

1.1 **COMPILATION OF PROPOSED LEGISLATION HEARD AND LAID OVER BY**
 1.2 **THE COMMISSION FOR POSSIBLE FURTHER CONSIDERATION**

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

1.4 Delete everything after the enacting clause and insert:

1.5 **"ARTICLE 1**

1.6 **INTEREST, SALARY, AND PAYROLL GROWTH ASSUMPTION CHANGES**

1.7 Section 1. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

1.8 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the
 1.9 applicable following interest assumption:

1.10 (1) select and ultimate interest rate assumption

1.11 1.12	ultimate interest rate assumption
1.13 general state employees retirement plan	8.5%
1.14 correctional state employees retirement plan	8.5
1.15 State Patrol retirement plan	8.5
1.16 legislators retirement plan, and for the 1.17 constitutional officers calculation of total plan 1.18 liabilities	0
1.19 judges retirement plan	8.5
1.20 general public employees retirement plan	8.5
1.21 public employees police and fire retirement plan	8.5
1.22 local government correctional service 1.23 retirement plan	8.5
1.24 teachers retirement plan	8.5%
1.25 St. Paul teachers retirement plan	8.5

1.26 ~~Except for the legislators retirement plan and the constitutional officers calculation~~
 1.27 ~~of total plan liabilities;~~ The select preretirement interest rate assumption for the period
 1.28 after June 30, 2012, through June 30, 2017, is 8 percent.

1.29 (2) single rate interest rate assumption

2.1		interest rate
2.2	plan	assumption
2.3	<u>general state employees retirement plan</u>	<u>8%</u>
2.4	<u>correctional state employees retirement plan</u>	<u>8</u>
2.5	<u>State Patrol retirement plan</u>	<u>8</u>
2.6	<u>legislators retirement plan, and for the</u>	<u>0</u>
2.7	<u>constitutional officers calculation of total plan</u>	
2.8	<u>liabilities</u>	
2.9	<u>judges retirement plan</u>	<u>8</u>
2.10	<u>general public employees retirement plan</u>	<u>8</u>
2.11	<u>public employees police and fire retirement plan</u>	<u>8</u>
2.12	<u>local government correctional service retirement</u>	<u>8</u>
2.13	<u>plan</u>	
2.14	<u>St. Paul teachers retirement plan</u>	<u>8</u>
2.15	Bloomington Fire Department Relief Association	6
2.16	local monthly benefit volunteer firefighters relief	5
2.17	associations	

2.18 (b)(1) If funding stability has been attained, the valuation must use a postretirement
 2.19 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
 2.20 in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1,
 2.21 whichever applies.

2.22 (2) If funding stability has not been attained, the valuation must use a select
 2.23 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment
 2.24 rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415,
 2.25 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the
 2.26 approved actuary estimates that the plan will attain the defined funding stability measure,
 2.27 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal
 2.28 to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29,
 2.29 subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning
 2.30 when funding stability is projected to be attained.

2.31 (c) The actuarial valuation must use the applicable following single rate future salary
 2.32 increase assumption, the applicable following modified single rate future salary increase
 2.33 assumption, or the applicable following graded rate future salary increase assumption:

2.34 (1) single rate future salary increase assumption

2.35	plan	future salary increase assumption
2.36	legislators retirement plan	5%
2.37	judges retirement plan	3
2.38	Bloomington Fire Department Relief	4
2.39	Association	

3.1 (2) age-related future salary increase age-related select and ultimate future salary
 3.2 increase assumption or graded rate future salary increase assumption
 3.3 plan future salary increase assumption
 3.4 local government correctional service retirement plan assumption B
 3.5 St. Paul teachers retirement plan assumption A

3.6 For plans other than the St. Paul teachers
 3.7 retirement plan and the local government
 3.8 correctional service retirement plan, the
 3.9 select calculation is: during the designated
 3.10 select period, a designated percentage rate
 3.11 is multiplied by the result of the designated
 3.12 integer minus T, where T is the number of
 3.13 completed years of service, and is added
 3.14 to the applicable future salary increase
 3.15 assumption. The designated select period
 3.16 is ten years and the designated integer is
 3.17 ten for the local government correctional
 3.18 service retirement plan and 15 for the St.
 3.19 Paul Teachers Retirement Fund Association.
 3.20 The designated percentage rate is 0.2 percent
 3.21 for the St. Paul Teachers Retirement Fund
 3.22 Association.

3.23 The ultimate future salary increase assumption is:

3.24	age	A	B
3.25	16	5.9%	9% <u>8.75%</u>
3.26	17	5.9	<u>98.75</u>
3.27	18	5.9	<u>98.75</u>
3.28	19	5.9	<u>98.75</u>
3.29	20	5.9	<u>98.75</u>
3.30	21	5.9	8.75 <u>8.5</u>
3.31	22	5.9	8.5 <u>8.25</u>
3.32	23	5.85	8.25 <u>8</u>
3.33	24	5.8	<u>87.75</u>
3.34	25	5.75	7.75 <u>7.5</u>
3.35	26	5.7	7.5 <u>7.25</u>
3.36	27	5.65	7.25 <u>7</u>
3.37	28	5.6	<u>76.75</u>
3.38	29	5.55	6.75 <u>6.5</u>

4.1	30	5.5	<u>6.756.5</u>
4.2	31	5.45	<u>6.56.25</u>
4.3	32	5.4	<u>6.56.25</u>
4.4	33	5.35	<u>6.56.25</u>
4.5	34	5.3	<u>6.256</u>
4.6	35	5.25	<u>6.256</u>
4.7	36	5.2	<u>65.75</u>
4.8	37	5.15	<u>65.75</u>
4.9	38	5.1	<u>65.75</u>
4.10	39	5.05	<u>5.755.5</u>
4.11	40	5	<u>5.755.5</u>
4.12	41	4.95	<u>5.755.5</u>
4.13	42	4.9	<u>5.55.25</u>
4.14	43	4.85	<u>5.255</u>
4.15	44	4.8	<u>5.255</u>
4.16	45	4.75	<u>54.75</u>
4.17	46	4.7	<u>54.75</u>
4.18	47	4.65	<u>54.75</u>
4.19	48	4.6	<u>54.75</u>
4.20	49	4.55	<u>54.75</u>
4.21	50	4.5	<u>54.75</u>
4.22	51	4.45	<u>54.75</u>
4.23	52	4.4	<u>54.75</u>
4.24	53	4.35	<u>54.75</u>
4.25	54	4.3	<u>54.75</u>
4.26	55	4.25	<u>4.754.5</u>
4.27	56	4.2	<u>4.754.5</u>
4.28	57	4.15	<u>4.54.25</u>
4.29	58	4.1	<u>4.254</u>
4.30	59	4.05	<u>4.254</u>
4.31	60	4	<u>4.254</u>
4.32	61	4	<u>4.254</u>
4.33	62	4	<u>4.254</u>
4.34	63	4	<u>4.254</u>
4.35	64	4	<u>4.254</u>
4.36	65	4	<u>43.75</u>
4.37	66	4	<u>43.75</u>
4.38	67	4	<u>43.75</u>
4.39	68	4	<u>43.75</u>
4.40	69	4	<u>43.75</u>
4.41	70	4	<u>43.75</u>

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

5.1	general state employees retirement plan of the					assumption A	
5.2	Minnesota State Retirement System						
5.3	general employees retirement plan of the Public					assumption B	
5.4	Employees Retirement Association						
5.5	Teachers Retirement Association					assumption C	
5.6	public employees police and fire retirement plan					assumption D	
5.7	State Patrol retirement plan					assumption E	
5.8	correctional state employees retirement plan of the					assumption F	
5.9	Minnesota State Retirement System						
5.10	service						
5.11	length	A	B	C	D	E	F
5.12	1	10.5% <u>10.25%</u>	12.03% <u>11.78%</u>	12%	13% <u>12.75%</u>	8% <u>7.75%</u>	6% <u>5.75%</u>
5.13	2	<u>8.17.85</u>	<u>8.98.65</u>	9	<u>11.10.75</u>	<u>7.57.25</u>	<u>5.855.6</u>
5.14	3	<u>6.96.65</u>	<u>7.467.21</u>	8	<u>98.75</u>	<u>76.75</u>	<u>5.75.45</u>
5.15	4	<u>6.25.95</u>	<u>6.586.33</u>	7.5	<u>87.75</u>	<u>6.756.5</u>	<u>5.555.3</u>
5.16	5	<u>5.75.45</u>	<u>5.975.72</u>	7.25	<u>6.56.25</u>	<u>6.56.25</u>	<u>5.45.15</u>
5.17	6	<u>5.35.05</u>	<u>5.525.27</u>	7	<u>6.15.85</u>	<u>6.256</u>	<u>5.255</u>
5.18	7	<u>54.75</u>	<u>5.164.91</u>	6.85	<u>5.85.55</u>	<u>65.75</u>	<u>5.14.85</u>
5.19	8	<u>4.74.45</u>	<u>4.874.62</u>	6.7	<u>5.65.35</u>	<u>5.855.6</u>	<u>4.954.7</u>
5.20	9	<u>4.54.25</u>	<u>4.634.38</u>	6.55	<u>5.45.15</u>	<u>5.75.45</u>	<u>4.84.55</u>
5.21	10	<u>4.44.15</u>	<u>4.424.17</u>	6.4	<u>5.35.05</u>	<u>5.555.3</u>	<u>4.654.4</u>
5.22	11	<u>4.23.95</u>	<u>4.243.99</u>	6.25	<u>5.24.95</u>	<u>5.45.15</u>	<u>4.554.3</u>
5.23	12	<u>4.13.85</u>	<u>4.083.83</u>	6	<u>5.14.85</u>	<u>5.255</u>	<u>4.454.2</u>
5.24	13	<u>43.75</u>	<u>3.943.69</u>	5.75	<u>54.75</u>	<u>5.14.85</u>	<u>4.354.1</u>
5.25	14	<u>3.83.55</u>	<u>3.823.57</u>	5.5	<u>4.94.65</u>	<u>4.954.7</u>	<u>4.254</u>
5.26	15	<u>3.73.45</u>	<u>3.73.45</u>	5.25	<u>4.84.55</u>	<u>4.84.55</u>	<u>4.153.9</u>
5.27	16	<u>3.63.35</u>	<u>3.63.35</u>	5	<u>4.84.55</u>	<u>4.654.4</u>	<u>4.053.8</u>
5.28	17	<u>3.53.25</u>	<u>3.513.26</u>	4.75	<u>4.84.55</u>	<u>4.54.25</u>	<u>3.953.7</u>
5.29	18	<u>3.53.25</u>	<u>3.53.25</u>	4.5	<u>4.84.55</u>	<u>4.354.1</u>	<u>3.853.6</u>
5.30	19	<u>3.53.25</u>	<u>3.53.25</u>	4.25	<u>4.84.55</u>	<u>4.23.95</u>	<u>3.753.5</u>
5.31	20	<u>3.53.25</u>	<u>3.53.25</u>	4	<u>4.84.55</u>	<u>4.053.8</u>	<u>3.753.5</u>
5.32	21	<u>3.53.25</u>	<u>3.53.25</u>	3.9	<u>4.74.45</u>	<u>43.75</u>	<u>3.753.5</u>
5.33	22	<u>3.53.25</u>	<u>3.53.25</u>	3.8	<u>4.64.35</u>	<u>43.75</u>	<u>3.753.5</u>
5.34	23	<u>3.53.25</u>	<u>3.53.25</u>	3.7	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.35	24	<u>3.53.25</u>	<u>3.53.25</u>	3.6	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.36	25	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.37	26	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.38	27	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.39	28	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.40	29	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>
5.41	30 or more	<u>3.53.25</u>	<u>3.53.25</u>	3.5	<u>4.54.25</u>	<u>43.75</u>	<u>3.753.5</u>

5.42 (d) The actuarial valuation must use the applicable following payroll growth
 5.43 assumption for calculating the amortization requirement for the unfunded actuarial

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

6.3	plan	payroll growth assumption
6.4	general state employees retirement plan of the	3.75% <u>3.5%</u>
6.5	Minnesota State Retirement System	
6.6	correctional state employees retirement plan	3.75 <u>3.5</u>
6.7	State Patrol retirement plan	3.75 <u>3.5</u>
6.8	judges retirement plan	<u>3.75</u>
6.9	general employees retirement plan of the Public	3.75 <u>3.5</u>
6.10	Employees Retirement Association	
6.11	public employees police and fire retirement plan	3.75 <u>3.5</u>
6.12	local government correctional service retirement plan	3.75 <u>3.5</u>
6.13	teachers retirement plan	3.75
6.14	St. Paul teachers retirement plan	4

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

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

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

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

6.22 **EFFECTIVE DATE.** This section is effective June 30, 2015, and applies to
6.23 actuarial valuations prepared for an actuarial valuation date after that date.

6.24 ARTICLE 2

6.25 CONFORMING CHANGES IN REFUND REPAYMENT PROVISIONS 6.26 RELATED TO INTEREST ASSUMPTION CHANGE

6.27 Section 1. Minnesota Statutes 2014, section 3A.03, subdivision 2, is amended to read:

6.28 Subd. 2. **Refund.** (a) A former member who has made contributions under
6.29 subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon
6.30 written application to the executive director on a form prescribed by the executive director,
6.31 a refund from the general fund of all contributions credited to the member's account with
6.32 interest computed as provided in section 352.22, subdivision 2.

6.33 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a
6.34 former member of the legislature and the survivors of the former member under this chapter.

6.35 (c) If the former member of the legislature again becomes a member of the legislature
6.36 after having taken a refund as provided in paragraph (a), the member is a member of the
6.37 unclassified employees retirement program of the Minnesota State Retirement System.

7.1 (d) However, the member may reinstate the rights and credit for service previously
7.2 forfeited under this chapter if the member repays all refunds taken, plus interest at ~~an~~ the
7.3 applicable annual rate of 8.5 percent compounded annually from the date on which the
7.4 refund was taken to the date on which the refund is repaid.

7.5 (e) No person may be required to apply for or to accept a refund. The applicable
7.6 rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the period after
7.7 June 30, 2015.

7.8 Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 13a, is amended to read:

7.9 Subd. 13a. **Reduced salary during period of workers' compensation.** An
7.10 employee on leave of absence receiving temporary workers' compensation payments and a
7.11 reduced salary or no salary from the employer who is entitled to allowable service credit
7.12 for the period of absence, may make payment to the fund for the difference between salary
7.13 received, if any, and the salary the employee would normally receive if not on leave of
7.14 absence during the period. The employee shall pay an amount equal to the employee and
7.15 employer contribution rate under section 352.04, subdivisions 2 and 3, on the differential
7.16 salary amount for the period of the leave of absence.

7.17 The employing department, at its option, may pay the employer amount on behalf
7.18 of its employees. Payment made under this subdivision must include interest at the
7.19 applicable rate of 8.5 percent per year, and must be completed within one year of the
7.20 return from leave of absence. The applicable rate is 8.5 percent for the period before July
7.21 1, 2015, and 8 percent for the period after June 30, 2015.

7.22 Sec. 3. Minnesota Statutes 2014, section 352.04, subdivision 8, is amended to read:

7.23 Subd. 8. **Department required to pay omitted salary deductions.** (a) If a
7.24 department fails to take deductions past due for a period of 60 days or less from an
7.25 employee's salary as provided in this section, those deductions must be taken on later
7.26 payroll abstracts.

7.27 (b) If a department fails to take deductions past due for a period in excess of 60
7.28 days from an employee's salary as provided in this section, the department, and not the
7.29 employee, must pay on later payroll abstracts the employee and employer contributions
7.30 and an amount equivalent to ~~8.5 percent~~ the applicable rate of the total amount due in lieu
7.31 of interest, or if the delay in payment exceeds one year, ~~8.5 percent~~ the applicable rate
7.32 compound annual interest. The applicable rate is 8.5 percent for the period before July
7.33 1, 2015, and 8 percent for the period after June 30, 2015.

8.1 (c) If a department fails to take deductions past due for a period of 60 days or less
8.2 and the employee is no longer in state service so that the required deductions cannot be
8.3 taken from the salary of the employee, the department must nevertheless pay the required
8.4 employer contributions. If any department fails to take deductions past due for a period in
8.5 excess of 60 days and the employee is no longer in state service, the omitted contributions
8.6 must be recovered under paragraph (b).

8.7 (d) If an employee from whose salary required deductions were past due for a period
8.8 of 60 days or less leaves state service before the payment of the omitted deductions and
8.9 subsequently returns to state service, the unpaid amount is considered the equivalent of a
8.10 refund. The employee accrues no right by reason of the unpaid amount, except that the
8.11 employee may pay the amount of omitted deductions as provided in section 352.23.

8.12 Sec. 4. Minnesota Statutes 2014, section 352.04, subdivision 9, is amended to read:

8.13 Subd. 9. **Erroneous deductions, canceled warrants.** (a) Deductions taken from
8.14 the salary of an employee for the retirement fund in excess of required amounts must,
8.15 upon discovery and verification by the department making the deduction, be refunded to
8.16 the employee.

8.17 (b) If a deduction for the retirement fund is taken from a salary warrant or check,
8.18 and the check is canceled or the amount of the warrant or check returned to the funds of
8.19 the department making the payment, the sum deducted, or the part of it required to adjust
8.20 the deductions, must be refunded to the department or institution if the department applies
8.21 for the refund on a form furnished by the director. The department's payments must
8.22 likewise be refunded to the department.

8.23 (c) If erroneous employee deductions and employer contributions are caused by an
8.24 error in plan coverage involving the plan and any other plans specified in section 356.99,
8.25 that section applies. If the employee should have been covered by the plan governed by
8.26 chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions
8.27 taken in error must be directly transferred to the applicable employee's account in the
8.28 correct retirement plan, with interest at the applicable rate of 0.71 percent per month,
8.29 compounded annually, from the first day of the month following the month in which
8.30 coverage should have commenced in the correct defined contribution plan until the end of
8.31 the month in which the transfer occurs. The applicable rate is 0.71 percent before July 1,
8.32 2015, and is 0.667 percent for the period after June 30, 2015.

8.33 Sec. 5. Minnesota Statutes 2014, section 352.23, is amended to read:

8.34 **352.23 TERMINATION OF RIGHTS.**

9.1 When any employee accepts a refund as provided in section 352.22, all existing
9.2 service credits and all rights and benefits to which the employee was entitled before
9.3 accepting the refund terminate. They must not again be restored until the former employee
9.4 acquires at least six months of allowable service credit after taking the last refund. In that
9.5 event, the employee may repay all refunds previously taken from the retirement fund.
9.6 Repayment of refunds entitles the employee only to credit for service covered by (1)
9.7 salary deductions; (2) payments made in lieu of salary deductions; (3) payments made
9.8 to obtain credit for service as permitted by laws in effect when payment was made; and
9.9 (4) allowable service once credited while receiving temporary workers' compensation as
9.10 provided in section 352.01, subdivision 11, clause (5). Payments under this section for
9.11 repayment of refunds are to be paid with interest at ~~an annual~~ the applicable rate of 8.5
9.12 ~~percent~~ percent compounded annually. The applicable rate is 8.5 percent for the period before July
9.13 1, 2015, and 8 percent for the period after June 30, 2015. They may be paid in a lump sum
9.14 or by payroll deduction in the manner provided in section 352.04. Payment may be made
9.15 in a lump sum up to six months after termination from service.

9.16 Sec. 6. Minnesota Statutes 2014, section 352.271, is amended to read:

9.17 **352.271 METROPOLITAN TRANSIT COMMISSION-TRANSIT**
9.18 **OPERATING DIVISION EMPLOYEES; CREDIT FOR MILITARY SERVICE.**

9.19 Any employee of the Metropolitan Transit Commission Operating Division who
9.20 was on a leave of absence to enter military service on July 1, 1978, who has not taken a
9.21 refund of employee contributions as authorized by article 12 of the Metropolitan Transit
9.22 Commission-Transit Operating Division employees retirement fund document or section
9.23 352.22, subdivision 2a, and who returns to service as an employee of the Metropolitan
9.24 Transit Commission-Transit Operating Division upon discharge from military service
9.25 as provided in section 192.262 is entitled to allowable service credit for the period of
9.26 military service. If an employee has taken a refund of employee contributions, and would
9.27 otherwise be entitled to allowable service credit under this section, the employee is
9.28 entitled to allowable service credit for the period of military service upon repayment to
9.29 the executive director of the system of the amount refunded plus interest at ~~an annual~~ the
9.30 applicable rate of 8.5 percent compounded annually from the date on which the refund
9.31 was taken to the date of repayment. The applicable rate is 8.5 percent for the period before
9.32 July 1, 2015, and 8 percent for the period after June 30, 2015. No employee is entitled to
9.33 allowable service credit for any voluntary extensions of military service at the instance of
9.34 the employee beyond any initial period of enlistment, induction, or call to active duty.

10.1 Sec. 7. Minnesota Statutes 2014, section 352B.11, subdivision 4, is amended to read:

10.2 Subd. 4. **Reentry into state service.** When a former member, who has become
10.3 separated from state service that entitled the member to membership and has received a
10.4 refund of retirement payments, reenters the state service in a position that entitles the
10.5 member to membership, that member shall receive credit for the period of prior allowable
10.6 state service if the member repays into the fund the amount of the refund, plus interest
10.7 on it at ~~an annual~~ the applicable rate of 8.5 percent compounded annually, at any time
10.8 before subsequent retirement. The applicable rate is 8.5 percent for the period before
10.9 July 1, 2015, and 8 percent for the period after June 30, 2015. Repayment may be made
10.10 in installments or in a lump sum.

10.11 Sec. 8. Minnesota Statutes 2014, section 352D.05, subdivision 4, is amended to read:

10.12 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may
10.13 repay regular refunds taken under section 352.22, as provided in section 352.23.

10.14 (b) A participant in the unclassified program or an employee covered by the general
10.15 employees retirement plan who has withdrawn the value of the total shares may repay
10.16 the refund taken and thereupon restore the service credit, rights and benefits forfeited by
10.17 paying into the fund the amount refunded plus interest at ~~an annual~~ the applicable rate of
10.18 8.5 percent compounded annually from the date that the refund was taken until the date
10.19 that the refund is repaid. The applicable rate is 8.5 percent for the period before July 1,
10.20 2015, and 8 percent for the period after June 30, 2015. If the participant had withdrawn
10.21 only the employee shares as permitted under prior laws, repayment must be pro rata.

10.22 (c) Except as provided in section 356.441, the repayment of a refund under this
10.23 section must be made in a lump sum.

10.24 Sec. 9. Minnesota Statutes 2014, section 352D.12, is amended to read:

10.25 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

10.26 (a) An employee who is a participant in the unclassified program and who has prior
10.27 service credit in a covered plan under chapter 352, 353, 354, 354A, or 422A may, within
10.28 the time limits specified in this section, elect to transfer to the unclassified program prior
10.29 service contributions to one or more of those plans.

10.30 (b) For participants with prior service credit in a plan governed by chapter 352, 353,
10.31 354, 354A, or 422A, "prior service contributions" means the accumulated employee and
10.32 equal employer contributions with interest at ~~an annual~~ the applicable rate of 8.5 percent
10.33 compounded annually, based on fiscal year balances. The applicable rate is 8.5 percent for
10.34 the period before July 1, 2015, and 8 percent for the period after June 30, 2015.

11.1 (c) If a participant has taken a refund from a retirement plan listed in this section,
11.2 the participant may repay the refund to that plan, notwithstanding any restrictions on
11.3 repayment to that plan, plus ~~8.5 percent~~ the applicable interest compounded annually
11.4 and have the accumulated employee and equal employer contributions transferred to
11.5 the unclassified program with interest at ~~an annual~~ the applicable rate of ~~8.5 percent~~
11.6 compounded annually based on fiscal year balances. The applicable rate is 8.5 percent for
11.7 the period before July 1, 2015, and 8 percent for the period after June 30, 2015. If a person
11.8 repays a refund and subsequently elects to have the money transferred to the unclassified
11.9 program, the repayment amount, including interest, is added to the fiscal year balance in
11.10 the year which the repayment was made.

11.11 (d) A participant electing to transfer prior service contributions credited to a
11.12 retirement plan governed by chapter 352, 353, 354, 354A, or 422A as provided under this
11.13 section must complete a written application for the transfer and repay any refund within
11.14 one year of the commencement of the employee's participation in the unclassified program.

11.15 Sec. 10. Minnesota Statutes 2014, section 353.27, subdivision 7a, is amended to read:

11.16 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
11.17 deductions and employer contributions under this section, section 353.50, 353.65, or
11.18 353E.03 were erroneously transmitted to the association, but should have been transmitted
11.19 to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall
11.20 transfer the erroneous employee deductions and employer contributions to the appropriate
11.21 retirement fund or individual account, as applicable. The time limitations specified in
11.22 subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution
11.23 plan account must include interest at the applicable rate of ~~0.71 percent~~ per month,
11.24 compounded annually, from the first day of the month following the month in which
11.25 coverage should have commenced in the defined contribution plan until the end of the
11.26 month in which the transfer occurs. The applicable rate is 0.71 percent before July 1,
11.27 2015, and is 0.667 percent for the period after June 30, 2015.

11.28 (b) A potential transfer under paragraph (a) that is reasonably determined to cause
11.29 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
11.30 Code, as amended, must not be made by the executive director of the association. Within
11.31 30 days after being notified by the Public Employees Retirement Association of an
11.32 unmade potential transfer under this paragraph, the employer of the affected person
11.33 must transmit an amount representing the applicable salary deductions and employer
11.34 contributions, without interest, to the retirement fund of the appropriate Minnesota public
11.35 pension plan, or to the applicable individual account if the proper coverage is by a defined

12.1 contribution plan. The association must provide the employing unit a credit for the amount
12.2 of the erroneous salary deductions and employer contributions against future contributions
12.3 from the employer. If the employing unit receives a credit under this paragraph, the
12.4 employing unit is responsible for refunding to the applicable employee any amount that
12.5 had been erroneously deducted from the person's salary.

12.6 (c) If erroneous employee deductions and employer contributions reflect a plan
12.7 coverage error involving any Public Employees Retirement Association plan specified in
12.8 section 356.99 and any other plan specified in that section, section 356.99 applies.

12.9 Sec. 11. Minnesota Statutes 2014, section 353.27, subdivision 12, is amended to read:

12.10 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission of
12.11 required deductions for the general employees retirement plan, the public employees police
12.12 and fire retirement plan, or the local government correctional employees retirement plan
12.13 from the salary of an employee, the department head or designee shall immediately, upon
12.14 discovery, report the employee for membership and deduct the employee deductions under
12.15 subdivision 4 during the current pay period or during the pay period immediately following
12.16 the discovery of the omission. Payment for the omitted obligations may only be made in
12.17 accordance with reporting procedures and methods established by the executive director.

12.18 (b) When the entire omission period of an employee does not exceed 60 days, the
12.19 governmental subdivision may report and submit payment of the omitted employee
12.20 deductions and the omitted employer contributions through the reporting processes under
12.21 subdivision 4.

12.22 (c) When the omission period of an employee exceeds 60 days, the governmental
12.23 subdivision shall furnish to the association sufficient data and documentation upon which
12.24 the obligation for omitted employee and employer contributions can be calculated.
12.25 The omitted employee deductions must be deducted from the employee's subsequent
12.26 salary payment or payments and remitted to the association for deposit in the applicable
12.27 retirement fund. The employee shall pay omitted employee deductions due for the 60
12.28 days prior to the end of the last pay period in the omission period during which salary
12.29 was earned. The employer shall pay any remaining omitted employee deductions and any
12.30 omitted employer contributions, plus cumulative interest at ~~an~~ the applicable annual
12.31 ~~rate of 8.5 percent~~ compounded annually, from the date or dates each omitted employee
12.32 contribution was first payable. The applicable rate is 8.5 percent for the period before July
12.33 1, 2015, and 8 percent for the period after June 30, 2015.

12.34 (d) An employer shall not hold an employee liable for omitted employee deductions
12.35 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee

13.1 those employee deductions paid by the employer on behalf of the employee. Omitted
13.2 deductions due under paragraph (c) which are not paid by the employee constitute a
13.3 liability of the employer that failed to deduct the omitted deductions from the employee's
13.4 salary. The employer shall make payment with interest at ~~an~~ the applicable annual rate
13.5 ~~of 8.5 percent~~ compounded annually. The applicable rate is 8.5 percent for the period
13.6 before July 1, 2015, and 8 percent for the period after June 30, 2015. Omitted employee
13.7 deductions are no longer due if an employee terminates public service before making
13.8 payment of omitted employee deductions to the association, but the employer remains
13.9 liable to pay omitted employer contributions plus interest at ~~an~~ the applicable annual rate
13.10 ~~of 8.5 percent~~ compounded annually from the date the contributions were first payable.
13.11 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for
13.12 the period after June 30, 2015.

13.13 (e) The association may not commence action for the recovery of omitted employee
13.14 deductions and employer contributions after the expiration of three calendar years after
13.15 the calendar year in which the contributions and deductions were omitted. Except as
13.16 provided under paragraph (b), no payment may be made or accepted unless the association
13.17 has already commenced action for recovery of omitted deductions. An action for recovery
13.18 commences on the date of the mailing of any written correspondence from the association
13.19 requesting information from the governmental subdivision upon which to determine
13.20 whether or not omitted deductions occurred.

13.21 Sec. 12. Minnesota Statutes 2014, section 353.27, subdivision 12a, is amended to read:

13.22 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
13.23 who was a member of the general employees retirement plan of the Public Employees
13.24 Retirement Association, the public employees police and fire retirement plan, or the local
13.25 government correctional employees retirement plan and who has a period of employment
13.26 in which previously omitted employer contributions were made under subdivision 12
13.27 but for whom no, or only partial, omitted employee contributions have been made, or a
13.28 member who had prior coverage in the association for which previously omitted employer
13.29 contributions were made under subdivision 12 but who terminated service before required
13.30 omitted employee deductions could be withheld from salary, may pay the omitted
13.31 employee deductions for the period on which omitted employer contributions were
13.32 previously paid plus interest at ~~an~~ the applicable annual rate ~~of 8.5 percent~~ compounded
13.33 annually. The applicable rate is 8.5 percent for the period before July 1, 2015, and 8
13.34 percent for the period after June 30, 2015. A terminated employee may pay the omitted
13.35 employee deductions plus interest within six months of an initial notification from the

14.1 association of eligibility to pay those omitted deductions. If a terminated employee is
14.2 reemployed in a position covered under a public pension fund under section 356.30,
14.3 subdivision 3, and elects to pay omitted employee deductions, payment must be made no
14.4 later than six months after a subsequent termination of public service.

14.5 Sec. 13. Minnesota Statutes 2014, section 353.28, subdivision 5, is amended to read:

14.6 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section
14.7 or section 353.27, subdivision 4, is payable with interest at ~~an~~ the applicable annual
14.8 compound rate ~~of 8.5 percent~~ from the date due until the date payment is received by the
14.9 association, with a minimum interest charge of \$10. The applicable rate is 8.5 percent for
14.10 the period before July 1, 2015, and 8 percent for the period after June 30, 2015.

14.11 Sec. 14. Minnesota Statutes 2014, section 353.35, subdivision 1, is amended to read:

14.12 Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any
14.13 former member accepts a refund, all existing service credits and all rights and benefits to
14.14 which the person was entitled prior to the acceptance of the refund must terminate.

14.15 (b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a
14.16 forfeiture of salary credit for the allowable service credit covered by the refund.

14.17 (c) The rights and benefits of a former member must not be restored until the person
14.18 returns to active service and acquires at least six months of allowable service credit after
14.19 taking the last refund and repays the refund or refunds taken and interest received under
14.20 section 353.34, subdivisions 1 and 2, plus interest at ~~an~~ the applicable annual rate ~~of 8.5~~
14.21 ~~percent~~ compounded annually. The applicable rate is 8.5 percent for the period before July
14.22 1, 2015, and 8 percent for the period after June 30, 2015. If the person elects to restore
14.23 service credit in a particular fund from which the person has taken more than one refund,
14.24 the person must repay all refunds to that fund. All refunds must be repaid within six
14.25 months of the last date of termination of public service.

14.26 Sec. 15. Minnesota Statutes 2014, section 354A.093, subdivision 6, is amended to read:

14.27 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent
14.28 employee and employer contribution amounts payable under this section. Interest must be
14.29 computed at a the applicable rate ~~of 8.5 percent~~ compounded annually from the end of
14.30 each fiscal year of the leave or break in service to the end of the month in which payment
14.31 is received. The applicable rate is 8.5 percent for the period before July 1, 2015, and 8
14.32 percent for the period after June 30, 2015.

15.1 Sec. 16. Minnesota Statutes 2014, section 354A.38, subdivision 3, is amended to read:

15.2 Subd. 3. **Computation of refund repayment amount.** If the coordinated member
15.3 elects to repay a refund under subdivision 2, the repayment to the fund must be in an
15.4 amount equal to refunds the member has accepted plus interest at the applicable rate of 8.5
15.5 ~~percent~~ compounded annually from the date that the refund was accepted to the date that
15.6 the refund is repaid. The applicable rate is 8.5 percent for the period before July 1, 2015,
15.7 and 8 percent for the period after June 30, 2015.

15.8 Sec. 17. Minnesota Statutes 2014, section 354B.23, subdivision 5, is amended to read:

15.9 Subd. 5. **Omitted member deductions.** (a) If the employing unit that employs a
15.10 plan participant fails to deduct the member contribution from the participant's salary and a
15.11 period of less than 60 days from the date on which the deduction should have been made
15.12 has elapsed, the employing unit must obtain the omitted member deduction by an additional
15.13 payroll deduction during the pay period next following the discovery of the omission.

15.14 (b) If the employing unit of a plan participant fails to deduct the member contribution
15.15 from the participant's salary and that omission continues for at least 60 days from the
15.16 date on which the deduction should have been made, the employing unit must pay the
15.17 amount representing the omitted member contribution, and the full required employer
15.18 contribution, plus compound interest at ~~an~~ the applicable annual rate of 8.5 percent. The
15.19 applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the
15.20 period after June 30, 2015. The contributions and any interest must be made within one
15.21 year of the date on which the omission was discovered.

15.22 Sec. 18. Minnesota Statutes 2014, section 354C.12, subdivision 2, is amended to read:

15.23 Subd. 2. **Omitted deductions.** If the employer of personnel covered by the
15.24 supplemental retirement plan as provided in section 354C.11 fails to deduct the member
15.25 basic contribution from the covered employee's salary and a period of less than 60 days
15.26 from the date on which the deduction should have been made has elapsed, the employer
15.27 must obtain the omitted member deduction by an additional payroll deduction during the
15.28 pay period next following the discovery of the omission. If the employer fails to deduct
15.29 the member basic contribution from the covered employee's salary and that omission
15.30 continues for at least 60 days from the date on which the member basic contribution
15.31 deduction should have been made, the employer must pay the amount representing
15.32 the omitted member basic contribution, and the full required omitted employer basic
15.33 contribution, plus compound interest at ~~an~~ the applicable annual rate of 8.5 percent. The
15.34 applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the

16.1 period after June 30, 2015. The contributions must be made within one year of the date on
16.2 which the omission was discovered.

16.3 Sec. 19. Minnesota Statutes 2014, section 356.44, is amended to read:

16.4 **356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.**

16.5 (a) Notwithstanding any provision of law to the contrary, a member of a pension
16.6 plan listed in section 356.30, subdivision 3, with at least two years of forfeited service
16.7 taken from a single pension plan, may repay a portion of all refunds. A partial refund
16.8 repayment must comply with this section.

16.9 (b) The minimum portion of a refund repayment is one-third of the total service
16.10 credit period of all refunds taken from a single plan.

16.11 (c) The cost of the partial refund repayment is the product of the cost of the total
16.12 repayment multiplied by the ratio of the restored service credit to the total forfeited service
16.13 credit. The total repayment amount includes interest at the applicable annual rate of ~~8.5~~
16.14 ~~percent~~, compounded annually, from the refund date to the date repayment is received.
16.15 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for
16.16 the period after June 30, 2015.

16.17 (d) The restored service credit must be allocated based on the relationship the
16.18 restored service bears to the total service credit period for all refunds taken from a single
16.19 pension plan.

16.20 (e) This section does not authorize a public pension plan member to repay a refund
16.21 if the law governing the plan does not authorize the repayment of a refund of member
16.22 contributions.

16.23 Sec. 20. Minnesota Statutes 2014, section 490.124, subdivision 12, is amended to read:

16.24 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund
16.25 in an amount that is equal to all of the member's employee contributions to the judges'
16.26 retirement fund plus interest computed under section 352.22, subdivision 2.

16.27 (b) A refund of contributions under paragraph (a) terminates all service credits and
16.28 all rights and benefits of the judge and the judge's survivors under this chapter.

16.29 (c) A person who becomes a judge again after taking a refund under paragraph (a)
16.30 may reinstate the previously terminated allowable service credit, rights, and benefits by
16.31 repaying the total amount of the previously received refund. The refund repayment must
16.32 include interest on the total amount previously received at an the applicable annual rate of
16.33 ~~8.5 percent~~, compounded annually, from the date on which the refund was received until

17.1 the date on which the refund is repaid. The applicable rate is 8.5 percent for the period
17.2 before July 1, 2015, and 8 percent for the period after June 30, 2015.

17.3 Sec. 21. **EFFECTIVE DATE.**

17.4 Sections 1 to 20 are effective July 1, 2015.

17.5 **ARTICLE 3**

17.6 **CONFORMING CHANGES IN LEAVE AND PRIOR SERVICE CREDIT**
17.7 **PURCHASE PROVISIONS RELATED TO INTEREST ASSUMPTION CHANGE**

17.8 Section 1. Minnesota Statutes 2014, section 352.017, subdivision 2, is amended to read:

17.9 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
17.10 this chapter may purchase credit for allowable service in that plan for a period specified
17.11 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
17.12 whichever applies. The employing unit, at its option, may pay the employer portion of the
17.13 amount specified in paragraph (b) on behalf of its employees.

17.14 (b) If payment is received by the executive director within one year from the date the
17.15 employee returned to work following the authorized leave, the payment amount is equal to
17.16 the employee and employer contribution rates specified in law for the applicable plan at
17.17 the end of the leave period multiplied by the employee's hourly rate of salary on the date
17.18 of return from the leave of absence and by the days and months of the leave of absence for
17.19 which the employee is eligible for allowable service credit. The payment must include
17.20 compound interest at a the applicable monthly rate ~~of 0.71 percent~~ from the last day of the
17.21 leave period until the last day of the month in which payment is received. The applicable
17.22 rate is 0.71 percent before July 1, 2015, and is 0.667 percent for the period after June 30,
17.23 2015. If payment is received by the executive director after one year, the payment amount
17.24 is the amount determined under section 356.551. Payment under this paragraph must be
17.25 made before the date of termination from public employment covered under this chapter.

17.26 (c) If the employee terminates employment covered by this chapter during the leave
17.27 or following the leave rather than returning to covered employment, payment must be
17.28 received by the executive director within 30 days after the termination date. The payment
17.29 amount is equal to the employee and employer contribution rates specified in law for the
17.30 applicable plan on the day prior to the termination date, multiplied by the employee's
17.31 hourly rate of salary on that date and by the days and months of the leave of absence
17.32 prior to termination.

17.33 Sec. 2. Minnesota Statutes 2014, section 352.27, is amended to read:

18.1 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
18.2 **SERVICE.**

18.3 (a) An employee who is absent from employment by reason of service in the
18.4 uniformed services, as defined in United States Code, title 38, section 4303(13), and who
18.5 returns to state service upon discharge from service in the uniformed service within the
18.6 time frames required in United States Code, title 38, section 4312(e), may obtain service
18.7 credit for the period of the uniformed service as further specified in this section, provided
18.8 that the employee did not separate from uniformed service with a dishonorable or bad
18.9 conduct discharge or under other than honorable conditions.

18.10 (b) The employee may obtain credit by paying into the fund an equivalent employee
18.11 contribution based upon the contribution rate or rates in effect at the time that the
18.12 uniformed service was performed multiplied by the full and fractional years being
18.13 purchased and applied to the annual salary rate. The annual salary rate is the average
18.14 annual salary during the purchase period that the employee would have received if the
18.15 employee had continued to be employed in covered employment rather than to provide
18.16 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
18.17 salary rate is the employee's average salary rate during the 12-month period of covered
18.18 employment rendered immediately preceding the period of the uniformed service.

18.19 (c) The equivalent employer contribution and, if applicable, the equivalent additional
18.20 employer contribution provided in this chapter must be paid by the department employing
18.21 the employee from funds available to the department at the time and in the manner
18.22 provided in this chapter, using the employer and additional employer contribution rate or
18.23 rates in effect at the time that the uniformed service was performed, applied to the same
18.24 annual salary rate or rates used to compute the equivalent employee contribution.

18.25 (d) If the employee equivalent contributions provided in this section are not paid in
18.26 full, the employee's allowable service credit must be prorated by multiplying the full and
18.27 fractional number of years of uniformed service eligible for purchase by the ratio obtained
18.28 by dividing the total employee contribution received by the total employee contribution
18.29 otherwise required under this section.

18.30 (e) To receive service credit under this section, the contributions specified in this
18.31 section must be transmitted to the Minnesota State Retirement System during the period
18.32 which begins with the date on which the individual returns to state service and which has a
18.33 duration of three times the length of the uniformed service period, but not to exceed five
18.34 years. If the determined payment period is less than one year, the contributions required
18.35 under this section to receive service credit may be made within one year of the discharge
18.36 date.

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

19.4 (g) The employing unit shall pay interest on all equivalent employee and employer
19.5 contribution amounts payable under this section. Interest must be computed at a the
19.6 applicable rate of 8.5 percent compounded annually from the end of each fiscal year of the
19.7 leave or the break in service to the end of the month in which the payment is received.
19.8 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for
19.9 the period after June 30, 2015.

19.10 Sec. 3. Minnesota Statutes 2014, section 352.955, subdivision 3, is amended to read:

19.11 Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible
19.12 employee who is transferred to plan coverage and who elects to transfer past service
19.13 credit under this section must pay an additional member contribution for that prior service
19.14 period. The additional member contribution is the amount computed under paragraph
19.15 (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the
19.16 unfunded actuarial accrued liability attributable to the past service credit transfer.

19.17 (b) The executive director shall compute, for the most recent 12 months of service
19.18 credit eligible for transfer, or for the entire period eligible for transfer if less than 12
19.19 months, the difference between the employee contribution rate or rates for the general
19.20 state employees retirement plan and the employee contribution rate or rates for the
19.21 correctional state employees retirement plan applied to the eligible employee's salary
19.22 during that transfer period, plus compound interest at a the applicable monthly rate of 0.71
19.23 percent. The applicable rate is 0.71 percent before July 1, 2015, and is 0.667 percent for
19.24 the period after June 30, 2015.

19.25 (c) The executive director shall compute, for any service credit being transferred
19.26 on behalf of the eligible employee and not included under paragraph (b), the difference
19.27 between the employee contribution rate or rates for the general state employees retirement
19.28 plan and the employee contribution rate or rates for the correctional state employees
19.29 retirement plan applied to the eligible employee's salary during that transfer period, plus
19.30 compound interest at a the applicable monthly rate of 0.71 percent. The applicable rate is
19.31 0.71 percent before July 1, 2015, and is 0.667 percent for the period after June 30, 2015.

19.32 (d) The executive director shall compute an amount using the process specified in
19.33 paragraph (b), but based on differences in employer contribution rates between the general
19.34 state employees retirement plan and the correctional state employees retirement plan
19.35 rather than employee contribution rates.

20.1 (e) The executive director shall compute an amount using the process specified in
20.2 paragraph (c), but based on differences in employer contribution rates between the general
20.3 state employees retirement plan and the correctional state employees retirement plan
20.4 rather than employee contribution rates.

20.5 (f) The additional equivalent member contribution under this subdivision must be
20.6 paid in a lump sum. Payment must accompany the election to transfer the prior service
20.7 credit. No transfer election or additional equivalent member contribution payment may be
20.8 made by a person or accepted by the executive director after the one year anniversary date
20.9 of the effective date of the retirement coverage transfer, or the date on which the eligible
20.10 employee terminates state employment, whichever is earlier.

20.11 (g) If an eligible employee elects to transfer past service credit under this section
20.12 and pays the additional equivalent member contribution amount under paragraph (a), the
20.13 applicable department shall pay an additional equivalent employer contribution amount.
20.14 The additional employer contribution is the amount computed under paragraph (d), plus
20.15 the greater of the amount computed under paragraph (e), or 60 percent of the unfunded
20.16 actuarial accrued liability attributable to the past service credit transfer.

20.17 (h) The unfunded actuarial accrued liability attributable to the past service credit
20.18 transfer is the present value of the benefit obtained by the transfer of the service credit
20.19 to the correctional state employees retirement plan reduced by the amount of the asset
20.20 transfer under subdivision 4, by the amount of the member contribution equivalent
20.21 payment computed under paragraph (b), and by the amount of the employer contribution
20.22 equivalent payment computed under paragraph (d).

20.23 (i) The additional equivalent employer contribution under this subdivision must be
20.24 paid in a lump sum and must be paid within 30 days of the date on which the executive
20.25 director of the Minnesota State Retirement System certifies to the applicable department
20.26 that the employee paid the additional equivalent member contribution.

20.27 Sec. 4. Minnesota Statutes 2014, section 352B.013, subdivision 2, is amended to read:

20.28 Subd. 2. **Purchase procedure.** (a) An employee covered by the plan specified in
20.29 this chapter may purchase credit for allowable service in the plan for a period specified
20.30 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
20.31 whichever applies. The employing unit, at its option, may pay the employer portion of the
20.32 amount specified in paragraph (b) on behalf of its employees.

20.33 (b) If payment is received by the executive director within one year from the date
20.34 the employee returned to work following the authorized leave, the payment amount is
20.35 equal to the employee and employer contribution rates specified in section 352B.02 at the

21.1 end of the leave period multiplied by the employee's hourly rate of salary on the date of
 21.2 return from the leave of absence and by the days and months of the leave of absence for
 21.3 which the employee is eligible for allowable service credit. The payment must include
 21.4 compound interest at a the applicable monthly rate of ~~0.71 percent~~ from the last day of the
 21.5 leave period until the last day of the month in which payment is received. The applicable
 21.6 rate is 0.71 percent before July 1, 2015, and is 0.667 percent for the period after June 30,
 21.7 2015. If payment is received by the executive director after one year from the date the
 21.8 employee returned to work following the authorized leave, the payment amount is the
 21.9 amount determined under section 356.551. Payment under this paragraph must be made
 21.10 before the date of termination from public employment covered under this chapter.

21.11 (c) If the employee terminates employment covered by this chapter during the leave
 21.12 or following the leave rather than returning to covered employment, payment must be
 21.13 received by the executive director within 30 days after the termination date. The payment
 21.14 amount is equal to the employee and employer contribution rates specified in section
 21.15 352B.02 on the day prior to the termination date, multiplied by the employee's hourly rate of
 21.16 salary on that date and by the days and months of the leave of absence prior to termination.

21.17 Sec. 5. Minnesota Statutes 2014, section 352B.085, is amended to read:

21.18 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**
 21.19 **ABSENCE.**

21.20 A member on leave of absence receiving temporary workers' compensation payments
 21.21 and a reduced salary or no salary from the employer who is entitled to allowable service
 21.22 credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may
 21.23 make payment to the fund for the difference between salary received, if any, and the salary
 21.24 that the member would normally receive if the member was not on leave of absence
 21.25 during the period. The member shall pay an amount equal to the member and employer
 21.26 contribution rate under section 352B.02, subdivisions 1b and 1c, on the differential salary
 21.27 amount for the period of the leave of absence. The employing department, at its option, may
 21.28 pay the employer amount on behalf of the member. Payment made under this subdivision
 21.29 must include interest at the applicable rate of ~~8.5 percent~~ per year, and must be completed
 21.30 within one year of the member's return from the leave of absence. The applicable rate is 8.5
 21.31 percent for the period before July 1, 2015, and 8 percent for the period after June 30, 2015.

21.32 Sec. 6. Minnesota Statutes 2014, section 352B.086, is amended to read:

21.33 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

22.1 (a) A member who is absent from employment by reason of service in the uniformed
22.2 services, as defined in United States Code, title 38, section 4303(13), and who returns to
22.3 state employment in a position covered by the plan upon discharge from service in the
22.4 uniformed services within the time frame required in United States Code, title 38, section
22.5 4312(e), may obtain service credit for the period of the uniformed service, provided that
22.6 the member did not separate from uniformed service with a dishonorable or bad conduct
22.7 discharge or under other than honorable conditions.

22.8 (b) The member may obtain credit by paying into the fund an equivalent member
22.9 contribution based on the member contribution rate or rates in effect at the time that
22.10 the uniformed service was performed multiplied by the full and fractional years being
22.11 purchased and applied to the annual salary rate. The annual salary rate is the average
22.12 annual salary during the purchase period that the member would have received if the
22.13 member had continued to provide employment services to the state rather than to provide
22.14 uniformed service, or if the determination of that rate is not reasonably certain, the annual
22.15 salary rate is the member's average salary rate during the 12-month period of covered
22.16 employment rendered immediately preceding the purchase period.

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

22.22 (d) If the member equivalent contributions provided for in this section are not paid
22.23 in full, the member's allowable service credit must be prorated by multiplying the full and
22.24 fractional number of years of uniformed service eligible for purchase by the ratio obtained
22.25 by dividing the total member contributions received by the total member contributions
22.26 otherwise required under this section.

22.27 (e) To receive allowable service credit under this section, the contributions specified
22.28 in this section must be transmitted to the fund during the period which begins with the
22.29 date on which the individual returns to state employment covered by the plan and which
22.30 has a duration of three times the length of the uniformed service period, but not to exceed
22.31 five years. If the determined payment period is calculated to be less than one year, the
22.32 contributions required under this section to receive service credit must be transmitted to
22.33 the fund within one year from the discharge date.

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

23.1 (g) The employing unit shall pay interest on all equivalent member and employer
23.2 contribution amounts payable under this section. Interest must be computed at a the
23.3 applicable rate of 8.5 percent compounded annually from the end of each fiscal year
23.4 of the leave or break in service to the end of the month in which payment is received.
23.5 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for
23.6 the period after June 30, 2015.

23.7 Sec. 7. Minnesota Statutes 2014, section 352D.11, subdivision 2, is amended to read:

23.8 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit
23.9 may make the purchase by paying to the state retirement system an amount equal to
23.10 the current employee contribution rate in effect for the state retirement system applied
23.11 to the current or final salary rate multiplied by the months and days of prior temporary,
23.12 intermittent, or contract legislative service. Payment shall be made in one lump sum
23.13 unless the executive director of the state retirement system agrees to accept payment in
23.14 installments over a period of not more than three years from the date of the agreement.
23.15 Installment payments shall be charged interest at ~~an annual~~ the applicable rate of 8.5
23.16 ~~percent~~ compounded annually. The applicable rate is 8.5 percent for the period before July
23.17 1, 2015, and 8 percent for the period after June 30, 2015.

23.18 Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

23.31 (5) a period of authorized personal, parental, or medical leave of absence without
23.32 pay, including a leave of absence covered under the federal Family Medical Leave Act,
23.33 that does not exceed one year, and for which a member obtained service credit for each
23.34 month in the leave period by payment under section 353.0161 to the fund made in place of

24.1 salary deductions. An employee must return to public service and render a minimum of
24.2 three months of allowable service in order to be eligible to make payment under section
24.3 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
24.4 employee must be granted allowable service credit for the purchased period;

24.5 (6) a periodic, repetitive leave that is offered to all employees of a governmental
24.6 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
24.7 as certified to the association by the employer. A participating member obtains service
24.8 credit by making employee contributions in an amount or amounts based on the member's
24.9 average salary, excluding overtime pay, that would have been paid if the leave had not been
24.10 taken. The employer shall pay the employer and additional employer contributions on
24.11 behalf of the participating member. The employee and the employer are responsible to pay
24.12 interest on their respective shares at the applicable rate of 8.5 percent a year, compounded
24.13 annually, from the end of the normal cycle until full payment is made. The applicable rate
24.14 is 8.5 percent for the period before July 1, 2015, and 8 percent for the period after June 30,
24.15 2015. An employer shall also make the employer and additional employer contributions,
24.16 plus ~~8.5 percent~~ the applicable interest rate, compounded annually, on behalf of an
24.17 employee who makes employee contributions but terminates public service. The applicable
24.18 rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the period after
24.19 June 30, 2015. The employee contributions must be made within one year after the end of
24.20 the annual normal working cycle or within 30 days after termination of public service,
24.21 whichever is sooner. The executive director shall prescribe the manner and forms to be
24.22 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
24.23 payment, the member must be granted allowable service credit for the purchased period;

24.24 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
24.25 months allowable service per authorized temporary or seasonal layoff in one calendar year.
24.26 An employee who has received the maximum service credit allowed for an authorized
24.27 temporary or seasonal layoff must return to public service and must obtain a minimum of
24.28 three months of allowable service subsequent to the layoff in order to receive allowable
24.29 service for a subsequent authorized temporary or seasonal layoff;

24.30 (8) a period during which a member is absent from employment by a governmental
24.31 subdivision by reason of service in the uniformed services, as defined in United States
24.32 Code, title 38, section 4303(13), if the member returns to public service with the same
24.33 governmental subdivision upon discharge from service in the uniformed service within the
24.34 time frames required under United States Code, title 38, section 4312(e), provided that
24.35 the member did not separate from uniformed service with a dishonorable or bad conduct
24.36 discharge or under other than honorable conditions. The service must be credited if the

25.1 member pays into the fund equivalent employee contributions based upon the contribution
25.2 rate or rates in effect at the time that the uniformed service was performed multiplied by
25.3 the full and fractional years being purchased and applied to the annual salary rate. The
25.4 annual salary rate is the average annual salary during the purchase period that the member
25.5 would have received if the member had continued to be employed in covered employment
25.6 rather than to provide uniformed service, or, if the determination of that rate is not
25.7 reasonably certain, the annual salary rate is the member's average salary rate during the
25.8 12-month period of covered employment rendered immediately preceding the period of the
25.9 uniformed service. Payment of the member equivalent contributions must be made during
25.10 a period that begins with the date on which the individual returns to public employment
25.11 and that is three times the length of the military leave period, or within five years of the
25.12 date of discharge from the military service, whichever is less. If the determined payment
25.13 period is less than one year, the contributions required under this clause to receive service
25.14 credit may be made within one year of the discharge date. Payment may not be accepted
25.15 following 30 days after termination of public service under subdivision 11a. If the member
25.16 equivalent contributions provided for in this clause are not paid in full, the member's
25.17 allowable service credit must be prorated by multiplying the full and fractional number
25.18 of years of uniformed service eligible for purchase by the ratio obtained by dividing
25.19 the total member contributions received by the total member contributions otherwise
25.20 required under this clause. The equivalent employer contribution, and, if applicable, the
25.21 equivalent additional employer contribution must be paid by the governmental subdivision
25.22 employing the member if the member makes the equivalent employee contributions. The
25.23 employer payments must be made from funds available to the employing unit, using the
25.24 employer and additional employer contribution rate or rates in effect at the time that the
25.25 uniformed service was performed, applied to the same annual salary rate or rates used to
25.26 compute the equivalent member contribution. The governmental subdivision involved
25.27 may appropriate money for those payments. The amount of service credit obtainable
25.28 under this section may not exceed five years unless a longer purchase period is required
25.29 under United States Code, title 38, section 4312. The employing unit shall pay interest
25.30 on all equivalent member and employer contribution amounts payable under this clause.
25.31 Interest must be computed at a the applicable rate of ~~8.5 percent~~ compounded annually
25.32 from the end of each fiscal year of the leave or the break in service to the end of the
25.33 month in which the payment is received. The applicable rate is 8.5 percent for the period
25.34 before July 1, 2015, and 8 percent for the period after June 30, 2015. Upon payment, the
25.35 employee must be granted allowable service credit for the purchased period; or
25.36 (9) a period specified under section 353.0162.

26.1 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
26.2 state officers and employees displaced by the Community Corrections Act, chapter 401,
26.3 and transferred into county service under section 401.04, "allowable service" means the
26.4 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
26.5 section 352.01, subdivision 11.

26.6 (c) No member may receive more than 12 months of allowable service credit in a
26.7 year either for vesting purposes or for benefit calculation purposes. For an active member
26.8 who was an active member of the former Minneapolis Firefighters Relief Association
26.9 on December 29, 2011, "allowable service" is the period of service credited by the
26.10 Minneapolis Firefighters Relief Association as reflected in the transferred records of the
26.11 association up to December 30, 2011, and the period of service credited under paragraph
26.12 (a), clause (1), after December 30, 2011. For an active member who was an active member
26.13 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable
26.14 service" is the period of service credited by the Minneapolis Police Relief Association as
26.15 reflected in the transferred records of the association up to December 30, 2011, and the
26.16 period of service credited under paragraph (a), clause (1), after December 30, 2011.

26.17 (d) MS 2002 [Expired]

26.18 Sec. 9. Minnesota Statutes 2014, section 353.0161, subdivision 2, is amended to read:

26.19 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in
26.20 subdivision 1 may purchase credit for allowable service in that plan for a period specified
26.21 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),
26.22 whichever applies. The employing unit, at its option, may pay the employer portion of the
26.23 amount specified in paragraph (b) on behalf of its employees.

26.24 (b) If payment is received by the executive director within one year from the date
26.25 the member returned to work following the authorized leave, or within 30 days after the
26.26 date of termination of public service if the member did not return to work, the payment
26.27 amount is equal to the employee and employer contribution rates specified in law for
26.28 the applicable plan at the end of the leave period, or at termination of public service,
26.29 whichever is earlier, multiplied by the employee's average monthly salary, excluding
26.30 overtime, upon which deductions were paid during the six months, or portion thereof,
26.31 before the commencement of the leave of absence and by the number of months of the
26.32 leave of absence for which the employee wants allowable service credit. Payments made
26.33 under this paragraph must include compound interest at a the applicable monthly rate of
26.34 ~~0.71 percent~~ from the last day of the leave period until the last day of the month in which

27.1 payment is received. The applicable rate is 0.71 percent before July 1, 2015, and is 0.667
27.2 percent for the period after June 30, 2015.

27.3 (c) If payment is received by the executive director after one year, the payment
27.4 amount is the amount determined under section 356.551. Payment under this paragraph
27.5 must be made before the date the person terminates public service under section 353.01,
27.6 subdivision 11a.

27.7 Sec. 10. Minnesota Statutes 2014, section 353.0162, is amended to read:

27.8 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

27.9 (a) A member may purchase additional salary credit for a period specified in this
27.10 section.

27.11 (b) The applicable period is a period during which the member is receiving a reduced
27.12 salary from the employer while the member is:

27.13 (1) receiving temporary workers' compensation payments related to the member's
27.14 service to the public employer;

27.15 (2) on an authorized medical leave of absence; or

27.16 (3) on an authorized partial paid leave of absence as a result of a budgetary or salary
27.17 savings program offered or mandated by a governmental subdivision.

27.18 (c) The differential salary amount is the difference between the average monthly
27.19 salary received by the member during the period of reduced salary under this section and
27.20 the average monthly salary of the member, excluding overtime, on which contributions
27.21 to the applicable plan were made during the period of the last six months of covered
27.22 employment occurring immediately before the period of reduced salary, applied to the
27.23 member's normal employment period, measured in hours or otherwise, as applicable.

27.24 (d) To receive eligible salary credit, the member shall pay an amount equal to:

27.25 (1) the applicable employee contribution rate under section 353.27, subdivision
27.26 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the
27.27 differential salary amount;

27.28 (2) plus an employer equivalent payment equal to the applicable employer
27.29 contribution rate in section 353.27, subdivision 3; 353.65, subdivision 3; or 353E.03,
27.30 subdivision 2, as applicable, multiplied by the differential salary amount;

27.31 (3) plus, if applicable, an equivalent employer additional amount equal to the
27.32 additional employer contribution rate in section 353.27, subdivision 3a, multiplied by the
27.33 differential salary amount.

28.1 (e) The employer, by appropriate action of its governing body and documented in its
28.2 official records, may pay the employer equivalent contributions and, as applicable, the
28.3 equivalent employer additional contributions on behalf of the member.

28.4 (f) Payment under this section must include interest on the contribution amount or
28.5 amounts, whichever applies, at ~~an 8.5 percent~~ the applicable annual rate, prorated for
28.6 applicable months from the date on which the period of reduced salary specified under
28.7 this section terminates to the date on which the payment or payments are received by
28.8 the executive director. The applicable rate is 8.5 percent for the period before July 1,
28.9 2015, and 8 percent for the period after June 30, 2015. Payment under this section must
28.10 be completed within the earlier of 30 days from termination of public service by the
28.11 employee under section 353.01, subdivision 11a, or one year after the termination of the
28.12 period specified in paragraph (b), as further restricted under this section.

28.13 (g) The period for which additional allowable salary credit may be purchased is
28.14 limited to the period during which the person receives temporary workers' compensation
28.15 payments or for those business years in which the governmental subdivision offers or
28.16 mandates a budget or salary savings program, as certified to the executive director by a
28.17 resolution of the governing body of the governmental subdivision. For an authorized
28.18 medical leave of absence, the period for which allowable salary credit may be purchased
28.19 may not exceed 12 consecutive months of authorized medical leave.

28.20 (h) To purchase salary credit for a subsequent period of temporary workers'
28.21 compensation benefits or subsequent authorized medical leave of absence, the member
28.22 must return to public service and render a minimum of three months of allowable service.

28.23 Sec. 11. Minnesota Statutes 2014, section 354A.096, is amended to read:

28.24 **354A.096 MEDICAL LEAVE.**

28.25 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
28.26 Association who is on an authorized medical leave of absence and subsequently returns
28.27 to teaching service is entitled to receive allowable service credit, not to exceed one year,
28.28 for the period of leave, upon making the prescribed payment to the fund. This payment
28.29 must include the required employee and employer contributions at the rates specified in
28.30 section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time
28.31 monthly salary rate on the date the leave of absence commenced plus annual interest at the
28.32 applicable rate of 8.5 percent per year from the end of the fiscal year during which the
28.33 leave terminates to the end of the month during which payment is made. The applicable
28.34 rate is 8.5 percent for the period before July 1, 2015, and 8 percent for the period after
28.35 June 30, 2015. The member must pay the total amount required unless the employing unit,

29.1 at its option, pays the employer contributions. The total amount required must be paid by
29.2 the end of the fiscal year following the fiscal year in which the leave of absence terminated
29.3 or before the member retires, whichever is earlier. Payment must be accompanied by a
29.4 copy of the resolution or action of the employing authority granting the leave and the
29.5 employing authority, upon granting the leave, must certify the leave to the association in a
29.6 manner specified by the executive director. A member may not receive more than one year
29.7 of allowable service credit during any fiscal year by making payment under this section. A
29.8 member may not receive disability benefits under section 354A.36 and receive allowable
29.9 service credit under this section for the same period of time.

29.10 Sec. 12. Minnesota Statutes 2014, section 354A.108, is amended to read:

29.11 **354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS'**
29.12 **COMPENSATION.**

29.13 (a) A member of the Duluth Teachers Retirement Fund Association who is receiving
29.14 temporary workers' compensation payments related to the member's teaching service
29.15 and who either is receiving a reduced salary from the employer or is receiving no salary
29.16 from the employer is entitled to receive allowable service credit for the period of time
29.17 that the member is receiving the workers' compensation payments upon making the
29.18 required payment amount.

29.19 (b) The required amount payable by the member must be calculated first by
29.20 determining the differential salary amount, which is the difference between the salary
29.21 received, if any, during the period of time that the member is collecting workers'
29.22 compensation payments, and the salary that the member received for an identical length
29.23 period immediately before collecting the workers' compensation payments. The member
29.24 shall pay an amount equal to the employee contribution rate under section 354A.12,
29.25 subdivision 1, multiplied by the differential salary amount.

29.26 (c) If the member makes the employee payment under this section, the employing
29.27 unit shall make an employer payment to the Duluth Teachers Retirement Fund Association
29.28 equal to the employer contribution rate under section 354A.12, subdivision 2a, multiplied
29.29 by the differential salary amount.

29.30 (d) Payments made under this subdivision are payable without interest if paid by
29.31 June 30 of the year during which the workers' compensation payments are received by
29.32 the member. If paid after June 30, payments made under this subdivision must include
29.33 interest at the applicable rate of 8.5 percent per year. The applicable rate is 8.5 percent for
29.34 the period before July 1, 2015, and 8 percent for the period after June 30, 2015. Payment

30.1 under this section must be completed within one year of the termination of the workers'
30.2 compensation payments to the member.

30.3 Sec. 13. Minnesota Statutes 2014, section 356.195, subdivision 2, is amended to read:

30.4 Subd. 2. **Purchase procedure for strike periods.** (a) An employee covered by a
30.5 plan specified in subdivision 1 may purchase allowable service credit in the applicable
30.6 plan for any period of time during which the employee was on a public employee strike
30.7 without pay, not to exceed a period of one year, if the employee makes a payment in
30.8 lieu of salary deductions as specified in paragraph (b) or (c), whichever applies. The
30.9 employing unit, at its option, may pay the employer portion of the amount specified in
30.10 paragraph (b) on behalf of its employees.

30.11 (b) If payment is received by the applicable pension plan executive director within
30.12 one year from the end of the strike, the payment amount is equal to the applicable
30.13 employee and employer contribution rates specified in law for the applicable plan during
30.14 the strike period, applied to the employee's rate of salary in effect at the conclusion of the
30.15 strike for the period of the strike without pay, plus compound interest at a the applicable
30.16 monthly rate of 0.71 percent from the last day of the strike period until the date payment is
30.17 received. The applicable rate is 0.71 percent before July 1, 2015, and is 0.667 percent for
30.18 the period after June 30, 2015.

30.19 (c) If payment is received by the applicable pension fund director after one year and
30.20 before five years from the end of the strike, the payment amount is the amount determined
30.21 under section 356.551.

30.22 (d) Payments may not be made more than five years after the end of the strike.

30.23 Sec. 14. Minnesota Statutes 2014, section 356.50, subdivision 2, is amended to read:

30.24 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan
30.25 allowable service credit, the eligible person under subdivision 1 shall pay the required
30.26 member contribution amount. The required member contribution amount is the member
30.27 contribution rate or rates in effect for the pension plan during the period of service covered
30.28 by the back pay award, applied to the unpaid gross salary amounts of the back pay award
30.29 including unemployment insurance, workers' compensation, or wages from other sources
30.30 which reduced the back award. No contributions may be made under this clause for
30.31 compensation covered by a public pension plan listed in section 356.30, subdivision 3,
30.32 for employment during the removal period. The person shall pay the required member
30.33 contribution amount within 60 days of the date of receipt of the back pay award or within
30.34 60 days of a billing from the retirement fund, whichever is later.

31.1 (b) The public employer who wrongfully discharged the public employee must pay
31.2 an employer contribution on the back pay award. The employer contribution must be
31.3 based on the employer contribution rate or rates in effect for the pension plan during the
31.4 period of service covered by the back pay award, applied to the salary amount on which
31.5 the member contribution amount was determined under paragraph (a). Interest on both
31.6 the required member and employer contribution amount must be paid by the employer at
31.7 the applicable annual compound rate of ~~8.5 percent~~ per year, expressed monthly, between
31.8 the date the contribution amount would have been paid to the date of actual payment.
31.9 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for
31.10 the period after June 30, 2015. The employer payment must be made within 30 days of
31.11 the payment under paragraph (a).

31.12 Sec. 15. Minnesota Statutes 2014, section 356.551, subdivision 2, is amended to read:

31.13 Subd. 2. **Determination.** (a) Unless the minimum purchase amount set forth in
31.14 paragraph (c) applies, the prior service credit purchase amount is an amount equal to the
31.15 actuarial present value, on the date of payment, as calculated by the chief administrative
31.16 officer of the pension plan and reviewed by the actuary retained under section 356.214,
31.17 of the amount of the additional retirement annuity obtained by the acquisition of the
31.18 additional service credit in this section.

31.19 (b) Calculation of this amount must be made using the preretirement interest rate
31.20 applicable to the public pension plan specified in section 356.215, subdivision 8, and
31.21 the mortality table adopted for the public pension plan. The calculation must assume
31.22 continuous future service in the public pension plan until, and retirement at, the age at
31.23 which the minimum requirements of the fund for normal retirement or retirement with an
31.24 annuity unreduced for retirement at an early age, including section 356.30, are met with
31.25 the additional service credit purchased. The calculation must also assume a full-time
31.26 equivalent salary, or actual salary, whichever is greater, and a future salary history that
31.27 includes annual salary increases at the applicable salary increase rate for the plan specified
31.28 in section 356.215, subdivision 4d.

31.29 (c) The prior service credit purchase amount may not be less than the amount
31.30 determined by applying, for each year or fraction of a year being purchased, the sum
31.31 of the employee contribution rate, the employer contribution rate, and the additional
31.32 employer contribution rate, if any, applicable during that period, to the person's annual
31.33 salary during that period, or fractional portion of a year's salary, if applicable, plus interest
31.34 at the applicable annual rate of ~~8.5 percent~~ compounded annually from the end of the year
31.35 in which contributions would otherwise have been made to the date on which the payment

32.1 is received. The applicable rate is 8.5 percent for the period before July 1, 2015, and 8
32.2 percent for the period after June 30, 2015.

32.3 (d) Unless otherwise provided by statutes governing a specific plan, payment must
32.4 be made in one lump sum within one year of the prior service credit authorization or prior
32.5 to the member's effective date of retirement, whichever is earlier. Payment of the amount
32.6 calculated under this section must be made by the applicable eligible person.

32.7 (e) However, the current employer or the prior employer may, at its discretion, pay
32.8 all or any portion of the payment amount that exceeds an amount equal to the employee
32.9 contribution rates in effect during the period or periods of prior service applied to the
32.10 actual salary rates in effect during the period or periods of prior service, plus interest at the
32.11 rate of 8.5 percent a year compounded annually from the date on which the contributions
32.12 would otherwise have been made to the date on which the payment is made. If the
32.13 employer agrees to payments under this subdivision, the purchaser must make the
32.14 employee payments required under this subdivision within 90 days of the prior service
32.15 credit authorization. If that employee payment is made, the employer payment under this
32.16 subdivision must be remitted to the chief administrative officer of the public pension plan
32.17 within 60 days of receipt by the chief administrative officer of the employee payments
32.18 specified under this subdivision.

32.19 Sec. 16. Minnesota Statutes 2014, section 490.121, subdivision 4, is amended to read:

32.20 Subd. 4. **Allowable service.** (a) "Allowable service" means any calendar month,
32.21 subject to the service credit limit in subdivision 22, served as a judge at any time, during
32.22 which the judge received compensation for that service from the state, municipality,
32.23 or county, whichever applies, and for which the judge made any required member
32.24 contribution. It also includes any month served as a referee in probate for all referees in
32.25 probate who were in office before January 1, 1974.

32.26 (b) "Allowable service" also means a period of authorized leave of absence for which
32.27 the judge has made a payment in lieu of contributions, not in an amount in excess of the
32.28 service credit limit under subdivision 22. To obtain the service credit, the judge shall pay
32.29 an amount equal to the normal cost of the judges retirement plan on the date of return from
32.30 the leave of absence, as determined in the most recent actuarial report for the plan filed with
32.31 the Legislative Commission on Pensions and Retirement, multiplied by the judge's average
32.32 monthly salary rate during the authorized leave of absence and multiplied by the number of
32.33 months of the authorized leave of absence, plus annual compound interest at the applicable
32.34 rate of 8.5 percent from the date of the termination of the leave to the date on which payment
32.35 is made. The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent

33.1 for the period after June 30, 2015. The payment must be made within one year of the date
33.2 on which the authorized leave of absence terminated. Service credit for an authorized
33.3 leave of absence is in addition to a uniformed service leave under section 490.1211.

33.4 (c) "Allowable service" does not mean service as a retired judge.

33.5 Sec. 17. Minnesota Statutes 2014, section 490.1211, is amended to read:

33.6 **490.1211 UNIFORMED SERVICE.**

33.7 (a) A judge who is absent from employment by reason of service in the uniformed
33.8 services, as defined in United States Code, title 38, section 4303(13), and who returns
33.9 to state employment as a judge upon discharge from service in the uniformed service
33.10 within the time frame required in United States Code, title 38, section 4312(e), may obtain
33.11 service credit for the period of the uniformed service, provided that the judge did not
33.12 separate from uniformed service with a dishonorable or bad conduct discharge or under
33.13 other than honorable conditions.

33.14 (b) The judge may obtain credit by paying into the fund equivalent member
33.15 contribution based on the contribution rate or rates in effect at the time that the uniformed
33.16 service was performed multiplied by the full and fractional years being purchased and
33.17 applied to the annual salary rate. The annual salary rate is the average annual salary
33.18 during the purchase period that the judge would have received if the judge had continued
33.19 to provide employment services to the state rather than to provide uniformed service, or
33.20 if the determination of that rate is not reasonably certain, the annual salary rate is the
33.21 judge's average salary rate during the 12-month period of judicial employment rendered
33.22 immediately preceding the purchase period.

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

33.28 (d) If the member equivalent contributions provided for in this section are not paid
33.29 in full, the judge's allowable service credit must be prorated by multiplying the full and
33.30 fractional number of years of uniformed service eligible for purchase by the ratio obtained
33.31 by dividing the total member contributions received by the total member contributions
33.32 otherwise required under this section.

33.33 (e) To receive allowable service credit under this section, the contributions specified
33.34 in this section and section 490.121 must be transmitted to the fund during the period
33.35 which begins with the date on which the individual returns to judicial employment and

34.1 which has a duration of three times the length of the uniformed service period, but not
34.2 to exceed five years. If the determined payment period is calculated to be less than one
34.3 year, the contributions required under this section to receive service credit may be within
34.4 one year from the discharge date.

34.5 (f) The amount of allowable service credit obtainable under this section and section
34.6 490.121 may not exceed five years, unless a longer purchase period is required under
34.7 United States Code, title 38, section 4312.

34.8 (g) The state court administrator shall pay interest on all equivalent member and
34.9 employer contribution amounts payable under this section. Interest must be computed
34.10 at a the applicable rate of 8.5 percent compounded annually from the end of each fiscal
34.11 year of the leave or break in service to the end of the month in which payment is received.
34.12 The applicable rate is 8.5 percent for the period before July 1, 2015, and 8 percent for
34.13 the period after June 30, 2015.

34.14 Sec. 18. **EFFECTIVE DATE.**

34.15 Sections 1 to 17 are effective July 1, 2015.

34.16 **ARTICLE 4**

34.17 **POSTRETIREMENT ADJUSTMENT FINANCIAL SUSTAINABILITY** 34.18 **TRIGGER MODIFICATIONS**

34.19 Section 1. Minnesota Statutes 2014, section 354A.29, subdivision 7, is amended to read:

34.20 Subd. 7. **Eligibility for payment of postretirement adjustments.** (a) Annually,
34.21 after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association
34.22 must determine the amount of any postretirement adjustment using the procedures in this
34.23 subdivision and subdivision 8 or 9, whichever is applicable.

34.24 (b) On January 1, each ~~eligible~~ person who has been receiving an annuity or benefit
34.25 under the articles of incorporation, the bylaws, or this chapter ~~for at least three calendar~~
34.26 ~~months as of the end of the last day of the previous calendar year,~~ whose effective date
34.27 of benefit commencement occurred on or before July 1 of the calendar year immediately
34.28 before the adjustment, is eligible to receive a postretirement increase as specified in
34.29 subdivision 8 or 9.

34.30 **EFFECTIVE DATE.** This section is effective June 30, 2015.

34.31 Sec. 2. Minnesota Statutes 2014, section 354A.29, subdivision 8, is amended to read:

34.32 Subd. 8. **Calculation of postretirement adjustments; ~~transitional provision~~**
34.33 **percentage based.** (a) For purposes of computing postretirement adjustments for eligible

35.1 benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued
 35.2 liability funding ratio based on the actuarial value of assets of the plan as determined by
 35.3 the two most recent actuarial valuations prepared under sections 356.214 and 356.215
 35.4 determines the postretirement increase, as follows:

35.5	Funding ratio	Postretirement increase
35.6	Less than 80 percent	1 percent
35.7	At least 80 percent but less than 90	
35.8	percent	2 percent

35.9 (b) The amount determined under paragraph (a) is the full postretirement increase to
 35.10 be applied as a permanent increase to the regular payment of each eligible member on
 35.11 January 1 of the next calendar year. For any eligible member whose effective date of
 35.12 benefit commencement occurred ~~during~~ after January 1 of the calendar year immediately
 35.13 before the postretirement increase is applied, the full increase amount determined under
 35.14 paragraph (a) must be prorated on the basis of whole calendar quarters in benefit payment
 35.15 status in the calendar year prior to the January 1 on which the postretirement increase is
 35.16 applied, calculated to the third decimal place reduced by 50 percent.

35.17 (c) If the accrued liability funding ratio based on the actuarial value of assets is at
 35.18 least 90 percent in two consecutive actuarial valuations, ~~this subdivision expires and~~
 35.19 subsequent postretirement increases must be paid as specified in subdivision 9.

35.20 (d) If, following a postretirement increase under paragraph (a), the accrued liability
 35.21 funding ratio, based on the actuarial value of assets, falls below 80 percent for two
 35.22 consecutive actuarial valuations, the applicable postretirement increase must be reduced
 35.23 to one percent until January 1 of the calendar year next following the date on which the
 35.24 requirements for an increase under paragraph (a) are again satisfied.

35.25 **EFFECTIVE DATE.** This section is effective June 30, 2015.

35.26 Sec. 3. Minnesota Statutes 2014, section 354A.29, subdivision 9, is amended to read:

35.27 Subd. 9. **Calculation of postretirement adjustments; CPI based.** (a) This
 35.28 subdivision applies if the requirements of subdivision 8 has expired, paragraph (c), have
 35.29 been satisfied.

35.30 (b) A percentage adjustment must be computed and paid under this subdivision to
 35.31 eligible persons under subdivision 7. This adjustment is determined by reference to the
 35.32 Consumer Price Index for urban wage earners and clerical workers all items index as
 35.33 reported by the Bureau of Labor Statistics within the United States Department of Labor
 35.34 each year as part of the determination of annual cost-of-living adjustments to recipients of
 35.35 federal old-age, survivors, and disability insurance. For calculations of postretirement

36.1 adjustments under paragraph (c), the term "average third quarter Consumer Price Index
36.2 value" means the sum of the monthly index values as initially reported by the Bureau of
36.3 Labor Statistics for the months of July, August, and September, divided by three.

36.4 (c) Before January 1 of each year, the executive director must calculate the amount
36.5 of the postretirement adjustment by dividing the most recent average third quarter index
36.6 value by the same average third quarter index value from the previous year, subtract one
36.7 from the resulting quotient, and express the result as a percentage amount, which must be
36.8 rounded to the nearest one-tenth of one percent.

36.9 (d) The amount calculated under paragraph (c) is the full postretirement adjustment
36.10 to be applied as a permanent increase to the regular payment of each eligible member on
36.11 January 1 of the next calendar year. For any eligible member whose effective date of
36.12 benefit commencement occurred ~~during~~ after January 1 of the calendar year immediately
36.13 before the postretirement adjustment is applied, the full-increase amount determined under
36.14 paragraph (c) must be prorated on the basis of whole calendar quarters in benefit payment
36.15 status in the calendar year prior to the January 1 on which the postretirement adjustment is
36.16 applied, calculated to the third decimal place reduced by 50 percent.

36.17 (e) The adjustment calculated under paragraph (c) must not be less than zero nor
36.18 greater than five percent.

36.19 (f) In the event the accrued liability funding ratio based on the actuarial value of
36.20 assets falls below 90 percent for two consecutive actuarial valuations, the applicable
36.21 postretirement increase must be determined under subdivision 8 until January 1 of the
36.22 calendar year next following the date on which the requirements of subdivision 8,
36.23 paragraph (c), are again satisfied.

36.24 **EFFECTIVE DATE.** This section is effective June 30, 2015.

36.25 Sec. 4. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

36.26 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as
36.27 otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability
36.28 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a
36.29 postretirement adjustment annually on January 1, as follows:

36.30 (1) a postretirement increase of 2.5 percent must be applied each year, effective
36.31 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
36.32 has been receiving an annuity or a benefit for at least 12 full months ~~prior to~~ before the
36.33 January 1 increase; and

36.34 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
36.35 benefit amount for at least one full month, but less than 12 full months as of the current

37.1 June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month that the
 37.2 person has been receiving an annuity or benefit must be applied, effective on January 1
 37.3 following the calendar year in which the person has been retired for less than 12 months.

37.4 (b) The increases provided by this subdivision commence on January 1, 2010.

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

37.8 **EFFECTIVE DATE.** This section is effective June 30, 2015.

37.9 Sec. 5. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

37.10 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**
 37.11 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability
 37.12 benefit, or survivor benefit recipients of the legislators retirement plans, including
 37.13 constitutional officers as specified in chapter 3A, the general state employees retirement
 37.14 plan, the correctional state employees retirement plan, and the unclassified state employees
 37.15 retirement program, and the judges retirement plan are entitled to a postretirement
 37.16 adjustment annually on January 1, as follows:

37.17 (1) for each successive January 1 if the definition of funding stability under
 37.18 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable
 37.19 retirement plan, a postretirement increase of two percent must be applied each year,
 37.20 effective on January 1, to the monthly annuity or benefit of each annuitant or benefit
 37.21 recipient who has been receiving an annuity or a benefit for at least 18 full months before
 37.22 the January 1 increase; and

37.23 (2) for each successive January 1 if the definition of funding stability under
 37.24 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable
 37.25 retirement plan, for each annuitant or benefit recipient who has been receiving an annuity
 37.26 or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the current
 37.27 June 30, an annual postretirement increase of 1/12 of two percent for each month that the
 37.28 person has been receiving an annuity or benefit must be applied, effective January 1,
 37.29 following the calendar year in which the person has been retired for ~~at least six months,~~
 37.30 ~~but has been retired for less than 18~~ 12 months.

37.31 (b) ~~The increases provided by this subdivision commence on January 1, 2011.~~

37.32 Increases under this subdivision for the general state employees retirement plan, or the
 37.33 correctional state employees retirement plan, or the judges retirement plan terminate on
 37.34 December 31 of the calendar year in which two prior consecutive actuarial valuations
 37.35 prepared by the approved actuary under sections 356.214 and 356.215 and the standards for

38.1 actuarial work promulgated by the Legislative Commission on Pensions and Retirement
38.2 indicates that the market value of assets of the retirement plan equals or exceeds 90 percent
38.3 of the actuarial accrued liability of the retirement plan and increases under subdivision 1
38.4 recommence after that date. Increases under this subdivision for the legislators retirement
38.5 plan ~~or the elected state officers retirement plan~~, including the constitutional officers, and
38.6 for the unclassified state employees retirement program terminate on December 31 of the
38.7 calendar year in which ~~the two prior consecutive actuarial valuation~~ valuations prepared
38.8 by the approved actuary under sections 356.214 and 356.215 and the standards for
38.9 actuarial work promulgated by the Legislative Commission on Pensions and Retirement
38.10 indicates that the market value of assets of the general state employees retirement plan
38.11 equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and
38.12 increases under subdivision 1 recommence after that date.

38.13 (c) After having met the definition of funding stability under paragraph (b), the
38.14 increase provided in paragraph (a), clauses (1) and (2), rather than an increase under
38.15 subdivision 1, for the general state employees retirement plan or the correctional state
38.16 employees retirement plan, is again to be applied in a subsequent year or years if the
38.17 market value of assets of the applicable plan equals or is less than:

38.18 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
38.19 consecutive actuarial valuations; or

38.20 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
38.21 recent actuarial valuation.

38.22 After having met the definition of funding stability under paragraph (b), the increase
38.23 provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision
38.24 1, for the legislators retirement plan, including the constitutional officers, and for the
38.25 unclassified state employees retirement program, is again to be applied in a subsequent
38.26 year or years if the market value of assets of the general state employees retirement plan
38.27 equals or is less than:

38.28 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
38.29 consecutive actuarial valuations; or

38.30 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
38.31 recent actuarial valuation.

38.32 (e) (d) An increase in annuity or benefit payments under this subdivision must be
38.33 made automatically unless written notice is filed by the annuitant or benefit recipient
38.34 with the executive director of the applicable covered retirement plan requesting that the
38.35 increase not be made.

38.36 **EFFECTIVE DATE.** This section is effective June 30, 2015.

39.1 Sec. 6. Minnesota Statutes 2014, section 356.415, subdivision 1c, is amended to read:

39.2 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a)

39.3 Retirement annuity, disability benefit, or survivor benefit recipients of the public
39.4 employees police and fire retirement plan are entitled to a postretirement adjustment
39.5 annually on January 1, ~~until~~ if the definition of funding stability is restored under
39.6 paragraph (c) has not been met, as follows:

39.7 (1) for each annuitant or benefit recipient whose annuity or benefit effective date is
39.8 on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12
39.9 full months as of the immediate preceding June 30, an amount equal to one percent in
39.10 each year; or

39.11 (2) for each annuitant or benefit recipient whose annuity or benefit effective date is
39.12 on or before June 1, 2014, who has been receiving the annuity or benefit for at least one
39.13 full month, but not less than 11 months, as of the immediate preceding June 30, an amount
39.14 equal to 1/12 of one percent for each month of annuity or benefit receipt; and

39.15 (3) for each annuitant or benefit recipient whose annuity or benefit effective date is
39.16 after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who will
39.17 have been receiving an annuity or benefit for at least 36 full months as of the immediate
39.18 preceding June 30, an amount equal to one percent; or

39.19 (4) for each annuitant or benefit recipient whose annuity or benefit effective date is
39.20 after June 1, 2014, unless Laws 2014, chapter 296, article 13, section 27, applies, who
39.21 has been receiving the annuity or benefit for at least 25 full months, but less than 36
39.22 months as of the immediate preceding June 30, an amount equal to 1/12 of one percent for
39.23 each full month of annuity or benefit receipt during the fiscal year in which the annuity
39.24 or benefit was effective.

39.25 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the public
39.26 employees police and fire retirement plan are entitled to a postretirement adjustment
39.27 annually on each January 1 following the restoration of funding stability as defined under
39.28 paragraph (c) and during the continuation of funding stability as defined under paragraph
39.29 (c), as follows:

39.30 (1) for each annuitant or benefit recipient who has been receiving the annuity or
39.31 benefit for at least 36 full months as of the immediate preceding June 30, an amount
39.32 equal to ~~the percentage increase in the Consumer Price Index for urban wage earners and~~
39.33 ~~clerical workers all items index published by the Bureau of Labor Statistics of the United~~
39.34 ~~States Department of Labor between the immediate preceding June 30 and the June 30~~
39.35 ~~occurring 12 months previous, but not to exceed 2.5 percent; and~~

40.1 (2) for each annuitant or benefit recipient who has been receiving the annuity
40.2 or benefit for at least 25 full months, but less than 36 full months, as of the immediate
40.3 preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer
40.4 Price Index for urban wage earners and clerical workers all items index published by
40.5 the Bureau of Labor Statistics of the United States Department of Labor between the
40.6 immediate preceding June 30 and the June 30 occurring 12 months previous for each full
40.7 month of annuity or benefit receipt during the fiscal year in which the annuity or benefit
40.8 was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or
40.9 benefit receipt during the fiscal year in which the annuity or benefit was effective.

40.10 (c) Funding stability is restored when the market value of assets of the public
40.11 employees police and fire retirement plan equals or exceeds 90 percent of the actuarial
40.12 accrued liabilities of the applicable plan in the two most recent consecutive actuarial
40.13 valuations prepared under section 356.215 and under the standards for actuarial work of
40.14 the Legislative Commission on Pensions and Retirement by the approved actuary retained
40.15 by the Public Employees Retirement Association under section 356.214.

40.16 (d) After having met the definition of funding stability under paragraph (c), a full
40.17 or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever
40.18 applies, rather than adjustments under paragraph (b), is again applied in a subsequent year
40.19 or years if the market value of assets of the public employees police and fire retirement
40.20 plan equals or is less than:

40.21 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two
40.22 consecutive actuarial valuations; or

40.23 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most
40.24 recent actuarial valuation.

40.25 (e) An increase in annuity or benefit payments under this section must be made
40.26 automatically unless written notice is filed by the annuitant or benefit recipient with the
40.27 executive director of the Public Employees Retirement Association requesting that the
40.28 increase not be made.

40.29 **EFFECTIVE DATE.** This section is effective June 30, 2015.

40.30 Sec. 7. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

40.31 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

40.32 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
40.33 Retirement Association are entitled to a postretirement adjustment annually on January
40.34 1, as follows:

40.35 (1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

41.1 ~~(2)~~ for January 1, 2013, and each successive January 1 until funding stability is
41.2 restored, a postretirement increase of two percent must be applied each year, effective
41.3 on January 1, to the monthly annuity or benefit amount of each annuitant or benefit
41.4 recipient who has been receiving an annuity or a benefit for at least 18 full months prior
41.5 to the January 1 increase;

41.6 ~~(3)~~ (2) for January 1, 2013, and each successive January 1 until funding stability is
41.7 restored, for each annuitant or benefit recipient who has been receiving an annuity or a
41.8 benefit for at least ~~six~~ one full month, but less than 12 full months before the January 1
41.9 increase as of the current June 30, an annual postretirement increase of 1/12 of two percent
41.10 for each month the person has been receiving an annuity or benefit must be applied,
41.11 effective the January 1, ~~for which the person has been retired for at least six months but~~
41.12 ~~less than 18 months~~ following the calendar year in which the person retired;

41.13 ~~(4)~~ (3) for each January 1 following the restoration of funding stability, a
41.14 postretirement increase of 2.5 percent must be applied each year, effective January 1, to
41.15 the monthly annuity or benefit amount of each annuitant or benefit recipient who has
41.16 been receiving an annuity or a benefit for at least 18 full months prior to the January 1
41.17 increase; and

41.18 ~~(5)~~ (4) for each January 1 following the restoration of funding stability, for each
41.19 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~
41.20 one month, but less than 12 full months before the January 1 increase as of the current
41.21 June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the
41.22 person has been receiving an annuity or benefit must be applied, effective the January 1;
41.23 ~~for which the person has been retired for at least six months but less than 18 months~~
41.24 following the calendar year in which the person retired.

41.25 (b) Funding stability is restored when the market value of assets of the Teachers
41.26 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities
41.27 of the Teachers Retirement Association in the two most recent prior actuarial valuations
41.28 prepared under section 356.215 and the standards for actuarial work by the approved
41.29 actuary retained by the Teachers Retirement Association under section 356.214.

41.30 (c) After having met the definition of funding stability under paragraph (b), the
41.31 increase provided in paragraph (a), clauses (1) and (2), rather than an increase under
41.32 subdivision 1, or the increase under paragraph (a), clauses (3) and (4), is again to be applied
41.33 in a subsequent year or years if the market value of assets of the plan equals or is less than:

41.34 (1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive
41.35 actuarial valuations; or

42.1 (2) 80 percent of the actuarial accrued liabilities of the plan for the most recent
42.2 actuarial valuation.

42.3 (e) (d) An increase in annuity or benefit payments under this section must be made
42.4 automatically unless written notice is filed by the annuitant or benefit recipient with the
42.5 executive director of the Teachers Retirement Association requesting that the increase
42.6 not be made.

42.7 (d) (e) The retirement annuity payable to a person who retires before becoming
42.8 eligible for Social Security benefits and who has elected the optional payment as provided
42.9 in section 354.35 must be treated as the sum of a period-certain retirement annuity
42.10 and a life retirement annuity for the purposes of any postretirement adjustment. The
42.11 period-certain retirement annuity plus the life retirement annuity must be the annuity
42.12 amount payable until age 62, 65, or normal retirement age, as selected by the member
42.13 at retirement, for an annuity amount payable under section 354.35. A postretirement
42.14 adjustment granted on the period-certain retirement annuity must terminate when the
42.15 period-certain retirement annuity terminates.

42.16 **EFFECTIVE DATE.** This section is effective June 30, 2015.

42.17 Sec. 8. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

42.18 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.**

42.19 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
42.20 retirement plan are entitled to a postretirement adjustment annually on January 1 if the
42.21 definition of funding stability under paragraph (b) has not been met, as follows:

42.22 (1) a postretirement increase of one percent must be applied each year, effective on
42.23 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
42.24 has been receiving an annuity or a benefit for at least 18 full months before the January 1
42.25 increase; and

42.26 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
42.27 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
42.28 30, an annual postretirement increase of 1/12 of one percent for each month that the person
42.29 has been receiving an annuity or benefit must be applied, effective January 1, following
42.30 the calendar year in which the person has been retired for ~~at least six months, but has~~
42.31 ~~been retired for less than 18~~ 12 months.

42.32 (b) ~~The increases provided by this subdivision commence on January 1, 2014.~~
42.33 Increases under paragraph (a) for the State Patrol retirement plan terminate on December
42.34 31 of the calendar year in which two prior consecutive actuarial valuations for the
42.35 plan prepared by the approved actuary under sections 356.214 and 356.215 and the

43.1 standards for actuarial work promulgated by the Legislative Commission on Pensions
43.2 and Retirement indicates that the market value of assets of the retirement plan equals or
43.3 exceeds 85 percent of the actuarial accrued liability of the retirement plan; however,
43.4 thereafter, increases under paragraph (a) become effective again on the December 31 of
43.5 the calendar year in which the actuarial valuation, or prior consecutive actuarial valuations
43.6 for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the
43.7 standards for actuarial work promulgated by the Legislative Commission on Pensions and
43.8 Retirement indicates that the market value of the assets of the retirement plan equals or is
43.9 less than 80 percent of the actuarial accrued liability of the retirement plan for two years,
43.10 or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan
43.11 for one year and increases under paragraph (c) recommence commence after that date.

43.12 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State
43.13 Patrol retirement plan are entitled to a postretirement adjustment annually on January
43.14 1, as follows:

43.15 (1) a postretirement increase of 1.5 percent must be applied each year, effective on
43.16 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who
43.17 has been receiving an annuity or a benefit for at least 18 full months before the January 1
43.18 increase; and

43.19 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
43.20 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
43.21 30, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person
43.22 has been receiving an annuity or benefit must be applied, effective January 1, following
43.23 the calendar year in which the person has been retired for ~~at least six months, but has~~
43.24 ~~been retired for~~ less than ~~18~~ 12 months.

43.25 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on
43.26 December 31 of the calendar year in which two prior consecutive actuarial valuations
43.27 prepared by the approved actuary under sections 356.214 and 356.215 and the standards
43.28 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
43.29 indicates that the market value of assets of the retirement plan equals or exceeds 90
43.30 percent of the actuarial accrued liability of the retirement plan and increases under
43.31 subdivision 1 recommence after that date.

43.32 (e) An increase in annuity or benefit payments under this subdivision must be made
43.33 automatically unless written notice is filed by the annuitant or benefit recipient with the
43.34 executive director of the applicable covered retirement plan requesting that the increase
43.35 not be made.

43.36 **EFFECTIVE DATE.** This section is effective June 30, 2015.

44.1 Sec. 9. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

44.2 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement**
 44.3 **System judges retirement plan.** (a) The increases provided under this subdivision begin
 44.4 on January 1, 2014, and are in lieu of increases under subdivision 1 or 1a for retirement
 44.5 annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

44.6 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the
 44.7 judges retirement plan are entitled to a postretirement adjustment annually on January
 44.8 1, as follows:

44.9 (1) a postretirement increase of 1.75 percent must be applied each year, effective
 44.10 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient
 44.11 who has been receiving an annuity or a benefit for at least 18 full months before the
 44.12 January 1 increase; and

44.13 (2) for each annuitant or benefit recipient who has been receiving an annuity or a
 44.14 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June
 44.15 30, an annual postretirement increase of 1/12 of 1.75 percent for each month that the
 44.16 person has been receiving an annuity or benefit must be applied, effective January 1,
 44.17 following the calendar year in which the person has been retired for ~~at least six months,~~
 44.18 ~~but has been retired for~~ less than ~~18~~ 12 months.

44.19 (c) Increases under this subdivision terminate on December 31 of the calendar year
 44.20 in which two prior consecutive actuarial valuations prepared by the approved actuary
 44.21 under sections 356.214 and 356.215 and the standards for actuarial work promulgated
 44.22 by the Legislative Commission on Pensions and Retirement indicates that the market
 44.23 value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial
 44.24 accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is
 44.25 applicable, begin on the January 1 next following that date.

44.26 (d) An increase in annuity or benefit payments under this subdivision must be made
 44.27 automatically unless written notice is filed by the annuitant or benefit recipient with the
 44.28 executive director of the applicable covered retirement plan requesting that the increase
 44.29 not be made.

44.30 **EFFECTIVE DATE.** This section is effective June 30, 2015.

44.31 **ARTICLE 5**

44.32 **CONTRIBUTION STABILIZER PROVISION MODIFICATIONS**

44.33 Section 1. Minnesota Statutes 2014, section 352.045, is amended to read:

44.34 **352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER** 44.35 **CONTRIBUTIONS IN CERTAIN INSTANCES.**

45.1 Subdivision 1. **Application.** This section applies to the general state employees
 45.2 retirement plan ~~and to established under this chapter,~~ the correctional state employees
 45.3 retirement plan established under this chapter, and to the state patrol retirement plan
 45.4 established under chapter 352B.

45.5 Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency
 45.6 exists if, for ~~purposes of~~ the applicable plan, the total of the employee contributions, the
 45.7 employer contributions, and any additional employer contributions, if applicable, exceeds
 45.8 the total of the normal cost, the administrative expenses, and the amortization contribution
 45.9 of the retirement plan as reported in the most recent actuarial valuation of the retirement
 45.10 plan prepared by the approved actuary retained under section 356.214 and prepared under
 45.11 section 356.215 and the standards for actuarial work of the Legislative Commission on
 45.12 Pensions and Retirement. For purposes of this section, a contribution deficiency exists
 45.13 if, for the applicable plan, the total employee contributions, employer contributions,
 45.14 and any additional employer contributions are less than the total of the normal cost, the
 45.15 administrative expenses, and the amortization contribution of the retirement plan as
 45.16 reported in the most recent actuarial valuation of the retirement plan prepared by the
 45.17 approved actuary retained under section 356.214 and prepared under section 356.215 and
 45.18 the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

45.19 Subd. 3a. **Contribution rate revision; general state employees retirement plan.**
 45.20 (a) Notwithstanding the contribution rates ~~stated in plan law as specified in law governing~~
 45.21 the applicable retirement plan, the board of directors of the Minnesota State Retirement
 45.22 System may adjust the employee and employer contribution rates for the general state
 45.23 employees retirement plan must be adjusted:

45.24 (1) if the regular actuarial valuation of the plan prepared under section 356.215
 45.25 indicates that there is a contribution sufficiency greater than one percent of covered payroll
 45.26 ~~and that the sufficiency has existed for at least two consecutive years, the employee and~~
 45.27 ~~employer contribution rates must be decreased as determined under paragraph (b) to a~~
 45.28 ~~level such that the sufficiency is no greater than one percent of covered payroll based~~
 45.29 ~~on the most recent actuarial valuation; or~~

45.30 (2) if the regular actuarial valuation of the plan ~~under section 356.215~~ indicates that
 45.31 there is a contribution deficiency under subdivision 2 equal to or greater than ~~0.5~~ one-half
 45.32 of one percent of covered payroll ~~and that the deficiency has existed for at least two~~
 45.33 ~~consecutive years, the employee and employer contribution rates must be increased as~~
 45.34 ~~determined under paragraph (c) to a level such that no deficiency exists based on the~~
 45.35 ~~most recent actuarial valuation.~~

46.1 (b) If the actuarially ~~required~~ determined contribution of the plan is less than the
46.2 total support provided by the combined employee and employer contribution rates by
46.3 more than one percent of covered payroll, the plan employee and employer contribution
46.4 rates ~~must~~ may be decreased incrementally over one or more years ~~by no more than~~
46.5 ~~0.25 percent of pay each for employee and employer contribution rates~~ to a level such
46.6 that there remains a contribution sufficiency of at least one percent of covered payroll.
46.7 ~~No contribution rate~~ Any decrease may be made until at least two years have elapsed
46.8 ~~since any adjustment under this paragraph has been fully implemented in employee and~~
46.9 ~~employer contribution rates~~ must not result in total contributions that are less than the sum
46.10 of the normal cost and administrative expenses of the retirement plan.

46.11 (c) If the actuarially required contribution exceeds the total support provided by
46.12 the employee and employer contribution rates, the board of directors may increase the
46.13 ~~employee and employer contribution rates must be increased~~ equally to eliminate that
46.14 contribution deficiency. ~~If the contribution deficiency is:~~

46.15 (1) ~~less than two percent, the incremental increase may be up to 0.25 percent each~~
46.16 ~~for the employee and employer contribution rates;~~

46.17 (2) ~~greater than 1.99 percent and less than 4.01 percent, the incremental increase~~
46.18 ~~may be up to 0.5 percent each for the employee and employer contribution rates; or~~

46.19 (3) ~~greater than four percent, the incremental increase may be up to 0.75 percent~~
46.20 ~~each for the employee and employer contribution.~~

46.21 (d) To determine if an adjustment is to be made, the board of directors shall consult
46.22 with the approved actuary retained under section 356.214 and shall take into consideration
46.23 factors that include, but are not limited to, the contribution rates calculated based on the
46.24 actuarial value of assets and calculated based on the market value of assets; the funded
46.25 ratio calculated based on the actuarial value of assets; the funded ratio calculated based on
46.26 the market value of assets; the remaining number of years to the amortization target date;
46.27 the recent experience of the investment markets; and the results of the 30-year funding,
46.28 disbursements, and contribution projections prepared every other year as required under
46.29 the standards for actuarial work adopted by the Legislative Commission on Pensions
46.30 and Retirement.

46.31 (e) Any recommended adjustment to the contribution rates must be reported to
46.32 the chair and the executive director of the Legislative Commission on Pensions and
46.33 Retirement by January 15 following receipt of the most recent annual actuarial valuation
46.34 prepared under section 356.215. The report must include draft legislation to revise the
46.35 employee and employer contributions stated in plan law. If the Legislative Commission
46.36 on Pensions and Retirement does not recommend against the rate change or does not

47.1 recommend a modification in the rate change, the ~~recommended~~ adjustment becomes
47.2 effective on the first day of the first full payroll period in the fiscal year following receipt
47.3 of the most recent actuarial valuation that gave rise to the adjustment.

47.4 ~~(e)~~ (f) A contribution sufficiency of up to one percent of covered payroll must be
47.5 held in reserve to be used to offset any future actuarially ~~required~~ determined contributions
47.6 that are more than the total combined employee and employer contributions.

47.7 ~~(f)~~ (g) Before any reduction in contributions to eliminate a sufficiency in excess of
47.8 one percent of covered pay may be ~~recommended~~ made, the executive director must
47.9 review any need for a change in actuarial assumptions, as recommended by the approved
47.10 actuary retained under section 356.214 in the most recent experience study of the general
47.11 employees retirement plan prepared under section 356.215 and the standards for actuarial
47.12 work promulgated by the Legislative Commission on Pensions and Retirement that may
47.13 result in an increase in the actuarially ~~required~~ determined contribution and must report to
47.14 the Legislative Commission on Pensions and Retirement any ~~recommendation~~ decision
47.15 by the board to use the sufficiency exceeding one percent of covered payroll to offset the
47.16 impact of an actuarial assumption change recommended by the actuary retained under
47.17 section 356.214, subdivision 1, and reviewed by the actuary retained by the commission
47.18 under section 356.214, subdivision 4.

47.19 ~~(g)~~ (h) No contribution sufficiency in excess of one percent of covered pay may be
47.20 proposed to be used to increase benefits, and no benefit increase may be proposed that
47.21 would initiate an ~~automatic~~ adjustment to increase contributions under this subdivision.
47.22 Any proposed benefit improvement must include a recommendation, prepared by the
47.23 approved actuary retained under section 356.214, subdivision 1, and reviewed by the
47.24 actuary retained by the Legislative Commission on Pensions and Retirement as provided
47.25 under section 356.214, subdivision 4, on how the benefit modification will be funded.

47.26 **Subd. 3b. Contribution rate revision; correctional state employees retirement**
47.27 **plan and State Patrol retirement plan.** (a) Subdivision 3a applies to the correctional
47.28 state employees retirement plan under this chapter and to the State Patrol retirement
47.29 plan established under chapter 352B, except as ~~stated in this subdivision~~ specified in
47.30 paragraph (b) or (c).

47.31 (b) Any limitations on the amount of contribution rate changes stated in subdivision
47.32 3a apply only to the amount of the employee contribution revision. The employer
47.33 contribution for the correctional state employees retirement plan or the State Patrol
47.34 retirement plan, whichever is applicable, must be adjusted so that the employer
47.35 contribution is equal to 60 percent of the sum of employee plus employer contributions.

48.1 (c) For the State Patrol retirement plan, a contribution sufficiency of up to two
 48.2 percent of covered payroll, rather than one percent, may be held in reserves without taking
 48.3 action to reduce employee and employer contributions.

48.4 Sec. 2. Minnesota Statutes 2014, section 353.27, subdivision 3b, is amended to read:

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

48.6 (a) For purposes of this section:

48.7 (1) a contribution sufficiency exists if the total of the employee contribution under
 48.8 subdivision 2, the employer contribution under subdivision 3, the additional employer
 48.9 contribution under subdivision 3a, and any additional contribution previously imposed
 48.10 under this subdivision exceeds the total of the normal cost, the administrative expenses,
 48.11 and the amortization contribution of the general employees retirement plan as reported in
 48.12 the most recent actuarial valuation of the retirement plan prepared by the actuary retained
 48.13 under section 356.214 and prepared under section 356.215 and the standards for actuarial
 48.14 work of the Legislative Commission on Pensions and Retirement; and

48.15 (2) a contribution deficiency exists if the total of the employee contributions under
 48.16 subdivision 2, the employer contributions under subdivision 3, the additional employer
 48.17 contribution under subdivision 3a, and any additional contribution previously imposed
 48.18 under this subdivision is less than the total of the normal cost, the administrative expenses,
 48.19 and the amortization contribution of the general employees retirement plan as reported in
 48.20 the most recent actuarial valuation of the retirement plan prepared by the actuary retained
 48.21 under section 356.214 and prepared under section 356.215 and the standards for actuarial
 48.22 work of the Legislative Commission on Pensions and Retirement.

48.23 (b) Notwithstanding the contribution rate provision specified under subdivisions 2,
 48.24 3, and 3a, the board of trustees of the Public Employees Retirement Association may
 48.25 adjust the employee and employer contributions to the general employees retirement plan
 48.26 under subdivisions 2 and 3 ~~must be adjusted~~:

48.27 (1) if the regular actuarial valuation of the general employees retirement plan of
 48.28 the Public Employees Retirement Association prepared under section 356.215 indicates
 48.29 that there is a contribution sufficiency under paragraph (a) greater than one percent of
 48.30 covered payroll ~~and that the sufficiency has existed for at least two consecutive years, the~~
 48.31 ~~coordinated program employee and employer contribution rates must be decreased as~~
 48.32 ~~determined under paragraph (c) to a level such that the sufficiency is no greater than one~~
 48.33 ~~percent of covered payroll based on the most recent actuarial valuation; or~~

48.34 (2) if the regular actuarial valuation of the general employees retirement plan of the
 48.35 Public Employees Retirement Association under section 356.215 indicates that there

49.1 is a contribution deficiency under paragraph (a) equal to or greater than 0.5 one-half
49.2 of one percent of covered payroll and that the deficiency has existed for at least two
49.3 consecutive years, the coordinated program employee and employer contribution rates
49.4 must be increased as determined under paragraph (d) to a level such that no deficiency
49.5 exists based on the most recent actuarial valuation.

49.6 (c) If the actuarially required determined contribution of the general employees
49.7 retirement plan is less than the total support provided by the combined employee and
49.8 employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of
49.9 covered payroll, the general employees retirement plan coordinated program employee
49.10 and employer contribution rates under subdivisions 2 and 3 must may be decreased
49.11 incrementally over one or more years by no more than 0.25 percent of pay each for
49.12 employee and employer matching contribution rates to a level such that there remains a
49.13 contribution sufficiency of at least one percent of covered payroll. No contribution rate
49.14 decrease may be made until at least two years have elapsed since any adjustment under
49.15 this subdivision has been fully implemented. Any decrease in employee and employer
49.16 contribution rates may not result in total contributions that are less than the total of the
49.17 normal cost of the retirement plan and the administrative expenses of the retirement plan.

49.18 (d) If the actuarially required determined contribution exceeds the total support
49.19 provided by the combined employee and employer contribution rates under subdivisions
49.20 2, 3, and 3a, the board of trustees may increase the employee and matching employer
49.21 contribution rates must be increased equally to eliminate that contribution deficiency.
49.22 If the contribution deficiency is:

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

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

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

49.29 (e) The general employees retirement plan contribution sufficiency or deficiency
49.30 determination under paragraphs (a) to (d) must be made without the inclusion of the
49.31 contributions to, the funded condition of, or the actuarial funding requirements of the
49.32 MERF division. To determine if an adjustment is to be made, the board of trustees shall
49.33 consult with the approved actuary retained under section 356.214 and shall take into
49.34 consideration factors that include, but are not limited to, the contribution rates based on
49.35 actuarial value of assets and contribution rates based on the market value of assets; the
49.36 funded ratio based on the actuarial value of assets and based on the market value of assets;

50.1 the number of years remaining to the amortization target date; the recent experience
50.2 of the investment markets; and the results of the 30-year funding, disbursements, and
50.3 contributions projections prepared every other year as required under the standards for
50.4 actuarial work adopted by the Legislative Commission on Pensions and Retirement.

50.5 (f) Any ~~recommended~~ adjustment to the contribution rates must be reported to
50.6 the chair and the executive director of the Legislative Commission on Pensions and
50.7 Retirement by January 15 following the receipt of the most recent annual actuarial
50.8 valuation prepared under section 356.215. If the Legislative Commission on Pensions
50.9 and Retirement does not recommend against the rate change or does not recommend
50.10 a modification in the rate change, the recommended adjustment becomes effective for
50.11 any salary paid on or after the January 1 next following the legislative session in which
50.12 the Legislative Commission on Pensions and Retirement did not take any action to
50.13 disapprove or modify the Public Employees Retirement Association Board of Trustees'
50.14 ~~recommendation to adjust~~ adjustment to the employee and employer rates.

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

50.19 (h) Before any reduction in contributions to eliminate a sufficiency in excess of one
50.20 percent of covered pay may be ~~recommended~~ made, the executive director must review
50.21 any need for a change in actuarial assumptions, as recommended by the actuary retained
50.22 under section 356.214 in the most recent experience study of the general employees
50.23 retirement plan prepared under section 356.215 and the standards for actuarial work
50.24 promulgated by the Legislative Commission on Pensions and Retirement that may result
50.25 in an increase in the actuarially ~~required~~ determined contribution and must report to the
50.26 Legislative Commission on Pensions and Retirement any ~~recommendation~~ decision by the
50.27 board to use the sufficiency exceeding one percent of covered payroll to offset the impact
50.28 of an actuarial assumption change recommended by the actuary retained under section
50.29 356.214, subdivision 1, and reviewed by the actuary retained by the commission under
50.30 section 356.214, subdivision 4.

50.31 (i) No contribution sufficiency in excess of one percent of covered pay may be
50.32 proposed to be used to increase benefits, and no benefit increase may be proposed that
50.33 would initiate an ~~automatic~~ adjustment to increase contributions under this subdivision.
50.34 Any proposed benefit improvement must include a recommendation, prepared by the
50.35 approved actuary retained under section 356.214, subdivision 1, and reviewed by the

51.1 actuary retained by the Legislative Commission on Pensions and Retirement as provided
 51.2 under section 356.214, subdivision 4, on how the benefit modification will be funded.

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

51.4 Sec. 3. Minnesota Statutes 2014, section 354.42, subdivision 4b, is amended to read:

51.5 Subd. 4b. **Contribution rate revision.** (a) Notwithstanding the contribution rate
 51.6 provisions under subdivisions 2 and 3, the board of trustees of the Teachers Retirement
 51.7 Association may adjust the employee and employer contribution rates ~~may be adjusted~~
 51.8 ~~as follows:~~

51.9 ~~(1) if, after June 30, 2015, the regular actuarial valuation of the plan under section~~
 51.10 ~~356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or~~
 51.11 ~~greater than one percent of covered payroll and the sufficiency has existed for at least two~~
 51.12 ~~consecutive years, the employee and employer contribution rates for the plan may each be~~
 51.13 ~~decreased to a level such that the sufficiency equals no more than one percent of covered~~
 51.14 ~~payroll based on the most recent actuarial valuation; or~~

51.15 ~~(2) if, after June 30, 2015, the regular valuation of the plan under section 356.215~~
 51.16 ~~indicates that there is a deficiency equal to or greater than 0.25 one-half of one percent~~
 51.17 ~~of covered payroll and the deficiency has existed for at least two consecutive years, the~~
 51.18 ~~employee and employer contribution rates for the applicable plan may each be increased by:~~

51.19 ~~(i) 0.25 percent if the deficiency is less than two percent of covered payroll;~~

51.20 ~~(ii) 0.5 percent if the deficiency is equal to or greater than two percent of covered~~
 51.21 ~~payroll and less than or equal to four percent; and~~

51.22 ~~(iii) 0.75 percent if the deficiency is greater than four percent. Any decrease in~~
 51.23 ~~employee and employer contribution rates must not result in the total of contribution rates~~
 51.24 ~~that is less than the total of normal cost and administrative expenses.~~

51.25 ~~(b) To determine if an adjustment is to be made, the board of trustees shall consult~~
 51.26 ~~with the approved actuary retained under section 356.214 and shall take into consideration~~
 51.27 ~~factors that include, but are not limited to, the contribution rates based on actuarial value of~~
 51.28 ~~assets and contribution rates based on the market value of assets; the funded ratio based on~~
 51.29 ~~the actuarial value of assets and based on the market value of assets; the number of years~~
 51.30 ~~remaining to the amortization target date; the recent experience of the investment markets;~~
 51.31 ~~and the results of the 30-year funding, disbursements, and contributions projections~~
 51.32 ~~prepared every other year as required under the standards for actuarial work adopted by~~
 51.33 ~~the Legislative Commission on Pensions and Retirement.~~

51.34 **EFFECTIVE DATE.** This section is effective July 1, 2015.

52.1 Sec. 4. Minnesota Statutes 2014, section 354.42, subdivision 4d, is amended to read:

52.2 Subd. 4d. **Reporting; commission review.** A contribution rate increase or decrease
 52.3 ~~made under subdivision 4b, as determined by the executive director of the Teachers~~
 52.4 ~~Retirement Association,~~ must be reported to the chair and the executive director of the
 52.5 Legislative Commission on Pensions and Retirement on or before the next February 1 and,
 52.6 if the Legislative Commission on Pensions and Retirement does not recommend against the
 52.7 rate change or does not recommend a modification in the rate change, is effective on the next
 52.8 July 1 following the determination ~~by the executive director~~ that a contribution deficiency
 52.9 or sufficiency exists based on the most recent actuarial valuation under section 356.215.

52.10 **EFFECTIVE DATE.** This section is effective July 1, 2015."

52.11 Delete the title and insert:

52.12 "A bill for an act
 52.13 relating to retirement; various statewide and major local defined benefit
 52.14 Minnesota public employee retirement plans; modifying the financial
 52.15 sustainability triggers for postretirement adjustment mechanisms; modifying
 52.16 provisions directing criteria for making recommendations to adjust employee
 52.17 and employer contribution rates; amending Minnesota Statutes 2014, sections
 52.18 3A.03, subdivision 2; 352.01, subdivision 13a; 352.017, subdivision 2; 352.04,
 52.19 subdivisions 8, 9; 352.045; 352.23; 352.27; 352.271; 352.955, subdivision
 52.20 3; 352B.013, subdivision 2; 352B.085; 352B.086; 352B.11, subdivision 4;
 52.21 352D.05, subdivision 4; 352D.11, subdivision 2; 352D.12; 353.01, subdivision
 52.22 16; 353.0161, subdivision 2; 353.0162; 353.27, subdivisions 3b, 7a, 12, 12a;
 52.23 353.28, subdivision 5; 353.35, subdivision 1; 354.42, subdivisions 4b, 4d;
 52.24 354A.093, subdivision 6; 354A.096; 354A.108; 354A.29, subdivisions 7, 8,
 52.25 9; 354A.38, subdivision 3; 354B.23, subdivision 5; 354C.12, subdivision 2;
 52.26 356.195, subdivision 2; 356.215, subdivision 8; 356.415, subdivisions 1, 1a,
 52.27 1c, 1d, 1e, 1f; 356.44; 356.50, subdivision 2; 356.551, subdivision 2; 490.121,
 52.28 subdivision 4; 490.1211; 490.124, subdivision 12."