list of assets that are acceptable for transfer and a list
54.26 of assets that are noncompliant or inappropriate. Acceptable assets, including cash, must
54.27 be transferred at market value, and transfers may begin upon the transfer of legal title and
54.28 notification by the chief administrative officer of the Duluth Teachers Retirement Fund
54.29 Association to the State Board of Investment.

54.30 (d) Assets deemed to be noncompliant or inappropriate must be retained by the
54.31 Duluth Teachers Retirement Fund Association. Within 30 days of receipt of the list of
54.32 noncompliant or inappropriate assets, the chief administrative officer of the Duluth
54.33 Teachers Retirement Fund Association must provide the executive director of the State
54.34 Board of Investment with evidence that the chief administrative officer of the Duluth

55.1 Teachers Retirement Fund Association is taking action to convert noncompliant or
55.2 inappropriate assets to acceptable assets.

55.3 (e) Beginning January 1, 2015, the executive director of the State Board of
55.4 Investment is authorized to direct the process of transferring legal title of assets for which
55.5 such change is deemed necessary.

55.6 (f) On June 30, 2015, the remaining assets of the special retirement fund of the Duluth
55.7 Teachers Retirement Fund Association are transferred to the State Board of Investment
55.8 at market values determined by the executive director of the State Board of Investment.
55.9 Legal title to transferred assets vests with the State Board of Investment on behalf of
55.10 the Teachers Retirement Association. The transfer of the assets of the Duluth Teachers
55.11 Retirement Fund Association special retirement fund must include any investment related
55.12 accounts receivable that are determined by the executive director of the State Board of
55.13 Investment as reasonably capable of being collected and any non-investment related
55.14 accounts receivable that are determined by the executive director of Teachers Retirement
55.15 Association as reasonably capable of being collected. Legal title to accounts receivable
55.16 that are determined as not reasonably capable of being collected transfers to Independent
55.17 School District No. 709, Duluth, as of the date of the determination of the executive
55.18 director of the State Board of Investment and the executive director of Teachers Retirement
55.19 Association. If the accounts receivable transferred to Independent School District No.
55.20 709, Duluth, are subsequently recovered by the school district, the superintendent of
55.21 Independent School District No. 709, Duluth, shall transfer the recovered amount to the
55.22 executive director of Teachers Retirement Association, in cash, for deposit in the teachers
55.23 retirement fund, less the reasonable expenses of the school district related to the recovery.
55.24 If the board of trustees of the Duluth Teachers Retirement Fund Association establishes a
55.25 liquidating trust and deposits any of the retirement fund association assets in that trust
55.26 or if the legislative auditor determines that the transferred assets were in an amount less
55.27 than the full assets of the retirement fund association other than assets in the tax sheltered
55.28 annuity program on the date of transfer as specified in paragraph (g), the amount of any
55.29 untransferred assets are a claim against the state aid otherwise payable to Independent
55.30 School District No. 709, Duluth, payable by the commissioner of management and budget
55.31 upon request by the executive director of the Teachers Retirement Association.

55.32 (g) As of June 30, 2015, assets of the special retirement fund, except for direct real
55.33 estate holdings, of the Duluth Teachers Retirement Fund Association are assets of the
55.34 Teachers Retirement Association to be invested by the State Board of Investment under
55.35 Minnesota Statutes, section 354.07, subdivision 4.

56.1 Subd. 6. Termination of Duluth Teachers Retirement Fund Association special
56.2 retirement fund. (a) As of June 30, 2015, the Duluth Teachers Retirement Fund
56.3 Association as a public retirement plan and its special retirement fund ceases to exist.
56.4 (b) Contracts, records, and obligations of the Duluth Teachers Retirement Fund
56.5 Association special retirement fund existing at the time of consolidation with the Teachers
56.6 Retirement Association are transferred to the Teachers Retirement Association under
56.7 Minnesota Statutes, section 15.039, subdivisions 5 and 5a, except that contracts, records,
56.8 and obligations of the Duluth Teachers Retirement Fund Association special retirement
56.9 fund related to investment and safekeeping of assets are transferred to the State Board of
56.10 Investment pursuant to the provisions of Minnesota Statutes, section 15.039, subdivisions
56.11 5 and 5a. The State Board of Investment has the authority to pay the investment-related
56.12 liabilities and obligations from the assets transferred from the Duluth Teachers Retirement
56.13 Fund Association incurred by the Teachers Retirement Association. The legislative
56.14 auditor shall audit the Duluth Teachers Retirement Fund Association for the fiscal year
56.15 ending June 30, 2015, as part of the Teachers Retirement Association board's annual
56.16 financial reporting requirements under Minnesota Statutes, section 356.20. The board of
56.17 trustees of the Teachers Retirement Association may authorize and contract with either the
56.18 legislative auditor or the state auditor to perform other audit services. Between April 1,
56.19 2015, and June 30, 2015, the Duluth Teachers Retirement Fund Association cannot incur a
56.20 new or additional enforceable contractual liability or obligation without approval of the
56.21 executive director of the Teachers Retirement Association.

56.22 Sec. 47. DULUTH TEACHERS RETIREMENT FUND ASSOCIATION
56.23 EMPLOYEES.

56.24 Effective June 30, 2015, the employees of the Duluth Teachers Retirement Fund
56.25 Association have their employment with the Duluth Teachers Retirement Fund Association
56.26 terminated and, effective July 1, 2015, unless the former employee elects otherwise,
56.27 the Duluth Teachers Retirement Fund Association employees, excluding the Executive
56.28 Director, become employees of the Teachers Retirement Association. The commissioner
56.29 of Minnesota management and budget shall place employees from the former Duluth
56.30 Teachers Retirement Fund Association into state service in their proper classifications,
56.31 except that employees are appointed without examination and must be compensated at no
56.32 less than their current hourly salary rate. Employees must have their accumulated, but
56.33 unused, vacation leave balance as of June 30, 2015, posted to their credit by the Teachers
56.34 Retirement Association, but if the employee has vacation time in excess of the applicable
56.35 maximum, no additional vacation may accrue until the employee's balance falls below

57.1 the maximum permitted by the state for the employee's position. The employees must
57.2 receive length of service credit for vacation leave accrual for time served at the Duluth
57.3 Teachers Retirement Fund Association. Duluth Teachers Retirement Fund Association
57.4 employees who become employees of the Teachers Retirement Association effective on
57.5 July 1, 2015, must be considered to have completed six months of continuous service
57.6 for vacation use purposes. Employees of the former Duluth Teachers Retirement Fund
57.7 Association appointed to the classified service are subject to a probationary period under
57.8 the collective bargaining agreement or compensation plan applicable to the employee's
57.9 position at the Teachers Retirement Association. Effective July 1, 2015, all transferred
57.10 employees must be enrolled in the state employees' group insurance program as provided
57.11 in Minnesota Statutes, sections 43A.22 to 43A.31, and the commissioner of Minnesota
57.12 management and budget shall provide open enrollment in all state employee health and
57.13 dental insurance plans with no limitation on preexisting conditions except as specified
57.14 in existing state employee certificates of coverage. The commissioner of Minnesota
57.15 management and budget shall provide these transferred employees with the opportunity to
57.16 purchase optional life and disability insurance as provided by the state group insurance
57.17 program in accordance with the policies of Minnesota management and budget.

57.18 Sec. 48. **REPEALER.**

57.19 (a) Minnesota Statutes 2012, sections 354A.021, subdivision 5; 354A.108; 354A.24;
57.20 and 354A.27, subdivision 5, are repealed.

57.21 (b) Minnesota Statutes 2013 Supplement, sections 354A.27, subdivisions 6a and 7;
57.22 and 354A.31, subdivision 4a, are repealed.

57.23 Sec. 49. **EFFECTIVE DATE.**

57.24 (a) Section 46, subdivision 5, is effective October 1, 2014. Sections 1 to 14, 16 to
57.25 45, 46, subdivisions 1 to 4 and 6, 47, and 48 are effective June 30, 2015, if the following
57.26 approve the consolidation provisions before October 1, 2014:

- 57.27 (1) the board of trustees of the Duluth Teachers Retirement Fund Association;
57.28 (2) the membership of the Duluth Teachers Retirement Fund Association; and
57.29 (3) the board of trustees of the Teachers Retirement Association.

57.30 (b) An approval under paragraph (a) must be provided in a timely manner in
57.31 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, to the secretary
57.32 of state, the state auditor, the legislative auditor, and the revisor of statutes by the chief
57.33 administrative officer of the Duluth Teachers Retirement Fund Association for an approval
57.34 under paragraph (a) by the board of trustees of the Duluth Teachers Retirement Fund

58.1 Association or by the membership of the Duluth Teachers Retirement Fund Association and
 58.2 by the chief administrative officer of the Teachers Retirement Association for an approval
 58.3 under paragraph (a) by the board of trustees of the Teachers Retirement Association.

58.4 **ARTICLE 5**

58.5 **FIRST CLASS CITY TEACHER RETIREMENT FUND**
 58.6 **ASSOCIATION CHANGES**

58.7 Section 1. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3a,
 58.8 is amended to read:

58.9 Subd. 3a. **Special Direct state aid to first class city teachers retirement fund**
 58.10 **associations.** (a) The state shall pay \$346,000 as special direct state aid to the Duluth
 58.11 Teachers Retirement Fund Association and \$2,827,000 to the St. Paul Teachers Retirement
 58.12 Fund Association.

58.13 (b) In addition to other amounts specified in this subdivision, the state shall pay
 58.14 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

58.15 ~~(b)~~ (c) The aids under this subdivision are payable October 1 annually. The
 58.16 commissioner of management and budget shall pay the aids specified in this subdivision.
 58.17 The amounts required are appropriated annually from the general fund to the commissioner
 58.18 of management and budget.

58.19 **EFFECTIVE DATE.** This section is effective September 30, 2015.

58.20 Sec. 2. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3c, is
 58.21 amended to read:

58.22 Subd. 3c. **Termination of supplemental contributions and direct matching**
 58.23 **and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers
 58.24 Retirement Fund Association by Independent School District No. 625 under section
 58.25 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the St. Paul
 58.26 Teachers Retirement Fund Association must continue until the current assets of the fund
 58.27 equal or exceed the actuarial accrued liability of the fund as determined in the most recent
 58.28 actuarial report for the fund by the actuary retained under section 356.214 or until ~~June~~
 58.29 ~~30, 2037~~ the established date for full funding under section 356.215, subdivision 11,
 58.30 whichever occurs earlier.

58.31 (b) The aid to the Duluth Teachers Retirement Fund Association under section
 58.32 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth
 58.33 Teachers Retirement Fund Association must continue until the current assets of the fund
 58.34 equal or exceed the actuarial accrued liability of the fund as determined in the most

59.1 recent actuarial report for the fund by the actuary retained under section 356.214 or until
59.2 the established date for full funding under section 356.215, subdivision 11, whichever
59.3 occurs earlier.

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

59.5 Sec. 3. Minnesota Statutes 2012, section 356.215, subdivision 11, is amended to read:

59.6 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
59.7 the level normal cost, the actuarial valuation of the retirement plan must contain an
59.8 exhibit for financial reporting purposes indicating the additional annual contribution
59.9 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
59.10 for contribution determination purposes indicating the additional contribution sufficient
59.11 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
59.12 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees
59.13 Retirement Association and the legislators retirement plan, the additional contribution
59.14 must be calculated on a level percentage of covered payroll basis by the established
59.15 date for full funding in effect when the valuation is prepared, assuming annual payroll
59.16 growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all
59.17 other retirement plans and for the MERF division of the Public Employees Retirement
59.18 Association and the legislators retirement plan, the additional annual contribution must be
59.19 calculated on a level annual dollar amount basis.

59.20 (b) For any retirement plan other than the general state employees retirement plan
59.21 of the Minnesota State Retirement System or a retirement plan governed by paragraph
59.22 (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions
59.23 used for calculating the actuarial accrued liability of the fund, a change in the benefit
59.24 plan governing annuities and benefits payable from the fund, a change in the actuarial
59.25 cost method used in calculating the actuarial accrued liability of all or a portion of the
59.26 fund, or a combination of the three, which change or changes by itself or by themselves
59.27 without inclusion of any other items of increase or decrease produce a net increase in the
59.28 unfunded actuarial accrued liability of the fund, the established date for full funding is the
59.29 first actuarial valuation date occurring after June 1, 2020.

59.30 (c) For any retirement plan other than the general employees retirement plan of the
59.31 Public Employees Retirement Association, if there has been a change in any or all of the
59.32 actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
59.33 change in the benefit plan governing annuities and benefits payable from the fund, a
59.34 change in the actuarial cost method used in calculating the actuarial accrued liability of all
59.35 or a portion of the fund, or a combination of the three, and the change or changes, by itself

60.1 or by themselves and without inclusion of any other items of increase or decrease, produce
60.2 a net increase in the unfunded actuarial accrued liability in the fund, the established date
60.3 for full funding must be determined using the following procedure:

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

60.7 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
60.8 needed to amortize the unfunded actuarial accrued liability amount determined under item

60.9 (i) by the established date for full funding in effect before the change must be calculated
60.10 using the interest assumption specified in subdivision 8 in effect before the change;

60.11 (iii) the unfunded actuarial accrued liability of the fund must be determined in
60.12 accordance with any new plan provisions governing annuities and benefits payable from
60.13 the fund and any new actuarial assumptions and the remaining plan provisions governing
60.14 annuities and benefits payable from the fund and actuarial assumptions in effect before
60.15 the change;

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

60.22 (v) the level annual dollar or level percentage amortization contribution under item
60.23 (iv) must be added to the level annual dollar amortization contribution or level percentage
60.24 calculated under item (ii);

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

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

61.1 (d) For the MERF division of the Public Employees Retirement Association, the
61.2 established date for full funding is June 30, 2031.

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

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

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

61.9 (h) For the judges retirement plan, the established date for full funding is June
61.10 30, 2038.

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

61.13 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
61.14 full funding is June 30 ~~of the 25th year from the valuation date,~~ 2042. In addition to
61.15 other requirements of this chapter, the annual actuarial valuation must contain an exhibit
61.16 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
61.17 comparing liabilities to the market value of the assets of the fund as of the close of the
61.18 most recent fiscal year.

61.19 (k) For the general state employees retirement plan of the Minnesota State
61.20 Retirement System, the established date for full funding is June 30, 2040.

61.21 (l) For the retirement plans for which the annual actuarial valuation indicates an
61.22 excess of valuation assets over the actuarial accrued liability, the valuation assets in
61.23 excess of the actuarial accrued liability must be recognized as a reduction in the current
61.24 contribution requirements by an amount equal to the amortization of the excess expressed
61.25 as a level percentage of pay over a 30-year period beginning anew with each annual
61.26 actuarial valuation of the plan.

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

61.28 **ARTICLE 6**

61.29 **MNSCU-RELATED PROVISIONS**

61.30 Section 1. Minnesota Statutes 2012, section 136F.481, is amended to read:

61.31 **136F.481 EARLY SEPARATION INCENTIVE PROGRAM.**

61.32 (a) Notwithstanding any provision of law to the contrary, the Board of Trustees
61.33 of the Minnesota State Colleges and Universities may offer a targeted early separation
61.34 incentive program for its employees.

61.35 (b) The early separation incentive program may include one or both of the following:

62.1 (1) cash incentives, not to exceed one year of base salary; or
62.2 (2) employer contributions to the postretirement healthcare savings plan established
62.3 under section 352.98.

62.4 (c) To be eligible to receive an incentive, an employee must be at least age 55
62.5 and must have at least five years of employment by the Minnesota State Colleges and
62.6 Universities System. The board of trustees shall establish and periodically revise the
62.7 eligibility requirements for system employees to receive an incentive. The board of
62.8 trustees shall file a copy of its proposed revised eligibility requirements with the chairs
62.9 and ranking members of the senate committee ~~on~~ with higher education within its
62.10 jurisdiction and the Higher Education budget and Policy senate finance division of the
62.11 ~~senate Committee on Finance~~ with higher education within its jurisdiction and with the
62.12 chair and ranking members of the ~~Higher Education and Workforce Development Finance~~
62.13 ~~and Policy Division of the Finance~~ committee ~~of~~ in the house of representatives with
62.14 higher education within its jurisdiction and of the house of representatives Committee
62.15 on Ways and Means, at least 30 days before ~~their~~ the final adoption of the proposed
62.16 revised eligibility requirements by the board of trustees, shall post the same document
62.17 on the system Web site at the same time, and shall hold a public hearing on the proposed
62.18 eligibility requirements. The type and any additional amount of the incentive to be offered
62.19 may vary by employee classification, as specified by the board.

62.20 (d) The president of a college or university, consistent with paragraphs (b) and
62.21 (c), may designate:

62.22 (1) specific departments or programs at the college or university whose employees
62.23 are eligible to be offered the incentive program; or

62.24 (2) positions at the college or university eligible to be offered the incentive program.

62.25 (e) The chancellor, consistent with paragraphs (b) and (c), may designate:

62.26 (1) system office divisions whose employees are eligible to be offered the incentive
62.27 program; or

62.28 (2) positions at the system office eligible to be offered the incentive program.

62.29 (f) Acceptance of the offered incentive must be voluntary on the part of the employee
62.30 and must be in writing. The incentive may only be offered at the sole discretion of the
62.31 president of the applicable college or university.

62.32 (g) A decision by the president of a college or university or by the chancellor not to
62.33 offer an incentive may not be challenged.

62.34 (h) The cost of the incentive is payable by the college or university on whose behalf
62.35 the president offered the incentive or from the system office budget if the chancellor offered
62.36 the incentive. If a college or university is merged, the remaining cost of any early separation

63.1 incentive must be borne by the successor institution. If a college or university is closed,
63.2 the remaining cost of any early separation incentive must be borne by the board of trustees.

63.3 (i) Annually, the chancellor and the president of each college or university must
63.4 report on the number and types of early separation incentives which were offered and
63.5 utilized under this section. The report must be filed annually with the board of trustees and
63.6 with the Legislative Reference Library on or before September 1.

63.7 (j) The early retirement incentive authority under this section expires on June 30,
63.8 2019.

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

63.10 Sec. 2. Minnesota Statutes 2012, section 352.1155, subdivision 1, is amended to read:

63.11 Subdivision 1. **Eligibility.** Except as indicated in subdivision 4, the annuity
63.12 reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

63.13 (1) retires from the Minnesota State Colleges and Universities system with at least
63.14 ten years of combined service credit in a system under the jurisdiction of the Board of
63.15 Trustees of the Minnesota State Colleges and Universities;

63.16 (2) was employed on a full-time basis immediately preceding retirement as a faculty
63.17 member or as an unclassified administrator in that system;

63.18 (3) was not a recipient of an early retirement incentive under section 136F.481;

63.19 ~~(3)~~ (4) begins drawing an annuity from the general state employees retirement plan
63.20 of the Minnesota State Retirement System; and

63.21 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a
63.22 two-thirds time basis in the system from which the person retired under an agreement in
63.23 which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year
63.24 ~~from~~ through employment after retirement in the system from which the person retired.

63.25 **EFFECTIVE DATE.** This section is effective July 1, 2014.

63.26 Sec. 3. Minnesota Statutes 2012, section 352.1155, subdivision 4, is amended to read:

63.27 Subd. 4. **Exemption limit.** For a person eligible under this section who earns more
63.28 than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~ through reemployment in the Minnesota
63.29 State Colleges and Universities system following retirement, the annuity reduction
63.30 provisions of section 352.115, subdivision 10, apply only to income over ~~\$46,000~~ \$62,000.

63.31 **EFFECTIVE DATE.** This section is effective July 1, 2014.

63.32 Sec. 4. Minnesota Statutes 2012, section 354.445, is amended to read:

64.1 **354.445 NO ANNUITY REDUCTION.**

64.2 (a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply
64.3 to a person who:

64.4 (1) retires from the Minnesota State Colleges and Universities system with at least
64.5 ten years of combined service credit in a system under the jurisdiction of the Board of
64.6 Trustees of the Minnesota State Colleges and Universities;

64.7 (2) was employed on a full-time basis immediately preceding retirement as a faculty
64.8 member or as an unclassified administrator in that system;

64.9 (3) was not a recipient of an early retirement incentive under section 136F.481;

64.10 ~~(3)~~ (4) begins drawing an annuity from the teachers retirement association; and

64.11 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a
64.12 two-thirds time basis in the system from which the person retired under an agreement in
64.13 which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year
64.14 ~~from~~ through employment after retirement in the system from which the person retired.

64.15 (b) Initial participation, the amount of time worked, and the duration of participation
64.16 under this section must be mutually agreed upon by the president of the institution where
64.17 the person returns to work and the employee. The president may require up to one-year
64.18 notice of intent to participate in the program as a condition of participation under this
64.19 section. The president shall determine the time of year the employee shall work. The
64.20 employer or the president may not require a person to waive any rights under a collective
64.21 bargaining agreement as a condition of participation under this section.

64.22 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a)
64.23 and (b) may not, based on employment to which the waiver in this section applies, earn
64.24 further service credit in a Minnesota public defined benefit plan and is not eligible to
64.25 participate in a Minnesota public defined contribution plan, other than a volunteer fire plan
64.26 governed by chapter 424A. No employer or employee contribution to any of these plans
64.27 may be made on behalf of such a person.

64.28 (d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$46,000~~
64.29 \$62,000 in a calendar year ~~from~~ employment after retirement due to employment by the
64.30 Minnesota state colleges and universities system, the annuity reduction provisions of
64.31 section 354.44, subdivision 5, apply only to income over ~~\$46,000~~ \$62,000.

64.32 (e) A person who returns to work under this section is a member of the appropriate
64.33 bargaining unit and is covered by the appropriate collective bargaining contract. Except
64.34 as provided in this section, the person's coverage is subject to any part of the contract
64.35 limiting rights of part-time employees.

64.36 **EFFECTIVE DATE.** This section is effective July 1, 2014.

65.1 Sec. 5. Minnesota Statutes 2012, section 354A.31, subdivision 3a, is amended to read:

65.2 Subd. 3a. **No annuity reduction.** (a) The annuity reduction provisions of
65.3 subdivision 3 do not apply to a person who:

65.4 (1) retires from the technical college system with at least ten years of service credit
65.5 in the system from which the person retires;

65.6 (2) was employed on a full-time basis immediately preceding retirement as a
65.7 technical college faculty member;

65.8 (3) was not a recipient of an early retirement incentive under section 136F.481;

65.9 ~~(3)~~ (4) begins drawing an annuity from a first class city teachers retirement
65.10 association; and

65.11 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a
65.12 two-thirds time basis in the technical college system under an agreement in which the
65.13 person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~
65.14 through the technical college system.

65.15 (b) Initial participation, the amount of time worked, and the duration of participation
65.16 under this section must be mutually agreed upon by the employer and the employee. The
65.17 employer may require up to a one-year notice of intent to participate in the program as a
65.18 condition of participation under this section. The employer shall determine the time
65.19 of year the employee shall work.

65.20 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs
65.21 (a) and (b) may not earn further service credit in a first class city teachers retirement
65.22 association and is not eligible to participate in the individual retirement account plan or
65.23 the supplemental retirement plan established in chapter 354B as a result of service under
65.24 this section. No employer or employee contribution to any of these plans may be made on
65.25 behalf of such a person.

65.26 **EFFECTIVE DATE.** This section is effective July 1, 2014.

65.27 Sec. 6. Minnesota Statutes 2012, section 354B.21, subdivision 2, is amended to read:

65.28 Subd. 2. **Coverage; election.** (a) An eligible person employed by the board has
65.29 the default coverage specified in subdivision 3, or other subdivisions of this section,
65.30 whichever is applicable, and retains that coverage for the period of covered employment
65.31 unless a timely election to change that coverage is made as specified in this section.

65.32 (b) An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect
65.33 prospective Teachers Retirement Association plan coverage.

65.34 (c) An eligible person under subdivision 3, paragraph (d), is authorized to elect
65.35 prospective coverage by the plan established by this chapter.

66.1 (d) The election under paragraph (a) must be made within one year of commencing
66.2 eligible Minnesota State Colleges and Universities system employment. If an election
66.3 is not made within the specified election period due to a termination of Minnesota State
66.4 Colleges and Universities system employment, an election may be made within 90 days
66.5 of returning to eligible Minnesota State Colleges and Universities system employment.
66.6 Except as specified in paragraph (f), all elections are irrevocable.

66.7 (e) Except as provided in paragraph (f), a purchase of service credit in the Teachers
66.8 Retirement Association plan for any period or periods of Minnesota State Colleges
66.9 and Universities system employment occurring before the election under this section
66.10 is prohibited.

66.11 (f) Notwithstanding other paragraphs in this subdivision, a faculty member who
66.12 is a member of the individual retirement account plan may elect to transfer retirement
66.13 coverage to the teachers retirement plan within one year of the faculty member first
66.14 achieving tenure or its equivalent at a Minnesota state college or university. The faculty
66.15 member electing Teachers Retirement Association coverage under this paragraph must
66.16 purchase service credit in the Teachers Retirement Association for the entire period of
66.17 time covered under the individual retirement account plan and the purchase payment
66.18 amount must be determined under section 356.551. The Teachers Retirement Association
66.19 may charge a faculty member transferring coverage a reasonable fee to cover the costs
66.20 associated with computing the actuarial cost of purchasing service credit and making the
66.21 transfer. A faculty member transferring from the individual retirement account plan to the
66.22 Teachers Retirement Association may use any balances to the credit of the faculty member
66.23 in the individual retirement account plan, any balances to the credit of the faculty member
66.24 in the higher education supplemental retirement plan established under chapter 354C, or
66.25 any source specified in section 356.441, subdivision 1, to purchase the service credit in the
66.26 Teachers Retirement Association. If the total amount of payments under this paragraph are
66.27 less than the total purchase payment amount under section 356.551, the payment amounts
66.28 must be refunded to the applicable source. ~~The retirement coverage transfer and service
66.29 credit purchase authority under this paragraph expires with respect to any Minnesota State
66.30 Colleges and Universities System faculty initially hired after June 30, 2014.~~

66.31 **EFFECTIVE DATE.** This section is effective July 1, 2014.

66.32 Sec. 7. Laws 2009, chapter 169, article 6, section 1, the effective date, is amended to
66.33 read:

67.1 **EFFECTIVE DATE; SUNSET.** This section is effective the day following final
67.2 enactment and expires June 30, 2014.

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

67.4 **ARTICLE 7**

67.5 **MISCELLANEOUS RETIREMENT PROVISIONS**

67.6 Section 1. Minnesota Statutes 2012, section 11A.17, subdivision 1, is amended to read:

67.7 Subdivision 1. **Purpose; accounts; continuation.** (a) The purpose of the
67.8 supplemental investment fund is to provide an investment vehicle for the assets of various
67.9 public retirement plans and funds.

67.10 (b) ~~The fund consists of eight investment accounts: an income share account, a~~
67.11 ~~growth share account, an international share account, a money market account, a fixed~~
67.12 ~~interest account, a bond market account, a common stock index account, and a volunteer~~
67.13 ~~firefighter account.~~ The state board shall determine and make available investment
67.14 accounts within the supplemental investment fund. These accounts shall include an
67.15 appropriate array of diversified investment options for participants of the public retirement
67.16 plans under subdivision 5.

67.17 (c) The assets of the supplemental investment fund is a continuation of the
67.18 supplemental retirement fund in existence on January 1, 1980 must be invested by the
67.19 state board in types of investments permitted under section 11A.24.

67.20 (d) The state board shall make available a volunteer firefighter account for the
67.21 voluntary statewide lump-sum volunteer firefighter retirement plan under section 353G.02.

67.22 **EFFECTIVE DATE.** This section is effective July 1, 2014.

67.23 Sec. 2. Minnesota Statutes 2012, section 11A.17, subdivision 9, is amended to read:

67.24 Subd. 9. **Valuation of investment shares.** (a) The value of investment shares in
67.25 the income share account, the growth share account, the international share account,
67.26 the bond market account, and the common stock index for each investment account,
67.27 excluding a money market account, must be determined by dividing the total market
67.28 value of the securities constituting the respective account by the total number of shares
67.29 then outstanding in the investment account.

67.30 (b) The value of investment shares in the a money market account and the fixed
67.31 interest account is must be valued at \$1 a share. Terms as to withdrawal schedules will be
67.32 agreed upon by the public retirement fund and the state board.

67.33 **EFFECTIVE DATE.** This section is effective July 1, 2014.

68.1 Sec. 3. Minnesota Statutes 2012, section 352.965, subdivision 4, is amended to read:

68.2 Subd. 4. **Plan investments.** ~~(a) Available investments under the plan may include:~~
68.3 ~~are those investments chosen by the State Board of Investment under section 356.645 for~~
68.4 ~~the plan.~~

68.5 ~~(1) shares in the Minnesota supplemental investment fund established in section~~
68.6 ~~11A.17 that are selected to be offered under the plan by the State Board of Investment;~~

68.7 ~~(2) saving accounts in federally insured financial institutions;~~

68.8 ~~(3) life insurance contracts, fixed annuity, and variable annuity contracts from~~
68.9 ~~companies that are subject to regulation by the commissioner of commerce;~~

68.10 ~~(4) investment options from open-end investment companies registered under the~~
68.11 ~~federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1~~
68.12 ~~to 80a-64;~~

68.13 ~~(5) investment options from a firm that is a registered investment advisor under the~~
68.14 ~~Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;~~

68.15 ~~(6) investment options of a bank as defined in United States Code, title 15, section~~
68.16 ~~80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank~~
68.17 ~~Holding Company Act of 1956, United States Code, title 12, section 1841, subsection~~
68.18 ~~(a), paragraph (1); or~~

68.19 ~~(7) a combination of clause (1), (2), (3), (4), (5), or (6), as provided by the plan as~~
68.20 ~~specified by the participant.~~

68.21 ~~(b) All amounts contributed to the deferred compensation plan and all earnings~~
68.22 ~~on those amounts must be held for the exclusive benefit of the plan participants and~~
68.23 ~~beneficiaries. These amounts must be held in trust, in custodial accounts, or in qualifying~~
68.24 ~~annuity contracts as required by federal law in accordance with section 356A.06,~~
68.25 ~~subdivision 1. This subdivision does not authorize an employer contribution, except as~~
68.26 ~~authorized in section 356.24, subdivision 1, paragraph (a), clause (5). The state, political~~
68.27 ~~subdivision, or other employing unit is not responsible for any loss that may result from~~
68.28 ~~investment of the deferred compensation.~~

68.29 **EFFECTIVE DATE.** This section is effective July 1, 2014.

68.30 Sec. 4. Minnesota Statutes 2012, section 352.965, is amended by adding a subdivision
68.31 to read:

68.32 Subd. 4a. **Exclusive benefit.** All amounts contributed to the deferred compensation
68.33 plan and all earnings on those amounts must be held for the exclusive benefit of the plan
68.34 participants and beneficiaries. These amounts must be held in trust, in custodial accounts,

69.1 or in qualifying annuity contracts as required by federal law in accordance with section
69.2 356A.06, subdivision 1.

69.3 **EFFECTIVE DATE.** This section is effective July 1, 2014.

69.4 Sec. 5. Minnesota Statutes 2012, section 352.965, is amended by adding a subdivision
69.5 to read:

69.6 Subd. 4b. **Employer contribution prohibition.** Except as authorized in section
69.7 356.24, subdivision 1, clause (5), employer contributions are prohibited.

69.8 **EFFECTIVE DATE.** This section is effective July 1, 2014.

69.9 Sec. 6. Minnesota Statutes 2012, section 352.98, subdivision 2, is amended to read:

69.10 Subd. 2. **Contracting authorized.** (a) The executive director shall administer
69.11 the plan and contract with public and private entities to provide investment services,
69.12 record keeping, benefit payments, and other functions necessary for the administration of
69.13 the plan. If allowed by

69.14 (b) As specified in section 356.645, the Minnesota State Board of Investment, the
69.15 Minnesota State Board of Investment supplemental investment funds may be offered as
69.16 shall determine an appropriate selection of investment options under that shall be offered
69.17 by the health care savings plan or plans.

69.18 **EFFECTIVE DATE.** This section is effective July 1, 2014.

69.19 Sec. 7. Minnesota Statutes 2012, section 352D.04, is amended by adding a subdivision
69.20 to read:

69.21 Subd. 1a. **State Board of Investment selection of investment products.** As
69.22 specified in section 356.645, the State Board of Investment shall select investment
69.23 products to be available to participants in the retirement program provided by this chapter.

69.24 **EFFECTIVE DATE.** This section is effective July 1, 2014.

69.25 Sec. 8. Minnesota Statutes 2012, section 352D.04, is amended by adding a subdivision
69.26 to read:

69.27 Subd. 1b. **Participant selection of investments.** (a) A program participant may
69.28 elect to participate in one or more of the investment products made available under the
69.29 program by specifying the percentage of the participant's contributions under subdivision
69.30 2 to be used to purchase shares in the applicable products.

70.1 (b) Before making an allocation election, or if the participant fails to specify an
70.2 allocation, the executive director shall, on behalf of that participant, purchase shares
70.3 in a default investment alternative. The investment alternative must be specified by
70.4 the Minnesota State Retirement System Board from the available investment options
70.5 authorized under subdivision 1a.

70.6 (c) A participant may revise the investment allocation for subsequent purchase of
70.7 shares, and a participant or former participant may also change the investment options
70.8 selected for all or a portion of shares previously purchased.

70.9 (d) Any investment allocation selection authorized under this subdivision, whether
70.10 relating to subsequent purchases of new shares or reallocating the existing portfolio,
70.11 must be conducted at times and under procedures prescribed by the executive director.
70.12 Any allocation or allocation revisions are effective at the end of the most recent United
70.13 States investment market day, unless subject to trading restrictions imposed on certain
70.14 investment options.

70.15 **EFFECTIVE DATE.** This section is effective July 1, 2014.

70.16 Sec. 9. Minnesota Statutes 2012, section 353.27, subdivision 4, is amended to read:

70.17 Subd. 4. **Employer reporting requirements; contributions; member status.**

70.18 (a) A representative authorized by the head of each department shall deduct employee
70.19 contributions from the salary of each public employee who qualifies for membership in
70.20 the general employees retirement plan of the Public Employees Retirement Association
70.21 or in the public employees police and fire retirement plan under this chapter or chapter
70.22 353D or 353E at the rate under section 353.27, 353.65, 353D.03, or 353E.03, whichever is
70.23 applicable, that is in effect on the date the salary is paid. The employer representative must
70.24 also remit payment in a manner prescribed by the executive director for the aggregate
70.25 amount of the employee contributions and the required employer contributions to be
70.26 received by the association within 14 calendar days after each pay date. If the payment is
70.27 less than the amount required, the employer must pay the shortage amount to the association
70.28 and collect reimbursement of any employee contribution shortage paid on behalf of a
70.29 member through subsequent payroll withholdings from the wages of the employee.
70.30 Payment of shortages in employee contributions and associated employer contributions, if
70.31 applicable, must include interest at the rate specified in section 353.28, subdivision 5, if not
70.32 received within 30 days following the date the amount was initially due under this section.

70.33 (b) The head of each department or the person's designee shall submit for each
70.34 pay period to the association a salary deduction report in the format prescribed by the
70.35 executive director. The report must be received by the association within 14 calendar

71.1 days after each pay date or the employer may be assessed a fine of \$5 per calendar day
71.2 until the association receives the required data. Data required as part of salary deduction
71.3 reporting must include, but are not limited to:

71.4 (1) the legal names and Social Security numbers of employees who are members;

71.5 (2) the amount of each employee's salary deduction;

71.6 (3) the amount of salary defined in section 353.01, subdivision 10, earned in the pay
71.7 period from which each deduction was made, including a breakdown of the portion of the
71.8 salary that represents overtime pay that the employee was paid for additional hours worked
71.9 beyond the regularly scheduled hours, pay for unused compensatory time, and the salary
71.10 amount earned by a reemployed annuitant under section 353.37, subdivision 1, or 353.371,
71.11 subdivision 1, or by a disabled member under section 353.33, subdivision 7 or 7a;

71.12 (4) the beginning and ending dates of the payroll period covered and the date of
71.13 actual payment; and

71.14 (5) adjustments or corrections covering past pay periods as authorized by the
71.15 executive director.

71.16 (c) Employers must furnish the data required for enrollment for each new or
71.17 reinstated employee who qualifies for membership in the general employees retirement
71.18 plan of the Public Employees Retirement Association or in the public employees police
71.19 and fire retirement plan in the format prescribed by the executive director. The required
71.20 enrollment data on new members must be submitted to the association prior to or
71.21 concurrent with the submission of the initial employee salary deduction. Also, the
71.22 employer shall report to the association all member employment status changes, such as
71.23 leaves of absence, terminations, and death, and shall report the effective dates of those
71.24 changes, on an ongoing basis for the payroll cycle in which they occur. If an employer
71.25 fails to comply with the reporting requirements under this paragraph, the executive
71.26 director may assess a fine of \$25 for each failure if the association staff has notified the
71.27 employer of the noncompliance and attempted to obtain the missing data or form from the
71.28 employer for a period of more than three months.

71.29 (d) The employer shall furnish data, forms, and reports as may be required by
71.30 the executive director for proper administration of the retirement system. Before
71.31 implementing new or different computerized reporting requirements, the executive
71.32 director shall give appropriate advance notice to governmental subdivisions to allow time
71.33 for system modifications.

71.34 (e) Notwithstanding paragraph (a), the executive director may provide for less
71.35 frequent reporting and payments for small employers.

72.1 (f) The executive director may establish reporting procedures and methods as
 72.2 required to review compliance by employers with the salary and contribution reporting
 72.3 requirements in this chapter. A review of the payroll records of a participating employer
 72.4 may be conducted by the association on a periodic basis or as a result of concerns known
 72.5 to exist within a governmental subdivision. An employer under review must extract
 72.6 requested data and provide records to the association after receiving reasonable advanced
 72.7 notice. Failure to provide requested information or materials will result in the employer
 72.8 being liable to the association for any expenses associated with a field audit, which may
 72.9 include staff salaries, administrative expenses, and travel expenses.

72.10 **EFFECTIVE DATE.** This section is effective January 1, 2015.

72.11 Sec. 10. Minnesota Statutes 2012, section 353.371, is amended by adding a subdivision
 72.12 to read:

72.13 **Subd. 8. Program expiration.** (a) Initial postretirement option employment
 72.14 agreements must not be entered into after June 30, 2019.

72.15 (b) This section expires on June 30, 2024.

72.16 **EFFECTIVE DATE.** This section is effective July 1, 2014.

72.17 Sec. 11. Minnesota Statutes 2013 Supplement, section 353.651, subdivision 4, is
 72.18 amended to read:

72.19 Subd. 4. **Early retirement.** (a) A person who becomes a public employees police
 72.20 and fire retirement plan member after June 30, 2007, or a former member who is reinstated
 72.21 as a member of the plan after that date, who is at least 50 years of age and is at least
 72.22 partially vested under section 353.01, subdivision 47, upon the termination of public
 72.23 service employees police and fire retirement plan membership before July 1, 2014, ~~if the~~
 72.24 ~~person is other than a county sheriff or after January 4, 2015, if the person is a county~~
 72.25 ~~sheriff~~ is entitled upon application to a retirement annuity equal to the normal annuity
 72.26 calculated under subdivision 3, reduced by two-tenths of one percent for each month that
 72.27 the member is under age 55 at the time of retirement.

72.28 (b) Upon the termination of public ~~service~~ employees police and fire retirement
 72.29 plan membership before July 1, 2014, ~~if the person is other than a county sheriff or~~
 72.30 ~~upon the termination of public service before January 5, 2015, if the person is a county~~
 72.31 ~~sheriff~~, any public employees police and fire retirement plan member who first became
 72.32 a member of the plan before July 1, 2007, and who is not specified in paragraph (a),
 72.33 upon attaining at least 50 years of age with at least three years of allowable service is

73.1 entitled upon application to a retirement annuity equal to the normal annuity calculated
 73.2 under subdivision 3, reduced by one-tenth of one percent for each month that the member
 73.3 is under age 55 at the time of retirement.

73.4 (c) A person ~~other than a county sheriff~~ who is a member of the public employees
 73.5 police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a~~
 73.6 ~~member of the public employees police and fire retirement plan on or after January 5,~~
 73.7 ~~2015,~~ and who is at least 50 years old and is at least partially vested under section 353.01,
 73.8 subdivision 47, and whose benefit effective date is after July 1, 2014, ~~if other than a~~
 73.9 ~~county sheriff or after January 4, 2015, if a county sheriff~~ and on or before July 1, 2019, is
 73.10 entitled upon application to a retirement annuity equal to the normal annuity calculated
 73.11 under subdivision 3, reduced for each month the member is under age 55 at the time of
 73.12 retirement by applying a blended monthly rate that is equivalent to the sum of:

73.13 (1) one-sixtieth of the annual rate of five percent, prorated for each month the
 73.14 person's benefit effective date is after July 1, 2014, ~~or after December 31, 2014, whichever~~
 73.15 ~~applies;~~ and

73.16 (2) one-sixtieth of the annual rate provided under paragraph (a) or (b), whichever
 73.17 applies, for each month the person's benefit effective date is before July 1, 2019.

73.18 (d) A person ~~other than a county sheriff~~ who is a member of the public employees
 73.19 police and fire retirement plan on or after July 1, 2014, ~~or a county sheriff who is a member~~
 73.20 ~~of the public employees police and fire retirement plan on or after January 5, 2015,~~ and
 73.21 who is at least 50 years old and is at least partially vested under section 353.01, subdivision
 73.22 47, whose benefit effective date is after July 1, 2019, is entitled, upon application, to a
 73.23 retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by
 73.24 five percent annually, prorated for each month that the member is under age 55.

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

73.26 Sec. 12. Minnesota Statutes 2012, section 353D.05, subdivision 1, is amended to read:

73.27 Subdivision 1. **Investment.** As further specified under this section, employing unit
 73.28 contributions, after the deduction of an amount for administrative expenses, and individual
 73.29 participant contributions must be ~~remitted to~~ invested in the participant's account or
 73.30 accounts in investment products authorized by the association that are made available
 73.31 for this purpose by the State Board of Investment for investment in the Minnesota
 73.32 supplemental investment fund established by under section 11A.17 356.645.

73.33 **EFFECTIVE DATE.** This section is effective July 1, 2014.

74.1 Sec. 13. Minnesota Statutes 2012, section 353D.05, is amended by adding a
74.2 subdivision to read:

74.3 Subd. 1a. **Participant selection of investments.** (a) A plan participant may elect
74.4 to allocate contributions, made by and on behalf of the participant, in one or more of the
74.5 investment products authorized by the association to be made available under the plan,
74.6 by specifying the percentage of the participant's contributions to be used to purchase
74.7 shares in the authorized products.

74.8 (b) If contributions are received before the participant has made an allocation
74.9 election, or if the participant fails to specify an allocation, the executive director shall,
74.10 on behalf of that participant, purchase shares in a default investment alternative. The
74.11 investment option must be specified by the Public Employees Retirement Association board
74.12 of trustees from the designated available investment options authorized under this section.

74.13 (c) A participant may revise the investment allocation for subsequent purchase of
74.14 shares, and a participant or former participant may also change the investment options
74.15 selected for all or a portion of shares previously purchased.

74.16 (d) Any investment allocation selection authorized under this subdivision, whether
74.17 relating to subsequent purchases of new shares or reallocating the existing portfolio, must
74.18 be conducted at times and under procedures prescribed by the executive director.

74.19 **EFFECTIVE DATE.** This section is effective July 1, 2014.

74.20 Sec. 14. **[356.645] INVESTMENT OF VARIOUS DEFINED CONTRIBUTION**
74.21 **PLAN ASSETS.**

74.22 The State Board of Investment shall determine the investments to be made available
74.23 to plan participants in plans defined in sections 352.965, 352.98, and chapters 352D
74.24 and 353D. Investments made available to plan participants must include at least one or
74.25 all of the following:

74.26 (1) shares in the Minnesota supplemental investment fund established in section
74.27 11A.17;

74.28 (2) saving accounts in federally insured financial institutions;

74.29 (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts
74.30 from companies that are subject to regulation by the commissioner of commerce;

74.31 (4) investment options from open-end investment companies registered under the
74.32 federal Investment Company Act of 1940, United States Code, title 15, sections 80a-1
74.33 to 80a-64;

75.1 (5) investment options from a firm that is a registered investment adviser under
75.2 the Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to
75.3 80b-21; and

75.4 (6) investment options of a bank as defined in United States Code, title 15, section
75.5 80b-2, subsection (a), paragraph (2), or a bank holding company as defined in the Bank
75.6 Holding Company Act of 1956, United States Code, title 12, section 1841, subsection
75.7 (a), paragraph (1).

75.8 **EFFECTIVE DATE.** This section is effective July 1, 2014.

75.9 Sec. 15. **[356.646] PLAN PARTICIPANT INVESTMENT RESPONSIBILITY.**

75.10 Subdivision 1. **Member investment responsibility.** The state, the State Board of
75.11 Investment and its executive director and staff, the plan administrators and their staff, and
75.12 participating public employers are not liable and are not responsible for any investment
75.13 losses due to choices made by participants or due to qualified default investment
75.14 alternatives.

75.15 Subd. 2. **Application.** This section applies to the:

75.16 (1) Minnesota state deferred compensation plan, established under section 352.965;

75.17 (2) health care savings plan, established under section 352.98;

75.18 (3) unclassified employees retirement program, established under chapter 352D;

75.19 (4) public employees defined contribution plan, established under chapter 353D;

75.20 (5) individual retirement account plan, established under chapter 354B;

75.21 (6) higher education supplemental retirement plan, established under chapter 354C;

75.22 and

75.23 (7) Arts Board and Humanities Commission individual retirement account plan,

75.24 established under chapter 354D.

75.25 **EFFECTIVE DATE.** This section is effective July 1, 2014.

75.26 Sec. 16. Laws 2009, chapter 169, article 5, section 2, the effective date, as amended by
75.27 Laws 2010, chapter 359, article 5, section 27, is amended to read:

75.28 **EFFECTIVE DATE.** This section is effective the day following final enactment
75.29 and expires on June 30, 2014. Individuals must not be appointed to a postretirement
75.30 option position after that date.

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

76.1 Sec. 17. **COUNTY SHERIFF TEMPORARY EARLY RETIREMENT**
76.2 **PROVISION.**

76.3 Subdivision 1. **Application.** (a) This section applies to a county sheriff who:

76.4 (1) terminates membership in the public employees police and fire retirement plan
76.5 after June 30, 2014, and by the final day in office in January 2015 as reported by the county;

76.6 (2) is at least age 50 but less than age 55 on the date of termination;

76.7 (3) is at least partially vested under Minnesota Statutes, section 353.01, subdivision
76.8 47, and meets all applicable requirements for receipt of an early retirement annuity from
76.9 the plan; and

76.10 (4) has as the benefit effective date the day following termination of public
76.11 employees police and fire retirement plan membership.

76.12 (b) Notwithstanding any provision of Minnesota Statutes, section 353.651,
76.13 subdivision 4, to the contrary, the early retirement annuity applicable to an eligible person
76.14 under paragraph (a) is the applicable benefit specified in subdivision 2.

76.15 Subd. 2. **Early retirement annuity.** (a) If an eligible person became a public
76.16 employees police and fire retirement plan member after June 30, 2007, or was a former
76.17 member who was reinstated as a member after that date, the person is entitled, upon
76.18 application, to the normal annuity calculated under Minnesota Statutes, section 353.651,
76.19 subdivision 3, reduced by two-tenths of one percent for each month that the member
76.20 is under age 55 at the time of retirement.

76.21 (b) If an eligible person became a public employees police and fire retirement plan
76.22 member before July 1, 2007, and is covered under paragraph (a), the person is entitled,
76.23 upon application, to the normal annuity calculated under Minnesota Statutes, section
76.24 353.651, subdivision 3, reduced by one-tenth of one percent for each month that the
76.25 member is under age 55 at the time of retirement.

76.26 (c) If an eligible person is not fully vested, the annuity computed under this section
76.27 must be reduced accordingly.

76.28 Subd. 3. **Expiration.** This section expires on January 1, 2016.

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

76.30 Sec. 18. **REPEALER.**

76.31 Minnesota Statutes 2012, sections 11A.17, subdivision 4; 352.965, subdivision 5;
76.32 352D.04, subdivision 1; and 353D.05, subdivision 2, are repealed.

76.33 **EFFECTIVE DATE.** This section is effective July 1, 2014."

77.1 Delete the title and insert:

77.2 "A bill for an act

77.3 relating to retirement; various Minnesota public employee retirement plans;
77.4 allowing MSRS-General deferred members to vote in board elections;
77.5 continuing Stevens County Housing and Redevelopment Authority employees
77.6 in PERA-General; excluding fixed-route bus drivers employed by the St.
77.7 Cloud Metropolitan Transit Commission from PERA-General coverage;
77.8 increasing member and employer contribution rates for certain retirement
77.9 plans; providing for the consolidation of the Duluth Teachers Retirement Fund
77.10 Association retirement plan and fund into the statewide Teachers Retirement
77.11 Association; revising an amortization target date, creating new state aid
77.12 programs; appropriating money; extending a MnSCU early retirement incentive
77.13 program; increasing the limit for certain reemployed MnSCU retirees; extending
77.14 the applicability of a second chance at tenure retirement coverage election
77.15 opportunity for MnSCU faculty members; revising investment authority for
77.16 various defined contribution plans or programs; authorizing the State Board of
77.17 Investment to revise, remove, or create investment options for the Minnesota
77.18 supplemental investment fund; expanding permissible investments under the
77.19 unclassified state employees retirement program, the public employees defined
77.20 contribution plan, the deferred compensation program, and the health care savings
77.21 plan; revising salary reporting requirements; clarifying retirement provision
77.22 applications to sheriffs; revising local government postretirement option program
77.23 requirements and extending expiration date; amending Minnesota Statutes 2012,
77.24 sections 11A.17, subdivisions 1, 9; 13.632, subdivision 1; 122A.18, subdivision
77.25 7a; 136F.481; 352.03, subdivisions 1, 1a; 352.04, subdivisions 2, 3; 352.1155,
77.26 subdivisions 1, 4; 352.92, subdivisions 1, 2; 352.965, subdivision 4, by adding
77.27 subdivisions; 352.98, subdivision 2; 352D.04, by adding subdivisions; 353.27,
77.28 subdivisions 2, 3, 3b, 4; 353.371, by adding a subdivision; 353D.05, subdivision
77.29 1, by adding a subdivision; 354.05, subdivisions 2, 13; 354.42, subdivisions
77.30 2, 3; 354.445; 354A.011, subdivisions 11, 15a, 27; 354A.021, subdivision
77.31 1; 354A.092; 354A.093, subdivision 1; 354A.096; 354A.12, subdivision 2;
77.32 354A.31, subdivisions 1, 3a; 354A.32, subdivision 1; 354A.35, subdivision
77.33 1; 354A.37, subdivisions 3, 4; 354A.39; 354A.41; 354B.21, subdivisions 2,
77.34 3a; 355.01, subdivision 2c; 356.215, subdivision 11; 356.24, subdivision 1;
77.35 356.302, subdivision 7; 356.303, subdivision 4; 356.32, subdivision 2; 356.42,
77.36 subdivision 3; 356.465, subdivision 3; 356.47, subdivision 3; 356.99, subdivision
77.37 1; Minnesota Statutes 2013 Supplement, sections 353.01, subdivisions 2a, 2b;
77.38 353.651, subdivision 4; 354.436; 354.44, subdivision 6; 354A.12, subdivisions 1,
77.39 2a, 3a, 3c; 356.20, subdivision 2; 356.214, subdivision 1; 356.215, subdivision 8;
77.40 356.219, subdivision 8; 356.30, subdivision 3; 356.401, subdivision 3; 423A.02,
77.41 subdivision 3; Laws 2009, chapter 169, article 5, section 2, as amended; article 6,
77.42 section 1; proposing coding for new law in Minnesota Statutes, chapters 354;
77.43 354A; 356; repealing Minnesota Statutes 2012, sections 11A.17, subdivision
77.44 4; 352.965, subdivision 5; 352D.04, subdivision 1; 353D.05, subdivision
77.45 2; 354A.021, subdivision 5; 354A.108; 354A.24; 354A.27, subdivision 5;
77.46 Minnesota Statutes 2013 Supplement, sections 354A.27, subdivisions 6a, 7;
77.47 354A.31, subdivision 4a."