

1.1 moves to amend S.F. No. 2620; H.F. No. 3053, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 **"ARTICLE 1**

1.4 **MINNESOTA STATE RETIREMENT SYSTEM**

1.5 **BENEFIT CHANGES**

1.6 Section 1. Minnesota Statutes 2016, section 3A.02, subdivision 4, is amended to read:

1.7 Subd. 4. **Deferred annuities augmentation.** ~~(a)~~ The deferred retirement allowance of
1.8 any former legislator must be augmented as provided herein:

1.9 ~~(b) The required reserves applicable to the deferred retirement allowance, determined~~
1.10 ~~as of the date the benefit begins to accrue using an appropriate mortality table and an interest~~
1.11 ~~assumption of six percent, must be augmented~~ from the first of the month following the
1.12 termination of active service, or July 1, 1973, whichever is later, to the ~~first day of the month~~
1.13 ~~in which the allowance begins to accrue~~ effective date of retirement, at the following ~~annually~~
1.14 ~~compounded~~ rate or rates, compounded annually:

1.15 (1) five percent until January 1, 1981;

1.16 (2) three percent from January 1, 1981, ~~or from the first day of the month following the~~
1.17 ~~termination of active service, whichever is later~~, until January 1 of the year in which the
1.18 former legislator attains age 55 or ~~until~~ January 1, 2012, whichever is earlier;

1.19 (3) five percent from the period end date under clause (2) until the effective date of
1.20 retirement or ~~until~~ January 1, 2012, whichever is earlier; ~~and~~

1.21 (4) two percent ~~after December 31, 2011~~, from January 1, 2012, until December 31,
1.22 2018; and

1.23 (5) after December 31, 2018, the deferred annuity must not be augmented.

1.24 Sec. 2. Minnesota Statutes 2016, section 352.116, subdivision 1a, is amended to read:

1.25 Subd. 1a. **Actuarial reduction for early retirement.** (a) This subdivision applies to a
1.26 person who has become at least 55 years old and first became a covered employee after
1.27 June 30, 1989, and to any other covered employee who has become at least 55 years old
1.28 and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph
1.29 (b), in conjunction with this subdivision than when calculated under section 352.115,
1.30 subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who
1.31 retires before the normal retirement age shall be paid the normal retirement annuity provided

in section 352.115, subdivisions 2 and 3, paragraph (b), reduced so that as described in paragraph (b) or (c), as applicable.

(b) For covered employees who retire on or after July 1, 2019, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an the applicable annual rate of three percent₂, compounded annually₂, from the day the annuity begins to accrue until the normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(1) until June 30, 2019, three percent if the employee became an employee before July 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

(2) beginning July 1, 2019, through June 30, 2024, a rate that changes each month, on the first day of the month, starting with the rate in clause (1), as applicable to the employee, and reducing the rate to zero in equal monthly increments over the five-year period; and

(3) after June 30, 2024, zero percent.

After June 30, 2024, actuarial equivalent, for the purpose of determining the reduced annuity commencing before normal retirement age under this clause, shall not take into account any augmentation.

(c) For covered employees who retire before July 1, 2019, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an annual rate of three percent, compounded annually, from the day the annuity begins to accrue until normal retirement age if the employee became an employee before July 1, 2006, and at an annual rate of 2.5 percent₂, compounded annually₂, from the day the annuity begins to accrue until the normal retirement age if the employee initially becomes became an employee after June 30, 2006.

Sec. 3. Minnesota Statutes 2016, section 352.22, subdivision 2, is amended to read:

Subd. 2. **Amount of refund.** Except as provided in subdivision 3, the refund payable to a person who ceased to be a state employee by reason of a termination of state service is an amount equal to employee accumulated contributions plus interest until the date on which the refund is paid, at the rate of following rates for the applicable period:

(1) six percent per year compounded daily from the date that the contribution was made until June 30, 2011, ~~or until the date on which the refund is paid, whichever is earlier, and at the rate of~~

(2) four percent per year compounded daily from the date that the contribution was made or from July 1, 2011, whichever is later, ~~until the date on which the refund is paid.~~ until June 30, 2018; and

(3) three percent per year compounded daily from the date that the contribution was made or July 1, 2018, whichever is later.

Included with the refund is any interest paid as part of repayment of a past refund, plus interest thereon from the date of repayment.

Sec. 4. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to read:

Subd. 2b. **Refund repayment.** Any person who has received a refund from the state employees retirement plan, and who is a member of any of the retirement plans specified in section 356.311, paragraph (b), may repay the refund with interest to the state employees retirement plan. If a refund is repaid to the plan and more than one refund has been received from the plan, all refunds must be repaid. Repayment must be made as provided in section 352.23, and under terms and conditions consistent with that section as agreed upon with the director.

Sec. 5. Minnesota Statutes 2016, section 352.22, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity.** (a) An employee who has at least three years of allowable service if employed before July 1, 2010, or who has at least five years of allowable service if employed after June 30, 2010, when termination occurs may elect to leave the accumulated contributions in the fund and thereby be entitled to a deferred retirement annuity. The annuity must be computed under the law in effect when state service terminated, on the basis of the allowable service credited to the person before the termination of service.

(b) An employee on layoff or on leave of absence without pay, except a leave of absence for health reasons, and who does not return to state service must have an annuity, deferred annuity, or other benefit to which the employee may become entitled computed under the law in effect on the employee's last working day.

(c) No application for a deferred annuity may be made more than 60 days before the time the former employee reaches the required age for entitlement to the payment of the

annuity. The deferred annuity begins to accrue no earlier than 60 days before the date the application is filed in the office of the system, but not (1) before the date on which the employee reaches the required age for entitlement to the annuity nor (2) before the day following the termination of state service in a position which is not covered by the retirement system.

(d) Application for the accumulated contributions left on deposit with the fund may be made at any time following the date of the termination of service.

(e) Deferred annuities must be augmented as provided in ~~section 352.72, subdivision 2~~ subdivision 3a.

Sec. 6. Minnesota Statutes 2016, section 352.22, is amended by adding a subdivision to read:

Subd. 3a. **Computation of deferred annuity.** (a) The deferred annuity of any former state employee must be augmented from the first day of the month following termination of active service or July 1, 1971, whichever is later, to the effective date of retirement.

(b) For a person who became a state employee before July 1, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent thereafter until January 1 of the year following the year in which the former employee attains age 55 or January 1, 2012, whichever is earlier;

(3) five percent from the January 1 next following the attainment of age 55 until December 31, 2011;

(4) two percent from January 1, 2012, until December 31, 2018; and

(5) after December 31, 2018, the deferred annuity must not be augmented.

(c) For a person who became a state employee after June 30, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) 2.5 percent until December 31, 2011;

(2) two percent from January 1, 2012, until December 31, 2018; and

(3) after December 31, 2018, the deferred annuity must not be augmented.

(d) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis

to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained under section 356.214.

Sec. 7. Minnesota Statutes 2016, section 352B.08, is amended by adding a subdivision to read:

Subd. 2b. **Computation of deferred annuity.** (a) The deferred annuity of any former member must be augmented from the first day of the month following the termination of active service, or July 1, 1971, whichever is later, to the effective date of retirement.

(b) For a person who became an employee before July 1, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, until December 31, 2011;

(3) two percent from January 1, 2012, until December 31, 2018; and

(4) after December 31, 2018, the deferred annuity must not be augmented.

(c) For a person who became an employee after June 30, 2006, the annuity must be augmented at the following rate or rates, compounded annually:

(1) 2.5 percent until December 31, 2011;

(2) two percent from January 1, 2012, until December 31, 2018; and

(3) after December 31, 2018, the deferred annuity must not be augmented.

(d) The mortality table and interest assumption used to compute the annuity must be those in effect when the member files application for annuity.

Sec. 8. Minnesota Statutes 2016, section 352D.085, subdivision 1, is amended to read:

Subdivision 1. **Combined service.** Except as provided in section 356.30, 356.302, or 356.303, service under the unclassified program ~~for~~ during which the employee ~~has been credited with employee shares~~ contributed to the program under section 352D.04, subdivision 2, may be used for the limited purpose of qualifying for benefits under sections 352.115, ~~352.72, subdivision 1,~~ 352.113, 354.44, 354.45, 354.48, and ~~354.60~~ 356.311. The service ~~also~~ may not be used to qualify for a disability benefit under section 352.113 or 354.48 if a participant was under the unclassified program at the time of the disability. Also, the years

of service and salary paid while the participant was in the unclassified program may not be used in determining the amount of benefits.

Sec. 9. Minnesota Statutes 2016, section 490.121, subdivision 25, is amended to read:

Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a membership specified by section 490.1221, paragraph (b), and governed by sections 356.415, subdivisions 1 and subdivision 1f; and 490.121 to 490.133, except as modified in sections 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

Sec. 10. Minnesota Statutes 2016, section 490.121, subdivision 26, is amended to read:

Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a membership specified by section 490.1221, paragraph (c), and governed by sections 356.415, subdivisions 1 and subdivision 1f; 490.121 to 490.133, as modified in section 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

Sec. 11. **REPEALER.**

Minnesota Statutes 2016, sections 3A.12; 352.045; 352.72; and 352B.30, are repealed.

Sec. 12. **EFFECTIVE DATE.**

Sections 1 to 11 are effective June 30, 2018.

ARTICLE 2

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION BENEFIT CHANGES

Section 1. Minnesota Statutes 2016, section 353.30, subdivision 5, is amended to read:

Subd. 5. **Actuarial reduction for early retirement.** (a) This subdivision applies to a member who has become at least 55 years old and first became a public employee after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under section 353.29, subdivision 3, paragraph (b), in conjunction with this subdivision than when calculated under section 353.29, subdivision 3, paragraph (a), in conjunction with subdivision 1, 1a, 1b, or 1c. An employee who retires before normal retirement age shall be paid the retirement annuity provided in section 353.29,

subdivision 3, paragraph (b), reduced ~~so that~~ as described in paragraph (b) or (c), as applicable.

(b) For members who begin to receive an annuity on or after July 1, 2019, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an the applicable annual rate of three percent₂, compounded annually₂, from the day the annuity begins to accrue starting date until the normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rates are the following:

(1) until June 30, 2019, three percent if the employee became an employee before July 1, 2006, and 2.5 percent if the employee became an employee after June 30, 2006;

(2) beginning July 1, 2019, through June 30, 2024, a rate that changes each month, on the first day of the month, starting with the rate in clause (1), as applicable to the employee, and reducing the rate to zero in equal monthly increments over the five-year period; and

(3) after June 30, 2024, zero percent.

After June 30, 2024, actuarial equivalent, for the purpose of determining the reduced annuity commencing before normal retirement age under this paragraph, shall not take into account any augmentation.

(c) For members who begin to receive an annuity before July 1, 2019, the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity until normal retirement age and the annuity amount were augmented at an annual rate of three percent, compounded annually, from the annuity starting date until normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent₂, compounded annually₂, from the day the annuity begins to accrue starting date until the normal retirement age if the employee initially becomes became an employee after June 30, 2006.

Sec. 2. Minnesota Statutes 2016, section 353.34, subdivision 2, is amended to read:

Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who ceases to be a ~~public employee member~~ is entitled to receive a refund in an amount equal to accumulated deductions with annual compound interest to the first day of the month in which the refund is processed.

(b) Annual compound interest rates on a refund under paragraph (a) shall be as follows:

~~(1) for a person who ceases to be a public employee before July 1, 2011, the refund interest is at the rate of six percent to June 30, 2011;~~

~~(2) four percent after June 30, 2011, to June 30, 2018; and at the rate of four~~

~~(3) three percent after June 30, 2011. 2018.~~

~~for a person who ceases to be a public employee after July 1, 2011, the refund interest is at the rate of four percent.~~

(c) If a person repays a refund and subsequently applies for another refund, the repayment amount, including interest, is added to the fiscal year balance in which the repayment was made.

(d) If the refund payable to a member is based on employee deductions that are determined to be invalid under section 353.27, subdivision 7, the interest payable on the invalid employee deductions is four percent.

Sec. 3. Minnesota Statutes 2016, section 353.34, subdivision 3, is amended to read:

Subd. 3. **Deferred annuity; eligibility; computation.** (a) A member who is vested under section 353.01, subdivision 47, when termination of public service or termination of membership occurs has the option of leaving the accumulated deductions in the fund and being entitled to a deferred retirement annuity commencing at normal retirement age or to a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5.

(b) The deferred annuity must be computed under section 353.29, subdivision 3, on the basis of the law in effect on the date of termination of public service or termination of membership, whichever is earlier, and must be augmented as provided in ~~section 353.71, subdivision 2~~ paragraph (c).

(c) The deferred annuity of any former member must be augmented from the first day of the month following the termination of active service, or July 1, 1971, whichever is later, to the effective date of retirement.

(d) For a person who became a public employee before July 1, 2006, and who has a termination of public service before January 1, 2012, the deferred annuity must be augmented at the following rate or rates, compounded annually:

(1) five percent until January 1, 1981;

(2) three percent from January 1, 1981, until January 1 of the year following the year in which the former member attains age 55 or December 31, 2011, whichever is earlier;

9.1 (3) five percent from January 1 of the year following the year in which the former member
9.2 attains age 55, or December 31, 2011, whichever is earlier;

9.3 (4) one percent from January 1, 2012, until December 31, 2018; and

9.4 (5) after December 31, 2018, the deferred annuity must not be augmented.

9.5 (e) For a person who became a public employee after June 30, 2006, and who has a
9.6 termination of public service before January 1, 2012, the deferred annuity must be augmented
9.7 at the following rate or rates, compounded annually:

9.8 (1) 2.5 percent until December 31, 2011;

9.9 (2) one percent from January 1, 2012, until December 31, 2018; and

9.10 (3) after December 31, 2018, the deferred annuity must not be augmented.

9.11 (f) For a person who has a termination of public service after December 31, 2011, the
9.12 deferred annuity must not be augmented.

9.13 (g) The retirement annuity or disability benefit of, or the survivor benefit payable on
9.14 behalf of, a former member who terminated service before July 1, 1997, or the survivor
9.15 benefit payable on behalf of a basic or police and fire member who was receiving disability
9.16 benefits before July 1, 1997, which is first payable after June 30, 1997, must be increased
9.17 on an actuarial equivalent basis to reflect the change in the postretirement interest rate
9.18 actuarial assumption under section 356.215, subdivision 8, from five percent to six percent
9.19 under a calculation procedure and tables adopted by the board and approved by the actuary
9.20 retained under section 356.214.

9.21 ~~(e)~~ (h) A former member qualified to apply for a deferred retirement annuity may revoke
9.22 this option at any time before the commencement of deferred annuity payments by making
9.23 application for a refund. The person is entitled to a refund of accumulated member
9.24 contributions within 30 days following date of receipt of the application by the executive
9.25 director.

9.26 Sec. 4. **REPEALER.**

9.27 Minnesota Statutes 2016, sections 353.27, subdivision 3b; and 353.71, are repealed.

9.28 Sec. 5. **EFFECTIVE DATE.**

9.29 (a) Section 1 is effective for annuities with an annuity starting date that is on or after
9.30 July 1, 2019, notwithstanding the member's date of termination of public service.

(b) Sections 2 to 4 are effective June 30, 2018.

ARTICLE 3

TEACHERS RETIREMENT ASSOCIATION
BENEFIT CHANGES

Section 1. Minnesota Statutes 2016, section 354.44, subdivision 6, is amended to read:

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

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

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.2 percent per year	2.2 percent per year
Each year of service thereafter	1.7 percent per year	2.7 percent per year

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

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.4 percent per year	2.2 percent per year
Each year of service after ten years of service	1.9 percent per year	2.7 percent per year

~~(c)(4)~~(1) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before

11.1 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction
11.2 with this paragraph than when calculated under paragraph (d), in conjunction with paragraph
11.3 (e).

11.4 ~~(ii)~~ (2) Where any member retires prior to normal retirement age under a formula annuity,
11.5 the member shall be paid a retirement annuity in an amount equal to the normal annuity
11.6 provided in paragraph (b) reduced by one-quarter of one percent for each month that the
11.7 member is under normal retirement age at the time of retirement except that for any member
11.8 who has 30 or more years of allowable service credit, the reduction shall be applied only
11.9 for each month that the member is under age 62.

11.10 ~~(iii)~~ (3) Any member whose attained age plus credited allowable service totals 90 years
11.11 is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity
11.12 provided in paragraph (b), without any reduction by reason of early retirement.

11.13 (d) This paragraph applies to a member who has become at least 55 years old and first
11.14 became a member of the association after June 30, 1989, and to any other member who has
11.15 become at least 55 years old and whose annuity amount when calculated under this paragraph
11.16 and in conjunction with paragraph (e), is higher than it is when calculated under paragraph
11.17 (b), in conjunction with paragraph (c).

11.18 (1) For a basic member, the average salary, as defined in section 354.05, subdivision
11.19 13a, multiplied by 2.7 percent for each year of service for a basic member determines the
11.20 amount of the retirement annuity to which the basic member is entitled. The annuity of a
11.21 basic member who was a member of the former Minneapolis Teachers Retirement Fund
11.22 Association as of June 30, 2006, must be determined according to the annuity formula under
11.23 the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association
11.24 in effect as of that date.

11.25 (2) For a coordinated member, the average salary, as defined in section 354.05,
11.26 subdivision 13a, multiplied by 1.7 percent for each year of service rendered before July 1,
11.27 2006, and by 1.9 percent for each year of service rendered on or after July 1, 2006, for a
11.28 member other than a member who was a member of the former Duluth Teachers Retirement
11.29 Fund Association between January 1, 2006, and June 30, 2015, and by 1.9 percent for each
11.30 year of service rendered on or after July 1, 2013, for a member of the former Duluth Teachers
11.31 Retirement Fund Association between January 1, 2013, and June 30, 2015, determines the
11.32 amount of the retirement annuity to which the coordinated member is entitled.

11.33 (e) This paragraph applies to a ~~person~~ member who has become at least 55 years old
11.34 and first becomes a member of the association after June 30, 1989, and to any other member

who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. Except in regards to section 354.46, this paragraph remains in effect until June 30, 2015.

(f) ~~After~~ Until June 30, 2020 2019, this paragraph applies to a ~~person~~ member who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b) in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age is entitled to receive the normal annuity provided in paragraph (d), reduced as described in clause (1) or (2), as applicable.

(1) For a ~~person~~ member who is at least age 62 ~~or older~~ and has at least 30 years of service, the annuity ~~must~~ shall be reduced by an early reduction factor of six percent ~~per~~ for each year of the annuity that the member's age of retirement precedes normal retirement age. The resulting reduced annuity shall be further adjusted to take into account the increase in the monthly amount that would be payable to the employee if the employee have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity amount were was augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and during the deferral period at 2.5 percent compounded annually, if the employee became an employee member commenced employment after June 30, 2006, or at three percent, if the member commenced employment before July 1, 2006, compounded annually.

(2) For a ~~person~~ member who is has not at least attained age 62 ~~or older and does not have at least~~ or has fewer than 30 years of service, the annuity ~~would~~ shall be reduced for each year that the member's age of retirement precedes the normal retirement age by an the following early reduction factor of factors:

(i) for the period during which the member is age 55 through age 59, the factor is four percent per year for ages 55 through 59; and

(ii) for the period during which the member is age 60 but not yet normal retirement age, the factor is seven percent per year of the annuity that would be payable to the employee if the employee.

The resulting reduced annuity shall be further adjusted to take into account the increase in the monthly amount that would have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity amount were was augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and during the deferral period at 2.5 percent compounded annually, if the employee became an employee member commenced employment after June 30, 2006, or at three percent, if the member commenced employment before July 1, 2006, compounded annually.

(g) For members who retire on or after July 1, 2019, this paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b) in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age is entitled to receive the normal annuity provided in paragraph (d), reduced as described in clause (1) or (2), as applicable.

(1) For a member who is at least age 62 and has at least 30 years of service, the annuity shall be reduced by an early reduction factor of six percent for each year that the member's age of retirement precedes the normal retirement age. The resulting reduced annuity shall be further adjusted to take into account the increase in the monthly amount that would have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity was augmented during the deferral period at 2.5 percent, if the member commenced employment after June 30, 2006, or at three percent, if the member commenced employment before July 1, 2006, compounded annually.

(2) For a member who has not attained age 62 or has fewer than 30 years of service, the annuity shall be reduced for each year that the member's age of retirement precedes normal retirement age by the following early reduction factors:

14.1 (i) for the period during which the member is age 55 through age 59, the factor is four
14.2 percent; and

14.3 (ii) for the period during which the member is age 60 but not yet normal retirement age,
14.4 the factor is seven percent.

14.5 The resulting annuity shall be further adjusted to take into account the increase in the
14.6 monthly amount that would have occurred had the member retired early and deferred receipt
14.7 of the annuity until normal retirement age and the annuity was augmented during the deferral
14.8 period at the applicable annual rate, compounded annually. The applicable annual rate is
14.9 the rate in effect for the month that includes the member's effective date of retirement and
14.10 shall be considered as fixed for the member for the period until the member reaches normal
14.11 retirement age. The applicable annual rate for June 2019 is 2.5 percent, if the member
14.12 commenced employment after June 30, 2006, or three percent, if the member commenced
14.13 employment before July 1, 2006, compounded annually, and decreases each month beginning
14.14 July 2019 in equal monthly increments over the five-year period that begins July 1, 2019,
14.15 and ends June 30, 2024, to zero percent effective for July 2024 and thereafter.

14.16 After June 30, 2024, the reduced annuity commencing before normal retirement age
14.17 under this clause shall not take into account any augmentation.

14.18 (h) After June 30, 2015, and before July 1, 2020 2019, for a person who would have a
14.19 reduced retirement annuity under either paragraph (e) or (f) if they were applicable, the
14.20 employee is entitled to receive a reduced annuity which must be calculated using a blended
14.21 reduction factor augmented monthly by 1/60 of the difference between the reduction required
14.22 under paragraph (e) and the reduction required under paragraph (f).

14.23 ~~(h)~~ (i) No retirement annuity is payable to a former employee with a salary that exceeds
14.24 95 percent of the governor's salary unless and until the salary figures used in computing the
14.25 highest five successive years average salary under paragraph (a) have been audited by the
14.26 Teachers Retirement Association and determined by the executive director to comply with
14.27 the requirements and limitations of section 354.05, subdivisions 35 and 35a.

14.28 Sec. 2. Minnesota Statutes 2016, section 354.49, subdivision 2, is amended to read:

14.29 Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1, any person
14.30 who ceases to be a member by reason of termination of teaching service, is entitled to receive
14.31 a refund in an amount equal to the accumulated deductions credited to the account plus
14.32 interest compounded annually using the following interest rates:

14.33 (1) before July 1, 1957, no interest accrues;

15.1 (2) July 1, 1957, to June 30, 2011, six percent; ~~and~~

15.2 (3) ~~after June 30~~ July 1, 2011, to June 30, 2018, four percent; and

15.3 (4) after June 30, 2018, three percent.

15.4 For the purpose of this subdivision, interest must be computed on fiscal year end balances
15.5 to the first day of the month in which the refund is issued.

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

15.8 Sec. 3. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

15.9 Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section
15.10 354.44, subdivision 6, who ceases to render teaching service, may leave the person's
15.11 accumulated deductions in the fund for the purpose of receiving a deferred annuity at
15.12 retirement.

15.13 (b) ~~The amount of the deferred retirement annuity is determined by section 354.44,~~
15.14 ~~subdivision 6, and of any former member must be augmented as provided in this subdivision.~~
15.15 ~~The required reserves for the annuity which had accrued when the member ceased to render~~
15.16 ~~teaching service must be augmented, as further specified in this subdivision, by the applicable~~
15.17 ~~interest rate compounded annually from the first day of the month following the month~~
15.18 ~~during which the member ceased to render teaching~~ termination of active service to the
15.19 effective date of retirement.

15.20 (c) No augmentation is ~~not~~ creditable if the deferral period is less than three months or
15.21 if deferral commenced before July 1, 1971.

15.22 (d) For persons who became covered employees before July 1, 2006, ~~with a deferral~~
15.23 ~~period commencing after June 30, 1971,~~ the annuity must be augmented as follows at the
15.24 following rate or rates, compounded annually:

15.25 (1) five percent ~~interest compounded annually~~ until January 1, 1981;

15.26 (2) three percent ~~interest compounded annually~~ from January 1, 1981, until January 1
15.27 of the year following the year in which the deferred annuitant attains age 55 or June 30,
15.28 2012, whichever is earlier;

15.29 (3) five percent ~~interest compounded annually~~ from the date established in clause (2) ~~to~~
15.30 ~~the effective date of retirement or until June 30, 2012, whichever is earlier; and~~

(4) ~~two percent interest compounded annually after June 30, 2012~~ from July 1, 2012,
until June 30, 2019; and

(5) after June 30, 2019, the deferred annuity must not be augmented.

(e) For persons who become covered employees after June 30, 2006, the ~~interest rate~~
~~used to augment the deferred annuity is~~ must be augmented at the following rate or rates,
compounded annually:

(1) 2.5 percent interest compounded annually until June 30, 2012,~~or until the effective~~
~~date of retirement, whichever is earlier, and;~~

(2) two percent interest compounded annually after June 30 from July 1, 2012, until
June 30, 2019; and

(3) after June 30, 2019, the deferred annuity must not be augmented.

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

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

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

~~(i) The mortality table and interest rate actuarial assumption used to compute the annuity~~
~~must be the applicable mortality table established by the board under section 354.07,~~
~~subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect~~
~~when the member retires.~~

~~(j) (f) In no case may the annuity payable under this subdivision be less than the amount~~
~~of annuity payable under section 354.44, subdivision 6.~~

17.1 ~~(k)~~ (g) The requirements and provisions for retirement before normal retirement age
17.2 contained in section 354.44, subdivision 6, also apply to an employee fulfilling the
17.3 requirements with a combination of service as provided in section ~~354.60~~ 356.311.

17.4 ~~(f)~~ (h) The augmentation provided by this subdivision applies to the benefit provided in
17.5 section 354.46, subdivision 2.

17.6 ~~(m)~~ (i) The augmentation provided by this subdivision does not apply to any period in
17.7 which a person is on an approved leave of absence from an employer unit covered by the
17.8 provisions of this chapter.

17.9 ~~(n)~~ (j) The retirement annuity or disability benefit of, or the survivor benefit payable on
17.10 behalf of, a former teacher who terminated service before July 1, 1997, which is not first
17.11 payable until after June 30, 1997, must be increased on an actuarial equivalent basis to
17.12 reflect the change in the postretirement interest rate actuarial assumption under section
17.13 356.215, subdivision 8, from five percent to six percent under a calculation procedure and
17.14 tables adopted by the board as recommended by an approved actuary and approved by the
17.15 actuary retained under section 356.214.

17.16 **Sec. 4. REPEALER.**

17.17 Minnesota Statutes 2016, sections 354.42, subdivisions 4a, 4b, 4c, and 4d; and 354.60,
17.18 are repealed.

17.19 **Sec. 5. EFFECTIVE DATE.**

17.20 Sections 1 to 4 are effective June 30, 2018.

17.21 ARTICLE 4

17.22 **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION**
17.23 **BENEFIT CHANGES**

17.24 Section 1. Minnesota Statutes 2016, section 354A.011, subdivision 3a, is amended to read:

17.25 Subd. 3a. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one
17.26 annuity or benefit having an equal actuarial present value as another annuity or benefit,
17.27 determined as of a given date with each actuarial present value based on the appropriate
17.28 mortality table adopted by the appropriate board of trustees based on the experience of that
17.29 retirement fund association as recommended by the actuary retained under section 356.214,
17.30 and approved under section 356.215, subdivision 18, and using the applicable preretirement

18.1 ~~or postretirement interest rate~~ investment return assumption specified in section 356.215,

18.2 subdivision 8.

18.3 Sec. 2. Minnesota Statutes 2016, section 354A.29, subdivision 7, is amended to read:

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

18.8 ~~(b) On January 1~~ (a) Except as set forth in paragraph (c), each person who has been
18.9 receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter,
18.10 whose effective date of benefit commencement occurred on or before July 1 of the calendar
18.11 year immediately before the adjustment, is eligible to receive a an annual postretirement
18.12 ~~increase as specified in subdivision 8 or 9.~~ adjustment, effective as of each January 1, as
18.13 follows:

18.14 (1) there shall be no postretirement adjustment on January 1, 2019, and January 1, 2020;
18.15 and

18.16 (2) the postretirement adjustment shall be one percent on January 1, 2021, and each
18.17 January 1 thereafter.

18.18 (b) A postretirement adjustment is to be applied as a permanent increase to the regular
18.19 payment of each eligible member on January 1. For any eligible member whose effective
18.20 date of benefit commencement occurred after January 1 of the immediately preceding
18.21 calendar year, the amount of the postretirement adjustment must be reduced by 50 percent.

18.22 (c) Each person who retires on or after July 1, 2024, is entitled to an annual postretirement
18.23 adjustment, effective as of each January 1, beginning with the year following the year in
18.24 which the member attains normal retirement age.

18.25 (d) Paragraph (c) does not apply to members who retire under section 354A.31,
18.26 subdivision 6, paragraph (b), or who retire when the member is at least age 62 and has at
18.27 least 30 years of service under section 354A.31, subdivision 7.

18.28 Sec. 3. Minnesota Statutes 2016, section 354A.31, subdivision 7, is amended to read:

18.29 Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who
18.30 has become at least 55 years old and first becomes a coordinated member after June 30,
18.31 1989, and to any other coordinated member who has become at least 55 years old and whose
18.32 annuity is higher when calculated using the retirement annuity formula percentage in

subdivision 4, paragraph (d), ~~or subdivision 4a, paragraph (d), as applicable~~, in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), ~~or subdivision 4a, paragraph (c)~~, in conjunction with subdivision 6. An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity reduced as described in paragraph (b) if the person retires on or after July 1, 2019, or in paragraph (c) if the person retires before July 1, 2019, as applicable.

(b) A coordinated member who retires before the normal retirement age and on or after July 1, 2019, is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), ~~or subdivision 4a, paragraph (d), whichever applies~~, reduced as described in clause (1) or (2), as applicable.

(1) If the member retires when the member is younger than age 62 or with fewer than 30 years of service, the annuity must be reduced by an early reduction factor for each year that the member's age of retirement precedes normal retirement age. The early reduction factors are four percent per year for ages 55 through 59 and seven percent per year for ages 60 through normal retirement age. The resulting annuity must be further adjusted to take into account augmentation as if the employee had deferred receipt of the annuity until normal retirement age and the annuity were augmented at the applicable annual rate, compounded annually, from the day the annuity begins to accrue until normal retirement age. The applicable annual rate is the rate in effect on the employee's effective date of retirement and shall be considered as fixed for the employee. The applicable annual rates are the following:

(i) until June 30, 2019, 2.5 percent;

(ii) a rate that changes each month, beginning July 1, 2019, through June 30, 2024, which is determined by reducing the rate in item (i) to zero in equal monthly increments over the five-year period; and

(iii) after June 30, 2024, zero percent.

After June 30, 2024, the reduced annuity commencing before normal retirement age under this clause shall not take into account any augmentation.

(2) If the member retires when the member is at least age 62 or older and has at least 30 years of service, the member is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), multiplied by the applicable early retirement factor specified for members "Age 62 or older with 30 years of service" in the table in paragraph (c).

(c) A coordinated member who retires before the normal retirement age and before July 1, 2019, is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), multiplied by the applicable early retirement factor specified below:

	Under age 62		Age 62 or older	
	or less than 30 years of service		with 30 years of service	
Normal retirement age:	65	66	65	66
Age at retirement				
55	0.5376	0.4592		
56	0.5745	0.4992		
57	0.6092	0.5370		
58	0.6419	0.5726		
59	0.6726	0.6062		
60	0.7354	0.6726		
61	0.7947	0.7354		
62	0.8507	0.7947	0.8831	0.8389
63	0.9035	0.8507	0.9246	0.8831
64	0.9533	0.9035	0.9635	0.9246
65	1.0000	0.9533	1.0000	0.9635
66		1.0000		1.0000

For normal retirement ages between ages 65 and 66, the early retirement factors must be determined by linear interpolation between the early retirement factors applicable for normal retirement ages 65 and 66.

Sec. 4. Minnesota Statutes 2016, section 354A.37, subdivision 2, is amended to read:

Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member who ceases to render teaching services for the school district in which the teachers retirement fund association is located, with sufficient allowable service credit to meet the minimum service requirements specified in section 354A.31, subdivision 1, shall be entitled to a deferred retirement annuity in lieu of a refund under subdivision 1.

(b) The deferred retirement annuity must be computed under section 354A.31 and shall be augmented as provided in this subdivision from the first day of the month following the termination of active service to the effective date of retirement. There is no augmentation if this period is less than three months.

21.1 (c) The deferred annuity commences upon application after the person on deferred status
21.2 attains at least the minimum age specified in section 354A.31, subdivision 1.

21.3 ~~(b) The monthly annuity amount that had accrued when the member ceased to render~~
21.4 ~~teaching service must be augmented from the first day of the month following the month~~
21.5 ~~during which the member ceased to render teaching service to the effective date of retirement.~~
21.6 ~~There is no augmentation if this period is less than three months. The rate of augmentation~~
21.7 ~~is~~

21.8 (d) For a person who became a covered employee before July 1, 2006, the annuity must
21.9 be augmented at the following rate or rates, compounded annually:

21.10 (1) ~~three percent compounded annually until January 1 of the year following the year~~
21.11 ~~in which the former member attains age 55; or June 30, 2012, whichever is earlier;~~

21.12 (2) ~~five percent compounded annually after that date to July 1~~ from the January 1 next
21.13 following the attainment of age 55 or until June 30, 2012; and;

21.14 (3) ~~two percent compounded annually after that date to the effective date of retirement~~
21.15 ~~if the employee became an employee before July 1, 2006, and at~~ from July 1, 2012, until
21.16 June 30, 2019; and

21.17 (4) after June 30, 2019, the deferred annuity must not be augmented.

21.18 (e) For a person who became a covered employee after June 30, 2006, the annuity must
21.19 be augmented at the following rate or rates, compounded annually:

21.20 (1) ~~2.5 percent compounded annually to July 1, 2012, and~~ until June 30, 2012;

21.21 (2) ~~two percent compounded annually after that date to the effective date of retirement~~
21.22 ~~if the employee became an employee after June 30, 2006. If a person has more than one~~
21.23 ~~period of uninterrupted service, a separate average salary determined under section 354A.31~~
21.24 ~~must be used for each period, and the monthly annuity amount related to each period must~~
21.25 ~~be augmented as provided in this subdivision. The sum of the augmented monthly annuity~~
21.26 ~~amounts determines the total deferred annuity payable. If a person repays a refund, the~~
21.27 ~~service restored by the repayment must be considered as continuous with the next period~~
21.28 ~~of service for which the person has credit with the fund. If a person does not render teaching~~
21.29 ~~services in any one fiscal year or more consecutive fiscal years and then resumes teaching~~
21.30 ~~service, the formula percentages used from the date of resumption of teaching service are~~
21.31 ~~those applicable to new members. The mortality table and interest assumption used to~~
21.32 ~~compute the annuity are the table established by the fund to compute other annuities, and~~
21.33 ~~the interest assumption under section 356.215 in effect when the member retires. A period~~

22.1 ~~of uninterrupted service for the purpose of this subdivision means a period of covered~~
22.2 ~~teaching service during which the member has not been separated from active service for~~
22.3 ~~more than one fiscal year.~~ from July 1, 2012, until June 30, 2019; and

22.4 (3) after June 30, 2019, the deferred annuity must not be augmented.

22.5 ~~(e)~~ (f) The augmentation provided by this subdivision applies to the benefit provided in
22.6 section 354A.35, subdivision 2. The augmentation provided by this subdivision does not
22.7 apply to any period in which a person is on an approved leave of absence from an employer
22.8 unit.

22.9 Sec. 5. Minnesota Statutes 2016, section 354A.37, subdivision 3, is amended to read:

22.10 Subd. 3. **Computation of refund amount.** A former coordinated member who qualifies
22.11 for a refund under subdivision 1 is entitled to receive a refund equal to the amount of the
22.12 former coordinated member's accumulated employee contributions with interest at the ~~rate~~
22.13 ~~of~~ following rates for the applicable period:

22.14 (1) Six percent per annum compounded annually to July 1, 2011, ~~if the person is a former~~
22.15 ~~member of the St. Paul Teachers Retirement Fund Association, and;~~

22.16 (2) four percent per annum compounded annually to July 1, 2018; and

22.17 (3) three percent per annum compounded annually thereafter.

22.18 Sec. 6. **REPEALER.**

22.19 Minnesota Statutes 2016, sections 354A.29, subdivisions 8 and 9; and 354A.39, are
22.20 repealed.

22.21 Sec. 7. **EFFECTIVE DATE.**

22.22 Sections 1 to 6 are effective June 30, 2018.

22.23 **ARTICLE 5**

22.24 **ACTUARIAL ASSUMPTIONS AND** 22.25 **POSTRETIREMENT ADJUSTMENTS FOR STATEWIDE PLANS**

22.26 Section 1. Minnesota Statutes 2017 Supplement, section 356.215, subdivision 8, is amended
22.27 to read:

22.28 Subd. 8. ~~Interest and salary~~ **Actuarial assumptions.** (a) The actuarial valuation must
22.29 use the applicable following ~~interest~~ investment return assumption:

23.1 ~~(1) select and ultimate interest rate assumption~~

23.2 ~~ultimate interest rate~~
23.3 ~~plan assumption~~

23.4 ~~teachers retirement plan 8.5%~~

23.5 ~~The select preretirement interest rate assumption for the period through June 30, 2017,~~
23.6 ~~is eight percent.~~

23.7 ~~(2) single rate interest rate assumption~~

23.8 ~~interest rate~~
23.9 ~~investment return~~
23.10 ~~plan assumption~~

23.11 ~~general state employees retirement plan 8 7.5%~~

23.12 ~~correctional state employees retirement plan 8 7.5~~

23.13 ~~State Patrol retirement plan 8 7.5~~

23.14 ~~legislators retirement plan, and for the 0~~

23.15 ~~constitutional officers calculation of total plan~~
23.16 ~~liabilities~~

23.17 ~~judges retirement plan 8 7.5~~

23.18 ~~general public employees retirement plan 8 7.5~~

23.19 ~~public employees police and fire retirement plan 8 7.5~~

23.20 ~~local government correctional service retirement 8 7.5~~

23.21 ~~plan~~

23.22 ~~teachers retirement plan 7.5~~

23.23 ~~St. Paul teachers retirement plan 8 7.5~~

23.24 ~~Bloomington Fire Department Relief Association 6~~

23.25 ~~local monthly benefit volunteer firefighter relief 5~~

23.26 ~~associations~~

23.27 ~~monthly benefit retirement plans in the statewide 6~~

23.28 ~~volunteer firefighter retirement plan~~

23.29 ~~(b)(1) If funding stability has been attained, The actuarial valuation for each of the~~

23.30 ~~covered retirement plans listed in section 356.415, subdivision 2, and the St. Paul Teachers~~

23.31 ~~Retirement Fund Association must use a take into account the postretirement adjustment~~

23.32 ~~rate actuarial assumption equal to the postretirement adjustment rate or rates applicable to~~

23.33 ~~the plan as specified in section 354A.29, subdivision 9 7, or 356.415, subdivision 1,~~

23.34 ~~whichever applies.~~

23.35 ~~(2) If funding stability has not been attained, the valuation must use a select postretirement~~

23.36 ~~adjustment rate actuarial assumption equal to the postretirement adjustment rate specified~~

23.37 ~~in section 354A.29, subdivision 8, or 356.415, subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever~~

23.38 ~~applies, for a period ending when the approved actuary estimates that the plan will attain~~

24.1 ~~the defined funding stability measure, and thereafter an ultimate postretirement adjustment~~
24.2 ~~rate actuarial assumption equal to the postretirement adjustment rate under section 354A.29,~~
24.3 ~~subdivision 9, or 356.415, subdivision 1, for the applicable period or periods beginning~~
24.4 ~~when funding stability is projected to be attained.~~

24.5 (c) The actuarial valuation must use the applicable ~~following single rate future salary~~
24.6 ~~increase assumption, the applicable following modified single rate future salary increase~~
24.7 ~~assumption, or the applicable following graded rate future salary increase assumption; and~~
24.8 payroll growth assumptions found in the appendix to the standards for actuarial work adopted
24.9 by the Legislative Commission on Pensions and Retirement pursuant to section 3.85,
24.10 subdivision 10. The appendix must be updated whenever new assumptions have been
24.11 approved or deemed approved under subdivision 18.

24.12	(1) single rate future salary increase assumption	
24.13	plan	future salary increase assumption
24.14	legislators retirement plan	5%
24.15	judges retirement plan	2.75
24.16	Bloomington Fire Department Relief Association	4

24.17 ~~(2) age related future salary increase age related select and ultimate future salary increase~~
24.18 ~~assumption or graded rate future salary increase assumption~~

24.19	plan	future salary increase assumption
24.20	local government correctional service retirement plan	assumption B
24.21	St. Paul teachers retirement plan	assumption A

24.22 ~~For plans other than the St. Paul teachers~~
24.23 ~~retirement plan and the local government~~
24.24 ~~correctional service retirement plan, the select~~
24.25 ~~calculation is: during the designated select~~
24.26 ~~period, a designated percentage rate is~~
24.27 ~~multiplied by the result of the designated~~
24.28 ~~integer minus T, where T is the number of~~
24.29 ~~completed years of service, and is added to~~
24.30 ~~the applicable future salary increase~~
24.31 ~~assumption. The designated select period is~~
24.32 ~~ten years and the designated integer is ten for~~
24.33 ~~the local government correctional service~~
24.34 ~~retirement plan and 15 for the St. Paul~~
24.35 ~~Teachers Retirement Fund Association. The~~

25.1 designated percentage rate is 0.2 percent for

25.2 the St. Paul Teachers Retirement Fund

25.3 Association.

25.4 The ultimate future salary increase assumption is:

25.5	age	A	B
25.6	16	5.9%	8.75%
25.7	17	5.9	8.75
25.8	18	5.9	8.75
25.9	19	5.9	8.75
25.10	20	5.9	8.75
25.11	21	5.9	8.5
25.12	22	5.9	8.25
25.13	23	5.85	8
25.14	24	5.8	7.75
25.15	25	5.75	7.5
25.16	26	5.7	7.25
25.17	27	5.65	7
25.18	28	5.6	6.75
25.19	29	5.55	6.5
25.20	30	5.5	6.5
25.21	31	5.45	6.25
25.22	32	5.4	6.25
25.23	33	5.35	6.25
25.24	34	5.3	6
25.25	35	5.25	6
25.26	36	5.2	5.75
25.27	37	5.15	5.75
25.28	38	5.1	5.75
25.29	39	5.05	5.5
25.30	40	5	5.5
25.31	41	4.95	5.5
25.32	42	4.9	5.25
25.33	43	4.85	5
25.34	44	4.8	5
25.35	45	4.75	4.75
25.36	46	4.7	4.75
25.37	47	4.65	4.75

26.1	48	4.6	4.75
26.2	49	4.55	4.75
26.3	50	4.5	4.75
26.4	51	4.45	4.75
26.5	52	4.4	4.75
26.6	53	4.35	4.75
26.7	54	4.3	4.75
26.8	55	4.25	4.5
26.9	56	4.2	4.5
26.10	57	4.15	4.25
26.11	58	4.1	4
26.12	59	4.05	4
26.13	60	4	4
26.14	61	4	4
26.15	62	4	4
26.16	63	4	4
26.17	64	4	4
26.18	65	4	3.75
26.19	66	4	3.75
26.20	67	4	3.75
26.21	68	4	3.75
26.22	69	4	3.75
26.23	70	4	3.75

26.24 ~~(3) service-related ultimate future salary increase assumption~~

26.25	general state employees retirement plan of the Minnesota			assumption A			
26.26	State Retirement System						
26.27	general employees retirement plan of the Public			assumption B			
26.28	Employees Retirement Association						
26.29	Teachers Retirement Association			assumption C			
26.30	public employees police and fire retirement plan			assumption D			
26.31	State Patrol retirement plan			assumption E			
26.32	correctional state employees retirement plan of the			assumption F			
26.33	Minnesota State Retirement System						

26.34	service						
26.35	length	A	B	C	D	E	F
26.36	1	10.25%	11.78%	12%	12.75%	7.75%	5.75%
26.37	2	7.85	8.65	9	10.75	7.25	5.6
26.38	3	6.65	7.21	8	8.75	6.75	5.45

27.1	4	5.95	6.33	7.5	7.75	6.5	5.3
27.2	5	5.45	5.72	7.25	6.25	6.25	5.15
27.3	6	5.05	5.27	7	5.85	6	5
27.4	7	4.75	4.91	6.85	5.55	5.75	4.85
27.5	8	4.45	4.62	6.7	5.35	5.6	4.7
27.6	9	4.25	4.38	6.55	5.15	5.45	4.55
27.7	10	4.15	4.17	6.4	5.05	5.3	4.4
27.8	11	3.95	3.99	6.25	4.95	5.15	4.3
27.9	12	3.85	3.83	6	4.85	5	4.2
27.10	13	3.75	3.69	5.75	4.75	4.85	4.1
27.11	14	3.55	3.57	5.5	4.65	4.7	4
27.12	15	3.45	3.45	5.25	4.55	4.55	3.9
27.13	16	3.35	3.35	5	4.55	4.4	3.8
27.14	17	3.25	3.26	4.75	4.55	4.25	3.7
27.15	18	3.25	3.25	4.5	4.55	4.1	3.6
27.16	19	3.25	3.25	4.25	4.55	3.95	3.5
27.17	20	3.25	3.25	4	4.55	3.8	3.5
27.18	21	3.25	3.25	3.9	4.45	3.75	3.5
27.19	22	3.25	3.25	3.8	4.35	3.75	3.5
27.20	23	3.25	3.25	3.7	4.25	3.75	3.5
27.21	24	3.25	3.25	3.6	4.25	3.75	3.5
27.22	25	3.25	3.25	3.5	4.25	3.75	3.5
27.23	26	3.25	3.25	3.5	4.25	3.75	3.5
27.24	27	3.25	3.25	3.5	4.25	3.75	3.5
27.25	28	3.25	3.25	3.5	4.25	3.75	3.5
27.26	29	3.25	3.25	3.5	4.25	3.75	3.5
27.27	30 or more	3.25	3.25	3.5	4.25	3.75	3.5

27.28	(d) The actuarial valuation must use the applicable following payroll growth assumption						
27.29	for calculating the amortization requirement for the unfunded actuarial accrued liability						
27.30	where the amortization retirement is calculated as a level percentage of an increasing payroll:						
27.31	plan		payroll growth assumption				
27.32	general state employees retirement plan of the Minnesota		3.5%				
27.33	State Retirement System						
27.34	correctional state employees retirement plan		3.5				
27.35	State Patrol retirement plan		3.5				
27.36	judges retirement plan		2.75				
27.37	general employees retirement plan of the Public		3.5				
27.38	Employees Retirement Association						

28.1	public employees police and fire retirement plan	3.5
28.2	local government correctional service retirement plan	3.5
28.3	teachers retirement plan	3.75
28.4	St. Paul teachers retirement plan	4

28.5 ~~(e)~~ (d) The assumptions set forth in ~~paragraphs (e) and (d)~~ the appendix to the standards
 28.6 for actuarial work continue to apply, unless a different salary assumption or a different
 28.7 payroll increase assumption:

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

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

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

28.13 Sec. 2. Minnesota Statutes 2016, section 356.215, subdivision 9, is amended to read:

28.14 Subd. 9. **Other assumptions.** ~~The~~ (a) Each plan's actuarial valuation must use
 28.15 assumptions concerning base mortality rates, disability, retirement, withdrawal, retirement
 28.16 age, and any other relevant demographic or economic factor. These assumptions must be
 28.17 set at levels consistent with those determined in the most recent quadrennial experience
 28.18 study completed under subdivision 16, if required, or ~~representative of the best estimate of~~
 28.19 ~~future experience~~ as recommended by the plan's approved actuary, if a quadrennial experience
 28.20 study is not required.

28.21 (b) The actuarial valuation may use an assumption concerning future mortality
 28.22 improvement. This assumption may be set at levels consistent with those determined in the
 28.23 most recent mortality improvement scale published by the Society of Actuaries or as
 28.24 otherwise recommended by the plan's approved actuary.

28.25 (c) The actuarial valuation must contain an exhibit indicating ~~any~~ the actuarial
 28.26 assumptions used in preparing the valuation report.

28.27 Sec. 3. Minnesota Statutes 2016, section 356.215, subdivision 11, is amended to read:

28.28 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating the level
 28.29 normal cost, the actuarial valuation of the retirement plan must contain an exhibit for financial
 28.30 reporting purposes indicating the additional annual contribution sufficient to amortize the
 28.31 unfunded actuarial accrued liability and must contain an exhibit for contribution
 28.32 determination purposes indicating the additional contribution sufficient to amortize the

unfunded actuarial accrued liability. For the retirement plans listed in subdivision 8, paragraph (c), but excluding the legislators retirement plan, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared, assuming annual payroll growth at the applicable percentage rate set forth in subdivision 8, paragraph (d). For all other retirement plans and for the legislators retirement plan, the additional annual contribution must be calculated on a level annual dollar amount basis.

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

(c) For any retirement plan, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by itself or by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

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

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

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and

30.1 any new actuarial assumptions and the remaining plan provisions governing annuities and
30.2 benefits payable from the fund and actuarial assumptions in effect before the change;

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

30.9 (v) the level annual dollar or level percentage amortization contribution under item (iv)
30.10 must be added to the level annual dollar amortization contribution or level percentage
30.11 calculated under item (ii);

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

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

30.25 (d) For the general employees retirement plan of the Public Employees Retirement
30.26 Association, the established date for full funding is June 30, ~~2034~~ 2048.

30.27 (e) For the Teachers Retirement Association, the established date for full funding is June
30.28 30, ~~2037~~ 2048.

30.29 (f) For the correctional state employees retirement plan and the State Patrol retirement
30.30 plan of the Minnesota State Retirement System, the established date for full funding is June
30.31 30, ~~2038~~ 2048.

30.32 (g) For the judges retirement plan, the established date for full funding is June 30, ~~2038~~
30.33 2048.

(h) For the local government correctional service retirement plan and the public employees police and fire retirement plan, the established date for full funding is June 30, ~~2038~~ 2048.

(i) For the St. Paul Teachers Retirement Fund Association, the established date for full funding is June 30, ~~2042~~. ~~In addition to other requirements of this chapter, the annual actuarial valuation must contain an exhibit indicating the funded ratio and the deficiency or sufficiency in annual contributions when comparing liabilities to the market value of the assets of the fund as of the close of the most recent fiscal year~~ 2048.

(j) For the general state employees retirement plan of the Minnesota State Retirement System, the established date for full funding is June 30, ~~2040~~ 2048.

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

Sec. 4. Minnesota Statutes 2016, section 356.30, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any provisions of the laws governing the covered retirement plans ~~enumerated~~ listed in subdivision 3, a person ~~who has met the qualifications of paragraph (b)~~ may elect to receive, upon retirement, a retirement annuity from each ~~enumerated~~ covered retirement plan ~~in which the person has at least one-half year of allowable service, based on the allowable service in each plan~~, subject to the provisions of paragraph ~~(e)~~ (b), if the person has:

(1) allowable service in any two or more of the covered plans;

(2) at least one-half year of allowable service in each covered plan, based on the allowable service in each plan;

(3) total allowable service that equals or exceeds the longest service credit vesting requirement of the applicable retirement plan; and

(4) not begun to receive an annuity from any covered plan or made application for benefits from each applicable plan and the retirement annuity effective dates of each plan are within a one-year period.

~~(b) A person may receive, upon retirement, a retirement annuity from each enumerated retirement plan in which the person has at least one-half year of allowable service, and~~

32.1 ~~augmentation of a deferred annuity calculated at the appropriate rate under the laws governing~~
32.2 ~~each public pension plan or fund named in subdivision 3, based on the date of the person's~~
32.3 ~~initial entry into public employment from the date the person terminated all public service~~
32.4 ~~if:~~

32.5 ~~(1) the person has allowable service in any two or more of the enumerated plans;~~

32.6 ~~(2) the person has sufficient allowable service in total that equals or exceeds the applicable~~
32.7 ~~service credit vesting requirement of the retirement plan with the longest applicable service~~
32.8 ~~credit vesting requirement; and~~

32.9 ~~(3) the person has not begun to receive an annuity from any enumerated plan or the~~
32.10 ~~person has made application for benefits from each applicable plan and the effective dates~~
32.11 ~~of the retirement annuity with each plan under which the person chooses to receive an~~
32.12 ~~annuity are within a one-year period.~~

32.13 ~~(e)~~ (b) If all requirements in paragraph (a) have been satisfied, the retirement annuity
32.14 from each plan must be based upon the allowable service, accrual rates, and average salary
32.15 in the applicable plan except as further specified or modified in the following clauses:

32.16 (1) the laws governing annuities must be the law in effect on the date of termination
32.17 from the last period of public service under a covered retirement plan with which the person
32.18 earned a minimum of one-half year of allowable service credit during that employment;

32.19 (2) the "average salary" ~~on which the annuity from each covered plan in which the~~
32.20 ~~employee has credit in a~~ used to calculate the annuity for each formula plan must be based
32.21 on the employee's highest five successive years of covered salary during the entire service
32.22 in covered plans;

32.23 (3) the accrual rates ~~to be used by~~ under each plan must be ~~those~~ the percentages
32.24 prescribed by each plan's formula ~~as continued in effect~~ for the respective years of allowable
32.25 service from one plan to the next, recognizing all previous allowable service with the other
32.26 covered plans;

32.27 (4) the allowable service in all the covered plans must be combined in determining
32.28 eligibility for and the application of each plan's provisions ~~in~~ with respect to reduction in
32.29 the annuity amount for retirement prior to normal retirement age; and

32.30 (5) the annuity amount payable for any allowable service under a nonformula plan ~~of~~
32.31 that is a covered plan must not be affected, but such service and covered salary must be
32.32 used in the above calculation.

33.1 (c) If a person eligible for an annuity under paragraph (a) from each covered plan
33.2 terminates all public service, the deferred annuity must be augmented from the date of
33.3 termination until the earlier of:

33.4 (1) the effective date of retirement; or

33.5 (2) December 31, 2018, for the Minnesota State Retirement System and the Public
33.6 Employees Retirement Association or June 30, 2019, for the Teachers Retirement Association
33.7 and the St. Paul Teachers Retirement Association.

33.8 A deferred annuity must not be augmented after the applicable dates under clause (2).
33.9 The appropriate rate of augmentation is the rate in effect on the date on which the person
33.10 entered into public employment and subsequently adjusted according to the laws governing
33.11 each covered plan, as applicable.

33.12 (d) This section does not apply to any person whose final termination from the last public
33.13 service under a covered plan was before May 1, 1975.

33.14 (e) For the purpose of computing annuities under this section, ~~the accrual rates used by~~
33.15 ~~any covered plan, except the public employees police and fire plan, the judges retirement~~
33.16 ~~fund, and the State Patrol retirement plan, must not exceed 2.7 percent per year of service~~
33.17 ~~for any year of service or fraction thereof. The formula percentage used by:~~

33.18 (1) the judges retirement fund accrual rate must not exceed 3.2 percent per year of service
33.19 for any year of service or fraction thereof. ~~The accrual rate used by;~~

33.20 (2) the public employees police and fire plan and the State Patrol retirement plan accrual
33.21 rate must not exceed 3.0 percent per year of service for any year of service or fraction
33.22 thereof. ~~The accrual rate or rates used by;~~

33.23 (3) the legislators retirement plan accrual rate must not exceed 2.5 percent, but this limit
33.24 does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph
33.25 (c); and

33.26 (4) any other covered plan's accrual rate must not exceed 2.7 percent per year of service
33.27 for any year of service or fraction thereof.

33.28 (f) Any period of time for which a person has credit in more than one of the covered
33.29 plans must be used only once for the purpose of determining total allowable service.

33.30 (g) If the period of duplicated service credit is more than one-half year, or the person
33.31 has credit for more than one-half year, with each of the plans, each plan must apply its
33.32 formula to a prorated service credit for the period of duplicated service based on a fraction

of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all plans for the period.

(h) If the period of duplicated service credit is less than one-half year, or when added to other service credit with that plan is less than one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that plan's refund provisions.

Sec. 5. [356.311] COVERAGE BY MORE THAN ONE PLAN.

(a) Any person who has been a member of two or more of the retirement plans listed in paragraph (b) is entitled, when qualified, to an annuity from each fund if:

(1) the person's combined service in any two or more retirement plans equals or exceeds the vesting requirement of the fund with the longest vesting requirement; and

(2) the person has not taken a refund from any of the retirement plans.

(b) This section applies to any defined benefit plan administered by the Minnesota State Retirement System, including the State Patrol Retirement Plan; the Public Employees Retirement Association, including the public employees police and fire plan; the Teachers Retirement Association; and the St. Paul Teachers Retirement Fund Association, except as noted in paragraph (c).

(c) This section does not apply to plans providing benefits for police officers or firefighters under sections 424A.091 to 424A.096 or the Bloomington Fire Department Relief Association.

(d) No portion of the service upon which the retirement annuity from one retirement plan is based shall be again used in the computation of a retirement annuity from another plan. The annuity from each plan must be determined under the laws applicable to that plan except that the requirement that a person meet the vesting requirement in any particular plan shall not apply, provided the combined service in any two or more plans equals or exceeds the vesting requirement of the plan with the longest vesting requirement.

(e) Any deferred annuity payable under this section shall be subject to augmentation under the laws applicable to the deferred annuity.

(f) Any person to whom an annuity is not payable under this section because the person took a refund from one of the funds shall be entitled to repay the refund in accordance with the laws governing the refund. Upon repayment, the person is entitled to annuities under this section, if the person would otherwise be entitled.

35.1 Sec. 6. Minnesota Statutes 2016, section 356.415, subdivision 1, is amended to read:

35.2 Subdivision 1. **Annual postretirement adjustments; generally Minnesota State**
35.3 **Retirement System general state employees retirement plan, legislators retirement**
35.4 **plan, and unclassified state employees retirement program.** (a) Except as otherwise
35.5 ~~provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f set forth in paragraph (c), recipients of a~~
35.6 retirement annuity, disability benefit, or survivor benefit ~~recipients of a covered~~ from the
35.7 general state employees retirement plan, the legislators retirement plan, or the unclassified
35.8 state employees retirement program are entitled to a an annual postretirement adjustment
35.9 ~~annually on,~~ effective as of each January 1, as follows:

35.10 (1) effective January 1, 2019, through December 31, 2023, a postretirement increase of
35.11 ~~2.5 one~~ percent must be applied each year, ~~effective January 1,~~ to the amount of the monthly
35.12 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
35.13 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
35.14 before the adjustment; ~~and~~

35.15 (2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit
35.16 recipient who has been receiving an annuity or a benefit ~~amount~~ for at least one full month,
35.17 but less than 12 full months as of the June 30 of the calendar year immediately before the
35.18 adjustment, ~~an annual~~ a postretirement increase of 1/12 of 2.5 one percent for each month
35.19 that the person has been receiving an annuity or benefit must be applied: to the amount of
35.20 the monthly annuity or benefit of the annuitant or benefit recipient;

35.21 (3) effective January 1, 2024, and thereafter, a postretirement increase of 1.5 percent
35.22 must be applied each year to the amount of the monthly annuity or benefit of each annuitant
35.23 or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
35.24 as of the June 30 of the calendar year immediately before the adjustment; and

35.25 (4) effective January 1, 2024, and thereafter, for each annuitant or benefit recipient who
35.26 has been receiving an annuity or a benefit for at least one full month, but less than 12 full
35.27 months as of the June 30 of the calendar year immediately before the adjustment, an annual
35.28 postretirement increase of 1/12 of 1.5 percent for each month that the person has been
35.29 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
35.30 benefit of the annuitant or benefit recipient.

35.31 (b) An increase in annuity or benefit payments under this ~~section~~ subdivision must be
35.32 made automatically unless written notice is filed by the annuitant or benefit recipient with
35.33 the executive director of the covered retirement plan requesting that the increase not be
35.34 made.

(c) Members who retire on or after January 1, 2024, under the general state employees retirement plan, the legislators retirement plan, or the unclassified state employees retirement program are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:

(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to the percentage specified in paragraph (a), clause (3), must be applied, effective on January 1, to the amount of the member's monthly annuity;

(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the percentage specified in paragraph (a), clause (4), for each month that the member has been receiving an annuity must be applied, effective on January 1, to the amount of the member's monthly annuity; or

(3) if a member has been receiving an annuity for fewer than seven months before the date of adjustment, a postretirement increase shall not be applied until the next January 1 and the amount of the adjustment shall be the amount determined under clause (2).

(d) Paragraph (c) does not apply to members who retire under section 352.116, subdivision 1, paragraph (c).

Sec. 7. Minnesota Statutes 2016, section 356.415, subdivision 1a, is amended to read:

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

~~(1) for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable retirement plan,~~ a postretirement increase of ~~two~~ 1.5 percent must be applied each year, ~~effective on January 1,~~ to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) ~~for each successive January 1, if the definition of funding stability under paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable retirement plan,~~ for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~two~~ 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.

~~(b) Increases under this subdivision for the general state employees retirement plan or the correctional state employees retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicate that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date. Increases under this subdivision for the legislators retirement plan established under chapter 3A, including the constitutional officers specified in that chapter, and for the unclassified state employees retirement program, terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicate that the market value of assets of the general state employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.~~

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

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

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

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

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

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

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

Sec. 8. Minnesota Statutes 2016, section 356.415, subdivision 1b, is amended to read:

Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement plan and local government correctional retirement plan.** ~~(a) Retirement annuity, disability benefit, or survivor benefit recipients of~~ Annuities, disability benefits, and survivor benefits being paid from the general employees retirement plan of the Public Employees Retirement Association and the local government correctional service retirement plan are entitled to a postretirement adjustment annually on shall be increased effective each January 1, as follows: by the percentage of increase determined under this subdivision. The increase to the annuity or benefit shall be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking into account any reduction to the percentage of increase required under paragraph (c).

~~(1) for each successive January 1 until funding stability is restored for the applicable retirement plan, a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment;~~

~~(2) for each successive January 1 until funding stability is restored for the applicable retirement plan, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the~~

calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of one percent for each month the person has been receiving an annuity or benefit must be applied;

~~(3) for each January 1 following the restoration of funding stability for the applicable retirement plan, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(4) for each January 1 following restoration of funding stability for the applicable retirement plan, for each annuity or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied.~~

~~(b) Funding stability is restored when the market value of assets of the applicable retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the two most recent consecutive actuarial valuations prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Public Employees Retirement Association under section 356.214.~~

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

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

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

(b) The percentage of increase shall be one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than two percent. If the cost-of-living adjustment announced by the federal Social Security Administration is greater than two percent, the percentage of increase shall be 50 percent of the cost-of-living adjustment announced by the federal Social Security Administration, but in no event may the percentage of increase exceed 1.5 percent.

(c)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

(d) Effective for members who retire on or after January 1, 2024, annuities shall not be increased under paragraphs (a) to (c) until January 1 of the year following the year in which the member reaches normal retirement age. January 1 of the year following the year in which the member reaches normal retirement age shall be considered the effective date of the increase under paragraph (c). If a member has been receiving an annuity for fewer than seven months as of the January 1 of the year following the year in which the member reaches normal retirement age, no increase shall be paid until January 1 of the next year.

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

(f) Paragraph (d) does not apply to members who retire under section 353.30, subdivision 1a.

Sec. 9. Minnesota Statutes 2016, section 356.415, subdivision 1c, is amended to read:

Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a an annual postretirement adjustment ~~annually on,~~ effective as of each January 1, ~~if the definition of funding stability under paragraph (c) has not been met,~~ as follows:

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

~~(2) for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least one full month, but less than 12 months, as of the immediate preceding June 30, an amount equal to 1/12 of one percent for each month of annuity or benefit receipt; and~~

~~(3) (1) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, who will have been receiving an annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to a postretirement increase of one percent must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient; or~~

~~(4) (2) for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, who has been receiving the annuity or benefit for at least 25 full months, but less than 36 months as of the immediate preceding June 30, an amount equal to a postretirement increase of 1/12 of one percent for each full month of that the person has been receiving an annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective must be applied each year to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.~~

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

~~(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 36 full months as of the immediate preceding June 30, an amount equal to 2.5 percent; and~~

~~(2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 25 full months, but less than 36 full months, as of the immediate preceding June 30, an amount equal to 1/12 of 2.5 percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.~~

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

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

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

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

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

Sec. 10. Minnesota Statutes 2016, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a) Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit, or survivor benefit recipients of from the Teachers Retirement Association are entitled to a an annual postretirement adjustment annually on, effective as of each January 1, as follows:

~~(1) for each effective January 1 until funding stability is restored, 2019, through December 31, 2023,~~ a postretirement increase of ~~two~~ one percent must be applied each year, ~~effective on January 1,~~ to the amount of the monthly annuity or benefit ~~amount~~ of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

~~(2) for each effective January 1 until funding stability is restored, 2019, through December 31, 2023,~~ for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, ~~an annual~~ a postretirement increase of $\frac{1}{12}$ of ~~two~~ one percent for each month the person has been receiving an annuity or benefit must be applied; to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;

~~(3) for each January 1 following the restoration of funding stability, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity~~

~~or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(4) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied.~~

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

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

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

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

(3) effective January 1, 2024, and thereafter, a postretirement increase must be applied each year to the amount of the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment, at the following rates:

from January 1, 2024, through December 31, 2024 1.1 percent

from January 1, 2025, through December 31, 2025 1.2 percent

from January 1, 2026, through December 31, 2026 1.3 percent

from January 1, 2027, through December 31, 2027 1.4 percent

from January 1, 2028, and thereafter 1.5 percent

(4) effective January 1, 2024, and thereafter, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months, as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of the applicable percentage for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly

44.1 annuity or benefit of the annuitant or benefit recipient. The applicable percentages are the
 44.2 following:

44.3	<u>from January 1, 2024, through December 31, 2024</u>	<u>1.1 percent</u>
44.4	<u>from January 1, 2025, through December 31, 2025</u>	<u>1.2 percent</u>
44.5	<u>from January 1, 2026, through December 31, 2026</u>	<u>1.3 percent</u>
44.6	<u>from January 1, 2027, through December 31, 2027</u>	<u>1.4 percent</u>
44.7	<u>from January 1, 2028, and thereafter</u>	<u>1.5 percent</u>

44.8 ~~(d)~~ (b) An increase in annuity or benefit payments under this section must be made
 44.9 automatically unless written notice is filed by the annuitant or benefit recipient with the
 44.10 executive director of the Teachers Retirement Association requesting that the increase not
 44.11 be made.

44.12 ~~(e)~~ (c) The retirement annuity payable to a person who retires before becoming eligible
 44.13 for Social Security benefits and who has elected the optional payment as provided in section
 44.14 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement
 44.15 annuity for the purposes of any postretirement adjustment. The period-certain retirement
 44.16 annuity plus the life retirement annuity must be the annuity amount payable until age 62,
 44.17 65, or normal retirement age, as selected by the member at retirement, for an annuity amount
 44.18 payable under section 354.35. A postretirement adjustment granted on the period-certain
 44.19 retirement annuity must terminate when the period-certain retirement annuity terminates.

44.20 (d) Members who retire on or after July 1, 2024, are entitled to an annual postretirement
 44.21 adjustment of the member's retirement annuity, effective as of each January 1, beginning
 44.22 with the year following the year in which the member attains normal retirement age, as
 44.23 follows:

44.24 (1) if a member has been receiving an annuity for at least 12 full months as of the June
 44.25 30 of the calendar year immediately before the date of the adjustment, a postretirement
 44.26 increase equal to the percentage specified in paragraph (a), clause (3), must be applied,
 44.27 effective on January 1, to the amount of the member's monthly annuity;

44.28 (2) if a member has been receiving an annuity for at least one full month, but less than
 44.29 12 full months as of the June 30 of the calendar year immediately before the date of
 44.30 adjustment, a postretirement increase of 1/12 of the applicable percentage specified in
 44.31 paragraph (a), clause (4), for each month that the member has been receiving an annuity
 44.32 must be applied, effective on January 1, to the amount of the member's monthly annuity;
 44.33 or

(3) if a member has been receiving an annuity for fewer than seven months as of the January 1 of the year following the year in which the member attains normal retirement age, a postretirement adjustment shall be applied effective as of the next January 1. The amount of the adjustment shall be determined under clause (2).

(e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision 6, paragraph (c), clause (3), or who retire when the member is at least age 62 and has at least 30 years of service under section 354.44, subdivision 6, paragraph (c), (d), (e), or (f), as applicable.

Sec. 11. Minnesota Statutes 2016, section 356.415, subdivision 1e, is amended to read:

Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a an annual postretirement adjustment annually on, effective as of each January 1 if the definition of funding stability under paragraph (b) has not been met, as follows:

(1) a postretirement increase of one percent must be applied each year, ~~effective on January 1~~, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of one percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.

~~(b) Increases under paragraph (a) for the State Patrol retirement plan terminate on December 31 of the calendar year in which two prior consecutive actuarial valuations for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 85 percent of the actuarial accrued liability of the retirement plan. Thereafter, increases under paragraph (a) become effective again on the December 31 of the calendar year in which the actuarial valuation, or prior consecutive actuarial valuations for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of the assets of the retirement plan equals or is less than 80 percent~~

~~of the actuarial accrued liability of the retirement plan for two years, or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan for one year and increases under paragraph (c) commence after that date.~~

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

~~(1) a postretirement increase of 1.5 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and~~

~~(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied.~~

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

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

Sec. 12. Minnesota Statutes 2016, section 356.415, subdivision 1f, is amended to read:

Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan.** ~~(a) The increases provided under this subdivision are in lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.~~

~~(b) (a)~~ Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a an annual postretirement adjustment ~~annually on, effective~~

47.1 as of each January 1; if the definition of funding stability under paragraph (b) has not been
47.2 met, as follows:

47.3 (1) a postretirement increase of 1.75 percent must be applied each year, ~~effective on~~
47.4 ~~January 1,~~ to the monthly annuity or benefit of each annuitant or benefit recipient who has
47.5 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
47.6 calendar year immediately before the adjustment; and

47.7 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
47.8 for at least one full month, but less than 12 full months as of the June 30 of the calendar
47.9 year immediately before the adjustment, an annual postretirement increase of 1/12 of 1.75
47.10 percent for each month that the person has been receiving an annuity or benefit must be
47.11 applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.

47.12 ~~(e) (b)~~ Increases under ~~this subdivision~~ paragraph (a) terminate on December 31 of the
47.13 calendar year in which two prior consecutive actuarial valuations prepared by the approved
47.14 actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated
47.15 by the Legislative Commission on Pensions and Retirement indicates that the market value
47.16 of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued
47.17 liability of the retirement plan; and increases under subdivision 1 or 1a, whichever is
47.18 applicable, paragraph (c) begin on the January 1 next following after that date.

47.19 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the judges
47.20 retirement plan are entitled to a postretirement adjustment annually, effective as of each
47.21 January 1 if the definition of funding stability under paragraph (d) has not been met, as
47.22 follows:

47.23 (1) a postretirement increase of two percent must be applied each year to the monthly
47.24 annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity
47.25 or a benefit for at least 12 full months as of the June 30 of the calendar year immediately
47.26 before the adjustment; and

47.27 (2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit
47.28 for at least one full month, but less than 12 full months as of the June 30 of the calendar
47.29 year immediately before the adjustment, an annual postretirement increase of 1/12 of two
47.30 percent for each month that the person has been receiving an annuity or benefit must be
47.31 applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

47.32 (d) Increases under paragraph (c) terminate on December 31 of the calendar year in
47.33 which two prior consecutive actuarial valuations prepared by the approved actuary under
47.34 section 356.214 and the standards for actuarial work promulgated by the Legislative

Commission on Pensions and Retirement indicate that the market value of assets of the judges retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under paragraph (e) begin after that date.

(e) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually, effective as of each January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient.

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

Sec. 13. Minnesota Statutes 2016, section 356.415, is amended by adding a subdivision to read:

Subd. 1g. **Annual postretirement adjustments; PERA local government correctional retirement plan.** (a) Annuities, disability benefits, and survivor benefits being paid from the local government correctional retirement plan of the Public Employees Retirement Association shall be increased effective each January 1 by the percentage of increase determined under this subdivision. The increase to the annuity or benefit shall be determined by multiplying the monthly amount of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking into account any reduction to the percentage of increase required under paragraph (c).

(b) The percentage of increase shall be one percent unless the federal Social Security Administration has announced a cost-of-living adjustment pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than one percent. If the cost-of-living adjustment announced by the federal Social Security

Administration is greater than one percent, the percentage of increase shall be the same as the cost-of-living adjustment announced by the federal Social Security Administration, but in no event may the percentage of increase exceed the applicable maximum percentage. The applicable maximum percentage is 2.5 percent, until either of the following occurs, in which case the applicable maximum percentage is 1.5 percent and remains at 1.5 percent thereafter:

(1) the market value of assets equals or is less than 85 percent of the actuarial accrued liabilities as reported by the plan's actuary in two consecutive annual actuarial valuations; or

(2) the market value of assets equals or is less than 80 percent of the actuarial accrued liabilities as reported by the plan's actuary in the most recent annual actuarial valuation.

(c)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar year immediately before the effective date of the increase, there is no reduction in the percentage of increase.

(2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving the annuity or benefit for at least one month, but less than 12 full months, as of the June 30 of the calendar year immediately preceding the effective date of the increase, the percentage of increase is multiplied by a fraction, the numerator of which is the number of months the annuity or benefit was received as of June 30 of the preceding calendar year and the denominator of which is 12.

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

Sec. 14. STUDY.

Before December 31, 2020, the Legislative Commission on Pensions and Retirement must conduct a study of postretirement adjustments for the covered plans as defined in Minnesota Statutes, section 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association. The study shall take into account the purpose of postretirement adjustments and whether governing statutes are consistent with the purpose of postretirement adjustments. The study shall also consider alternative methodologies for determining postretirement adjustments and evaluate the new methodology to be used by the Public Employees

50.1 Retirement Association under this act. The Legislative Commission on Pensions and
50.2 Retirement shall report its conclusions based on the study during the 2021 legislative session.

50.3 Sec. 15. EFFECTIVE DATE.

50.4 Sections 1 to 14 are effective June 30, 2018.

50.5 **ARTICLE 6**

50.6 **INTEREST RATE CONFORMING CHANGES**

50.7 Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

50.8 Subd. 2. **Refund.** (a) A former member who has made contributions under subdivision
50.9 1 and who is no longer a member of the legislature is entitled to receive, upon written
50.10 application to the executive director on a form prescribed by the executive director, a refund
50.11 from the general fund of all contributions credited to the member's account with interest
50.12 computed as provided in section 352.22, subdivision 2.

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

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

50.18 (d) However, the member may reinstate the rights and credit for service previously
50.19 forfeited under this chapter if the member repays all refunds taken, plus interest at the ~~rate~~
50.20 ~~of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or
50.21 rates specified in section 356.59, subdivision 2, compounded annually, from the date on
50.22 which the refund was taken to the date on which the refund is repaid.

50.23 (e) A member of the legislature who has received a refund from any of the retirement
50.24 plans specified in section 356.311, paragraph (b), may repay the refund to the respective
50.25 plan under such terms and conditions consistent with the law governing the retirement plan
50.26 if the law governing the plan permits the repayment of refunds. If the total amount to be
50.27 repaid, including principal and interest exceeds \$2,000, repayment may be made in three
50.28 equal installments over a period of 18 months, with the interest accrued during the period
50.29 of the repayment added to the final installment.

50.30 ~~(e)~~ (f) No person may be required to apply for or to accept a refund.

51.1 Sec. 2. Minnesota Statutes 2016, section 352.01, subdivision 13a, is amended to read:

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

51.10 The employing department, at its option, may pay the employer amount on behalf of its
51.11 employees. Payment made under this subdivision must include interest at the ~~rate of 8.5~~
51.12 ~~percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or
51.13 rates specified in section 356.59, subdivision 2, and must be completed within one year of
51.14 the return from leave of absence.

51.15 Sec. 3. Minnesota Statutes 2016, section 352.017, subdivision 2, is amended to read:

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

51.21 (b) If payment is received by the executive director within one year from the date the
51.22 employee returned to work following the authorized leave, the payment amount is equal to
51.23 the employee and employer contribution rates specified in law for the applicable plan at the
51.24 end of the leave period multiplied by the employee's hourly rate of salary on the date of
51.25 return from the leave of absence and by the days and months of the leave of absence for
51.26 which the employee is eligible for allowable service credit. The payment must include
51.27 compound interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent~~
51.28 ~~per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision
51.29 2, from the last day of the leave period until the last day of the month in which payment is
51.30 received. If payment is received by the executive director after one year, the payment amount
51.31 is the amount determined under section 356.551. Payment under this paragraph must be
51.32 made before the date of termination from public employment covered under this chapter.

51.33 (c) If the employee terminates employment covered by this chapter during the leave or
51.34 following the leave rather than returning to covered employment, payment must be received

52.1 by the executive director within 30 days after the termination date. The payment amount is
52.2 equal to the employee and employer contribution rates specified in law for the applicable
52.3 plan on the day prior to the termination date, multiplied by the employee's hourly rate of
52.4 salary on that date and by the days and months of the leave of absence prior to termination.

52.5 Sec. 4. Minnesota Statutes 2016, section 352.04, subdivision 8, is amended to read:

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

52.9 (b) If a department fails to take deductions past due for a period in excess of 60 days
52.10 from an employee's salary as provided in this section, the department, and not the employee,
52.11 must pay on later payroll abstracts the employee and employer contributions and ~~an amount~~
52.12 ~~equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter of the total amount~~
52.13 ~~due in lieu of interest, or if the delay in payment exceeds one year, 8.5 percent until June~~
52.14 ~~30, 2015, and eight percent thereafter compound annual interest.~~ at the applicable annual
52.15 rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date
52.16 the employee and employer contributions should have been deducted to the date payment
52.17 of the total amount due is paid by the department.

52.18 (c) If a department fails to take deductions past due for a period of 60 days or less and
52.19 the employee is no longer in state service so that the required deductions cannot be taken
52.20 from the salary of the employee, the department must nevertheless pay the required employer
52.21 contributions. If any department fails to take deductions past due for a period in excess of
52.22 60 days and the employee is no longer in state service, the omitted contributions must be
52.23 recovered under paragraph (b).

52.24 (d) If an employee from whose salary required deductions were past due for a period of
52.25 60 days or less leaves state service before the payment of the omitted deductions and
52.26 subsequently returns to state service, the unpaid amount is considered the equivalent of a
52.27 refund. The employee accrues no right by reason of the unpaid amount, except that the
52.28 employee may pay the amount of omitted deductions as provided in section 352.23.

52.29 Sec. 5. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

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

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

(c) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the plan and any other plans specified in section 356.99, that section applies. If the employee should have been covered by the plan governed by chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken in error must be directly transferred to the applicable employee's account in the correct retirement plan, with interest at the ~~rate of 0.71 percent per month until June 30, 2015, and 0.667 percent per month thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, compounded annually, from the first day of the month following the month in which coverage should have commenced in the correct defined contribution plan until the end of the month in which the transfer occurs.

Sec. 6. Minnesota Statutes 2016, section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.

(a) When any employee accepts a refund as provided in section 352.22, all existing allowable service credits and all rights and benefits to which the employee was entitled before accepting the refund terminate.

(b) Terminated service credits and rights must not again be restored until the former employee acquires at least six months of allowable service credit after taking the last refund. In that event, the employee may repay all refunds previously taken from the retirement fund.

(c) Repayment of refunds entitles the employee only to credit for service covered by (1) salary deductions; (2) payments previously made in lieu of salary deductions as permitted under law in effect when the payment in lieu of deductions was made; (3) payments made to obtain credit for service as permitted by laws in effect when payment was made; and (4) allowable service previously credited while receiving temporary workers' compensation as provided in section 352.01, subdivision 11, paragraph (a), clause (3).

(d) Payments under this section for repayment of refunds are to be paid with interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date

54.1 the refund was taken until the date the refund is repaid. They may be paid in a lump sum
54.2 or by payroll deduction in the manner provided in section 352.04. Payment may be made
54.3 in a lump sum up to six months after termination from service.

54.4 Sec. 7. Minnesota Statutes 2016, section 352.27, is amended to read:

54.5 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**
54.6 **SERVICE.**

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

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

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

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

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

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

(g) The employing unit shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be ~~computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received.

Sec. 8. Minnesota Statutes 2016, section 352.955, subdivision 3, is amended to read:

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

(b) The executive director shall compute, for the most recent 12 months of service credit eligible for transfer, or for the entire period eligible for transfer if less than 12 months, the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest at the applicable monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter or rates specified in section 356.59, subdivision 2.

(c) The executive director shall compute, for any service credit being transferred on behalf of the eligible employee and not included under paragraph (b), the difference between the employee contribution rate or rates for the general state employees retirement plan and the employee contribution rate or rates for the correctional state employees retirement plan applied to the eligible employee's salary during that transfer period, plus compound interest

56.1 at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month thereafter~~
56.2 applicable monthly rate or rates specified in section 356.59, subdivision 2.

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

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

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

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

56.23 (h) The unfunded actuarial accrued liability attributable to the past service credit transfer
56.24 is the present value of the benefit obtained by the transfer of the service credit to the
56.25 correctional state employees retirement plan reduced by the amount of the asset transfer
56.26 under subdivision 4, by the amount of the member contribution equivalent payment computed
56.27 under paragraph (b), and by the amount of the employer contribution equivalent payment
56.28 computed under paragraph (d).

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

57.1 Sec. 9. Minnesota Statutes 2016, section 352B.013, subdivision 2, is amended to read:

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

57.7 (b) If payment is received by the executive director within one year from the date the
57.8 employee returned to work following the authorized leave, the payment amount is equal to
57.9 the employee and employer contribution rates specified in section 352B.02 at the end of
57.10 the leave period multiplied by the employee's hourly rate of salary on the date of return
57.11 from the leave of absence and by the days and months of the leave of absence for which
57.12 the employee is eligible for allowable service credit. The payment must include compound
57.13 interest at the ~~monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent per month~~
57.14 ~~thereafter~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, from
57.15 the last day of the leave period until the last day of the month in which payment is received.
57.16 If payment is received by the executive director after one year from the date the employee
57.17 returned to work following the authorized leave, the payment amount is the amount
57.18 determined under section 356.551. Payment under this paragraph must be made before the
57.19 date of termination from public employment covered under this chapter.

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

57.26 Sec. 10. Minnesota Statutes 2016, section 352B.085, is amended to read:

57.27 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**
57.28 **ABSENCE.**

57.29 A member on leave of absence receiving temporary workers' compensation payments
57.30 and a reduced salary or no salary from the employer who is entitled to allowable service
57.31 credit for the period of absence under section 352B.011, subdivision 3, paragraph (b), may
57.32 make payment to the fund for the difference between salary received, if any, and the salary
57.33 that the member would normally receive if the member was not on leave of absence during
57.34 the period. The member shall pay an amount equal to the member and employer contribution

rate under section 352B.02, subdivisions 1b and 1c, on the differential salary amount for the period of the leave of absence. The employing department, at its option, may pay the employer amount on behalf of the member. Payment made under this subdivision must include interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or rates specified in section 356.59, subdivision 2, and must be completed within one year of the member's return from the leave of absence.

Sec. 11. Minnesota Statutes 2016, section 352B.086, is amended to read:

352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.

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

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

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

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

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

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

(g) The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 12. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

Subd. 4. **Reentry into state service; refund repayment.** (a) When a former member, who has become separated from state service that entitled the member to membership and has received a refund of retirement payments, reenters the state service in a position that entitles the member to membership, that member shall receive credit for the period of prior allowable state service if the member repays into the fund the amount of the refund, plus interest ~~on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, at any time before subsequent retirement. Repayment may be made in installments or in a lump sum.

(b) A person who has received a refund from the State Patrol retirement fund who is a member of another public retirement system included in section 356.311 may repay the refund with interest to the State Patrol retirement fund as provided in paragraph (a).

Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

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

(b) A participant in the unclassified program or an employee covered by the general employees retirement plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying into the fund the amount refunded plus interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date that the refund was taken until the date that the refund is repaid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment must be pro rata.

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

Sec. 14. Minnesota Statutes 2016, section 352D.11, subdivision 2, is amended to read:

Subd. 2. **Payments by employee.** An employee entitled to purchase service credit may make the purchase by paying to the state retirement system an amount equal to the current employee contribution rate in effect for the state retirement system applied to the current or final salary rate multiplied by the months and days of prior temporary, intermittent, or contract legislative service. Payment shall be made in one lump sum unless the executive director of the state retirement system agrees to accept payment in installments over a period of not more than three years from the date of the agreement. Installment payments shall be charged interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually.

Sec. 15. Minnesota Statutes 2016, section 352D.12, is amended to read:

352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.

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

(b) For participants with prior service credit in a plan governed by chapter 352, 353, 354, 354A, or 422A, "prior service contributions" means the accumulated employee and equal employer contributions with interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, based on fiscal year balances.

(c) If a participant has taken a refund from a retirement plan listed in this section, the participant may repay the refund to that plan, notwithstanding any restrictions on repayment to that plan, ~~plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter~~ with interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, and have the accumulated employee and equal employer contributions transferred to the unclassified program with interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually based on fiscal year balances. If a person repays a refund and subsequently elects to have the money transferred to the unclassified program, the repayment amount, including interest, is added to the fiscal year balance in the year which the repayment was made.

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

Sec. 16. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

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

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

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

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

(4) a period of authorized leave of absence during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized leave of absence without pay, or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are not authorized, and for which a member obtained service credit for up to 12 months of the authorized leave period by payment under section 353.0161 or 353.0162, to the fund made in place of salary deductions;

(6) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary, excluding overtime pay, that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus ~~8.5 percent interest until June 30, 2015, and eight percent interest thereafter~~ at the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the annual normal working cycle or within 30 days after termination of public service, whichever is sooner. The executive director shall prescribe the manner and forms to be used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

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

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service must be credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the

average annual salary during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 30 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under section 353.0162.

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

64.1 (c) For an active member who was an active member of the former Minneapolis
64.2 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of
64.3 service credited by the Minneapolis Firefighters Relief Association as reflected in the
64.4 transferred records of the association up to December 30, 2011, and the period of service
64.5 credited under paragraph (a), clause (1), after December 30, 2011. For an active member
64.6 who was an active member of the former Minneapolis Police Relief Association on December
64.7 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police
64.8 Relief Association as reflected in the transferred records of the association up to December
64.9 30, 2011, and the period of service credited under paragraph (a), clause (1), after December
64.10 30, 2011.

64.11 Sec. 17. Minnesota Statutes 2016, section 353.0162, is amended to read:

64.12 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

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

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

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

64.18 (2) on an authorized leave of absence; or

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

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

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

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

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

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

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

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at ~~an 8.5 percent annual rate until June 30, 2015, and at an eight percent annual rate thereafter~~ the applicable rate or rates specified in section 356.59, subdivision 3, compounded annually, prorated for applicable the number of months, if less than 12 months, from the date on which the period of reduced salary specified under this section terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed within the earlier of 30 days from termination of public service by the employee under section 353.01, subdivision 11a, or one year after the termination of the period specified in paragraph (b), as further restricted under this section.

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

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

Sec. 18. Minnesota Statutes 2017 Supplement, section 353.27, subdivision 3c, is amended to read:

Subd. 3c. **Former MERF members; member and employer contributions.** (a) For the period July 1, 2015, through December 31, 2031, the member contributions for former

members of the Minneapolis Employees Retirement Fund and by the former Minneapolis Employees Retirement Fund-covered employing units are governed by this subdivision.

(b) The member contribution for a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(c) The employer regular contribution with respect to a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(d) The annual employer supplemental contribution is the employing unit's share of \$31,000,000. For calendar years 2017 and 2018, the employer supplemental contribution is the employing unit's share of \$21,000,000.

(e) Each employing unit's share under paragraph (d) is the amount determined from an allocation between each employing unit in the portion equal to the unit's employer supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50, during calendar year 2014.

(f) The employer supplemental contribution amount under paragraph (d) for calendar year 2015 must be invoiced by the executive director of the Public Employees Retirement Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount on or before September 30, 2015. For subsequent calendar years, the employer supplemental contribution under paragraph (d) must be invoiced on January 31 of each year and is payable in two parts, with the first half payable on or before July 31 and with the second half payable on or before December 15. Late payments are payable with ~~compound~~ compound interest, compounded annually, at the rate of 0.71 percent applicable rate or rates specified in section 356.59, subdivision 3, per month for each month or portion of a month that has elapsed after the due date.

(g) The employer supplemental contribution under paragraph (d) terminates on December 31, 2031.

Sec. 19. Minnesota Statutes 2016, section 353.27, subdivision 7a, is amended to read:

Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee deductions and employer contributions under this section, section 353.50, 353.65, or 353E.03 were erroneously transmitted to the association, but should have been transmitted to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund or

individual account, as applicable. The time limitations specified in subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution plan account must include interest at the ~~rate of 0.71 percent per month until June 30, 2015, and 0.667 percent~~ applicable rate or rates specified in section 356.59, subdivision 3, per month ~~thereafter~~, compounded annually, from the first day of the month following the month in which coverage should have commenced in the defined contribution plan until the end of the month in which the transfer occurs.

(b) A potential transfer under paragraph (a) that is reasonably determined to cause the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue Code, as amended, must not be made by the executive director of the association. Within 30 days after being notified by the Public Employees Retirement Association of an unmade potential transfer under this paragraph, the employer of the affected person must transmit an amount representing the applicable salary deductions and employer contributions, without interest, to the retirement fund of the appropriate Minnesota public pension plan, or to the applicable individual account if the proper coverage is by a defined contribution plan. The association must provide the employing unit a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer. If the employing unit receives a credit under this paragraph, the employing unit is responsible for refunding to the applicable employee any amount that had been erroneously deducted from the person's salary.

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

Sec. 20. Minnesota Statutes 2016, section 353.27, subdivision 12, is amended to read:

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

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee

68.1 deductions and the omitted employer contributions through the reporting processes under
68.2 subdivision 4.

68.3 (c) When the omission period of an employee exceeds 60 days, the governmental
68.4 subdivision shall furnish to the association sufficient data and documentation upon which
68.5 the obligation for omitted employee and employer contributions can be calculated. The
68.6 omitted employee deductions must be deducted from the employee's subsequent salary
68.7 payment or payments and remitted to the association for deposit in the applicable retirement
68.8 fund. The employee shall pay omitted employee deductions due for the 60 days prior to the
68.9 end of the last pay period in the omission period during which salary was earned. The
68.10 employer shall pay any remaining omitted employee deductions and any omitted employer
68.11 contributions, plus cumulative interest at the annual rate of 8.5 percent until June 30, 2015,
68.12 and eight percent thereafter compounded annually, from the date or dates each omitted
68.13 employee contribution was first payable.

68.14 (d) An employer shall not hold an employee liable for omitted employee deductions
68.15 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
68.16 those employee deductions paid by the employer on behalf of the employee. Omitted
68.17 deductions due under paragraph (c) which are not paid by the employee constitute a liability
68.18 of the employer that failed to deduct the omitted deductions from the employee's salary.
68.19 The employer shall make payment with interest at the ~~annual rate of 8.5 percent until June~~
68.20 ~~30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59,
68.21 subdivision 3, compounded annually. Omitted employee deductions are no longer due if an
68.22 employee terminates public service before making payment of omitted employee deductions
68.23 to the association, but the employer remains liable to pay omitted employer contributions
68.24 plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~
68.25 applicable rate or rates specified in section 356.59, subdivision 3, compounded annually,
68.26 from the date the contributions were first payable.

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

69.1 Sec. 21. Minnesota Statutes 2016, section 353.27, subdivision 12a, is amended to read:

69.2 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee who
69.3 was a member of the general employees retirement plan of the Public Employees Retirement
69.4 Association, the public employees police and fire retirement plan, or the local government
69.5 correctional employees retirement plan and who has a period of employment in which
69.6 previously omitted employer contributions were made under subdivision 12 but for whom
69.7 no, or only partial, omitted employee contributions have been made, or a member who had
69.8 prior coverage in the association for which previously omitted employer contributions were
69.9 made under subdivision 12 but who terminated service before required omitted employee
69.10 deductions could be withheld from salary, may pay the omitted employee deductions for
69.11 the period on which omitted employer contributions were previously paid plus interest at
69.12 ~~the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable
69.13 rate or rates specified in section 356.59, subdivision 3, compounded annually. A terminated
69.14 employee may pay the omitted employee deductions plus interest within six months of an
69.15 initial notification from the association of eligibility to pay those omitted deductions. If a
69.16 terminated employee is reemployed in a position covered under a public pension fund under
69.17 section 356.30, subdivision 3, and elects to pay omitted employee deductions, payment
69.18 must be made no later than six months after a subsequent termination of public service.

69.19 Sec. 22. Minnesota Statutes 2016, section 353.27, subdivision 12b, is amended to read:

69.20 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were omitted
69.21 from salary adjustments or final salary of a terminated employee who was a member of the
69.22 general employees retirement plan, the public employees police and fire retirement plan,
69.23 or the local government correctional employees retirement plan and who is immediately
69.24 eligible to draw a monthly benefit, the employer shall pay the omitted employer and employer
69.25 additional contributions plus interest on both the employer and employee amounts due at
69.26 ~~an annual rate of 8.5 percent~~ the applicable rate or rates specified in section 356.59,
69.27 subdivision 3, compounded annually. The employee shall pay the employee deductions
69.28 within six months of an initial notification from the association of eligibility to pay omitted
69.29 deductions or the employee forfeits the right to make the payment.

69.30 Sec. 23. Minnesota Statutes 2016, section 353.28, subdivision 5, is amended to read:

69.31 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section or
69.32 section 353.27, subdivision 4, is payable with interest at the ~~annual compound rate of 8.5~~
69.33 ~~percent until June 30, 2015, and eight percent thereafter~~ applicable rate or rates specified

70.1 in section 356.59, subdivision 3, compounded annually, from the date due until the date
70.2 payment is received by the association, with a minimum interest charge of \$10.

70.3 Sec. 24. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

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

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

70.9 (c) The rights and benefits of a former member must not be restored until the person
70.10 returns to active service and acquires at least six months of allowable service credit after
70.11 taking the last refund and repays the refund or refunds taken and interest received under
70.12 section 353.34, subdivisions 1 and 2, plus interest at the ~~annual rate of 8.5 percent until June~~
70.13 ~~30, 2015, and eight percent thereafter~~ applicable rate or rates specified in section 356.59,
70.14 subdivision 3, compounded annually. If the person elects to restore service credit in a
70.15 particular fund from which the person has taken more than one refund, the person must
70.16 repay all refunds to that fund. All refunds must be repaid within six months of the last date
70.17 of termination of public service.

70.18 Sec. 25. Minnesota Statutes 2016, section 354.50, subdivision 2, is amended to read:

70.19 Subd. 2. **Interest charge.** If a member desires to repay the refunds, payment shall include
70.20 interest at ~~an annual rate of 8.5 percent~~ the applicable annual rate or rates specified in section
70.21 356.59, subdivision 4, compounded annually, from date of withdrawal to the date payment
70.22 is made and shall be credited to the fund.

70.23 Sec. 26. Minnesota Statutes 2016, section 354.51, subdivision 5, is amended to read:

70.24 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the event
70.25 that full required member contributions are not deducted from the salary of a teacher,
70.26 payment of shortages in member deductions on salary earned are the sole obligation of the
70.27 employing unit and are payable by the employing unit upon notification by the executive
70.28 director of the shortage. The amount of the shortage shall be paid with interest at ~~an annual~~
70.29 ~~rate of 8.5 percent~~ the applicable annual rate or rates specified in section 356.59, subdivision
70.30 4, compounded annually, from the end of the fiscal year in which the shortage occurred to
70.31 the end of the month in which payment is made and the interest must be credited to the
70.32 fund. The employing unit shall also pay the employer contributions as specified in section

354.42, subdivisions 3 and 5 for the shortages. If the shortage payment is not paid by the employing unit within 60 days of notification, and if the executive director does not use the recovery procedure in section 354.512, the executive director shall certify the amount of the shortage to the applicable county auditor, who shall spread a levy in the amount of the shortage payment over the taxable property of the taxing district of the employing unit if the employing unit is supported by property taxes. Payment may not be made for shortages in member deductions on salary paid or payable under paragraph (b) or for shortages in member deductions for persons employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution that exceeds the most recent 36 months.

(b) For a person who is employed by the Minnesota State Colleges and Universities system in a faculty position or in an eligible unclassified administrative position and whose employment was less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution, upon the person's election under section 354B.21 of retirement coverage under this chapter, the shortage in member deductions on the salary for employment by the Minnesota State Colleges and Universities system institution of less than 25 percent of a full academic year, exclusive of the summer session, for the applicable institution for the most recent 36 months and the associated employer contributions must be paid by the Minnesota State Colleges and Universities system institution, plus ~~annual~~ compound interest at the ~~rate of 8.5 percent~~ applicable annual rate or rates specified in section 356.59, subdivision 4, compounded annually, from the end of the fiscal year in which the shortage occurred to the end of the month in which the Teachers Retirement Association coverage election is made. An individual electing coverage under this paragraph shall repay the amount of the shortage in member deductions, plus interest, through deduction from salary or compensation payments within the first year of employment after the election under section 354B.21, subject to the limitations in section 16D.16. The Minnesota State Colleges and Universities system may use any means available to recover amounts which were not recovered through deductions from salary or compensation payments. No payment of the shortage in member deductions under this paragraph may be made for a period longer than the most recent 36 months.

Sec. 27. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

Subd. 4. Reporting and remittance requirements. An employer shall remit all amounts due to the association and furnish a statement indicating the amount due and transmitted with any other information required by the executive director. If an amount due is not

72.1 received by the association within 14 calendar days of the payroll warrant, the ~~amount~~
 72.2 ~~accrues interest at an annual rate of 8.5 percent~~ employer shall pay interest on the amount
 72.3 due at the applicable annual rate or rates specified in section 356.59, subdivision 4,
 72.4 compounded annually, from the due date until the amount is received by the association.
 72.5 All amounts due and other employer obligations not remitted within 60 days of notification
 72.6 by the association must be certified to the commissioner of management and budget who
 72.7 shall deduct the amount from any state aid or appropriation amount applicable to the
 72.8 employing unit.

72.9 Sec. 28. Minnesota Statutes 2016, section 354.53, subdivision 5, is amended to read:

72.10 Subd. 5. **Interest requirements.** The employer shall pay interest on all equivalent
 72.11 employee and employer contribution amounts payable under this section. ~~Interest must be~~
 72.12 ~~computed at a rate of 8.5 percent~~ at the applicable annual rate or rates specified in section
 72.13 356.59, subdivision 4, compounded annually, from the end of each fiscal year of the leave
 72.14 or the break in service to the end of the month in which the payment is received.

72.15 Sec. 29. Minnesota Statutes 2016, section 354.72, subdivision 2, is amended to read:

72.16 Subd. 2. **Purchase procedure.** (a) A teacher may purchase credit for allowable and
 72.17 formula service in the plan for a period specified in subdivision 1 if the teacher makes a
 72.18 payment as specified in paragraph (b), (c), or (d), whichever applies. The employing unit,
 72.19 at its option, may pay the employer portion of the amount on behalf of its employees.

72.20 (b) If payment is received by the executive director by June 30 of the fiscal year of the
 72.21 strike period or by December 31 of the fiscal year following an authorized leave included
 72.22 under section 354.093, 354.095, or 354.096, payment must equal the total employee and
 72.23 employer contribution rates, including amortization contribution rates if applicable, multiplied
 72.24 by the member's average monthly salary rate on the date the leave or strike period
 72.25 commenced, multiplied by the months and portions of a month of the leave or strike period
 72.26 for which the teacher seeks allowable service credit. This paragraph also applies to an
 72.27 extended leave under section 354.094, except that payment must be received by June 30 of
 72.28 the year of the leave, and the salary used in the computation is the salary received during
 72.29 the year immediately preceding the initial year of the leave.

72.30 (c) If payment is made after June 30 and before the following June 30 for a strike period,
 72.31 or after December 31 of the fiscal year following a leave of absence under section 354.093,
 72.32 354.095, or 354.096, and before July 1, the payment must include the amount determined
 72.33 in paragraph (b) plus compound interest at a the applicable monthly rate ~~of 0.71 percent or~~

rates specified in section 356.59, subdivision 4, from June 30 for a strike period, or from December 31 for a leave under section 354.093, 354.095, or 354.096, until the last day of the month in which payment is received. If payment is made on or after July 1 and before the following July 1 for an extended leave of absence under section 354.094, the payment must include the amount determined in paragraph (b) plus compound interest at ~~a monthly rate of 0.71 percent~~ the applicable monthly rate or rates specified in section 356.59, subdivision 4, from June 30 until the last day of the month in which payment is received.

(d) If payment is received by the executive director after the applicable last permitted date under paragraph (c), the payment amount is the amount determined under section 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under this section may be made anytime before the effective date of retirement.

Sec. 30. Minnesota Statutes 2016, section 354A.093, subdivision 6, is amended to read:

Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent employee and employer contribution amounts payable under this section. Interest must be computed at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 31. Minnesota Statutes 2016, section 354A.096, is amended to read:

354A.096 MEDICAL LEAVE.

Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund Association who is on an authorized medical leave of absence and subsequently returns to teaching service is entitled to receive allowable service credit, not to exceed one year, for the period of leave, upon making the prescribed payment to the fund. This payment must include the required employee and employer contributions at the rates specified in section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly salary rate on the date the leave of absence commenced plus ~~annual~~ interest at the ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year~~ applicable annual rate or rates specified in section 356.59, subdivision 5, compounded annually, from the end of the fiscal year during which the leave terminates to the end of the month during which payment is made. The member must pay the total amount required unless the employing unit, at its option, pays the employer contributions. The total amount required must be paid by the end of the fiscal year following the fiscal year in which the leave of absence terminated or before

the member retires, whichever is earlier. Payment must be accompanied by a copy of the resolution or action of the employing authority granting the leave and the employing authority, upon granting the leave, must certify the leave to the association in a manner specified by the executive director. A member may not receive more than one year of allowable service credit during any fiscal year by making payment under this section. A member may not receive disability benefits under section 354A.36 and receive allowable service credit under this section for the same period of time.

Sec. 32. Minnesota Statutes 2016, section 354A.12, subdivision 1a, is amended to read:

Subd. 1a. **Obligation for omitted salary deductions.** If the full required contributions are not deducted from the salary of a teacher, payment of the shortage in such deductions is the sole obligation of the employing unit during the three-year period following the end of the fiscal year in which the shortage occurred. The shortage is payable by the employing unit upon notification of the shortage by the executive director of the applicable retirement fund association. The employing unit shall also pay any employer contributions related to the shortage. The amount of the shortage in employee contributions and associated employer contributions is payable with interest at the ~~preretirement interest assumption for the retirement fund as specified in section 356.215, subdivision 8, stated as a monthly rate~~ applicable annual rate or rates specified in section 356.59, subdivision 5, from the date due until the date payment is received in the office of the association, compounded annually, with a minimum interest charge of \$10. If the shortage payment and interest is not paid by the employing unit within 60 days of notification, the executive director shall certify the amount of the shortage payment and interest to the commissioner of management and budget, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 33. Minnesota Statutes 2016, section 354A.12, subdivision 7, is amended to read:

Subd. 7. **Recovery of benefit overpayments.** (a) If the executive director discovers, within the time period specified in subdivision 8 following the payment of a refund or the accrual date of any retirement annuity, survivor benefit, or disability benefit, that benefit overpayment has occurred due to using invalid service or salary, or due to any erroneous calculation procedure, the executive director must recalculate the annuity or benefit payable and recover any overpayment. The executive director shall recover the overpayment by requiring direct repayment or by suspending or reducing the payment of a retirement annuity or other benefit payable under this chapter to the applicable person or the person's estate, whichever applies, until all outstanding amounts have been recovered. If a benefit

overpayment or improper payment of benefits occurred caused by a failure of the person to satisfy length of separation requirements for retirement under section 354A.011, subdivision 21, the executive director shall recover the improper payments by requiring direct repayment. The repayment must include interest at the ~~rate of 0.71 percent per month~~ applicable annual rate or rates specified in section 356.59, subdivision 5, from the first of the month in which a monthly benefit amount was paid to the first of the month in which the amount is repaid, with annual compounding.

(b) In the event the executive director determines that an overpaid annuity or benefit that is the result of invalid salary included in the average salary used to calculate the payment amount must be recovered, the executive director must determine the amount of the employee deductions taken in error on the invalid salary, with interest as determined under 354A.37, subdivision 3, and must subtract that amount from the total annuity or benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

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

(d) Any invalid employer contributions reported on the invalid salary must be credited against future contributions payable by the employer.

(e) If a member or former member, who is receiving a retirement annuity or disability benefit for which an overpayment is being recovered, dies before recovery of the overpayment is completed and an optional annuity or refund is payable, the remaining balance of the overpaid annuity or benefit must continue to be recovered from the payment to the optional annuity beneficiary or refund recipient.

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

Sec. 34. Minnesota Statutes 2016, section 354A.34, is amended to read:

**354A.34 DISPOSITION OF UNPAID PERIOD CERTAIN FOR LIFE OR
GUARANTEED REFUND OPTIONAL ANNUITIES.**

If a retiree from a coordinated program who has elected a period certain and for life thereafter or a guaranteed refund optional annuity form dies without having a designated beneficiary who has survived the retiree, any remaining unpaid guaranteed annuity payments

shall be computed at the rate of interest specified in section 356.215, subdivision 8, and paid in one lump sum to the estate of the retiree. If a retiree from a coordinated program who has elected a period certain and for life or a guaranteed refund optional annuity form dies with a designated beneficiary who has survived the retiree but the designated beneficiary dies without there existing another designated beneficiary, any remaining unpaid guaranteed annuity payments shall be computed ~~at the rate of~~ with interest at the applicable annual rate or rates specified in section ~~356.215, subdivision 8~~ 356.59, subdivision 5, and paid in one lump sum to the estate of the designated beneficiary.

Sec. 35. Minnesota Statutes 2016, section 356.195, subdivision 2, is amended to read:

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

(b) If payment is received by the applicable pension plan executive director within one year from the end of the strike, the payment amount is equal to the applicable employee and employer contribution rates specified in law for the applicable plan during the strike period, applied to the employee's rate of salary in effect at the conclusion of the strike for the period of the strike without pay, plus compound interest at the ~~monthly rate of 0.71 percent for any period for the Teachers Retirement Association and at the monthly rate of 0.71 percent until June 30, 2015, and 0.667 percent thereafter for any other retirement plan listed in section 356.30, subdivision 3~~ applicable monthly rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, from the last day of the strike period until the date payment is received.

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

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

Sec. 36. Minnesota Statutes 2016, section 356.44, is amended to read:

356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.

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

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

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the ~~annual rate of 8.5 percent for any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015, and eight percent thereafter for any other retirement plan listed in section 356.30, subdivision 3~~ applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the refund date to the date repayment is received.

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

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

Sec. 37. Minnesota Statutes 2016, section 356.50, subdivision 2, is amended to read:

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

(b) The public employer who wrongfully discharged the public employee must pay an employer contribution on the back pay award. The employer contribution must be based on the employer contribution rate or rates in effect for the pension plan during the period of service covered by the back pay award, applied to the salary amount on which the member contribution amount was determined under paragraph (a). ~~Interest on both the required member and employer contribution amount must be paid by the employer at the annual compound rate of 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent until June 30, 2015, and eight percent thereafter, for any other retirement plan listed in section 356.30, subdivision 3, per year, expressed monthly~~ The employer must pay compound interest on both the required member and employer contribution amounts at the applicable monthly rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, between the date the contribution amount would have been paid to the date of actual payment. The employer payment must be made within 30 days of the payment under paragraph (a).

Sec. 38. Minnesota Statutes 2016, section 356.551, subdivision 2, is amended to read:

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

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

(c) The prior service credit purchase amount may not be less than the amount determined by applying, for each year or fraction of a year being purchased, the sum of the employee contribution rate, the employer contribution rate, and the additional employer contribution

rate, if any, applicable during that period, to the person's annual salary during that period, or fractional portion of a year's salary, if applicable, plus interest at the ~~annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the end of the year in which contributions would otherwise have been made to the date on which the payment is received.

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

(e) However, the current employer or the prior employer may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the ~~applicable annual rate of 8.5 percent a year~~ or rates specified in section 356.59, subdivision 2, 3, 4, or 5, whichever applies, compounded annually, from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this subdivision, the purchaser must make the employee payments required under this subdivision within 90 days of the prior service credit authorization. If that employee payment is made, the employer payment under this subdivision must be remitted to the chief administrative officer of the public pension plan within 60 days of receipt by the chief administrative officer of the employee payments specified under this subdivision.

Sec. 39. **[356.59] INTEREST RATES.**

Subdivision 1. **Applicable interest rates.** Whenever the payment of interest is required with respect to any payment, including refunds, remittances, shortages, contributions, or repayments, the rate of interest is the rate or rates specified in subdivisions 2 to 5 for each public retirement plan.

Subd. 2. **Minnesota State Retirement System.** The interest rates for all retirement plans administered by the Minnesota State Retirement System are as follows:

	<u>Annual</u>	<u>Monthly</u>
<u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>from July 1, 2015, to June 30, 2018</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
<u>after June 30, 2018</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

Subd. 3. **Public Employees Retirement Association.** The interest rates for all retirement plans administered by the Public Employees Retirement Association are as follows:

<u>before July 1, 2015</u>	<u>8.5 percent</u>
<u>from July 1, 2015, to June 30, 2018</u>	<u>8.0 percent</u>
<u>after June 30, 2018</u>	<u>7.5 percent</u>

Subd. 4. **Teachers Retirement Association.** The interest rates for the retirement plan administered by the Teachers Retirement Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
<u>before July 1, 2018</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>after June 30, 2018</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

Subd. 5. **St. Paul Teachers Retirement Fund Association.** The interest rates for the retirement plan administered by the St. Paul Teachers Retirement Fund Association are as follows:

	<u>Annual</u>	<u>Monthly</u>
<u>before July 1, 2015</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>from July 1, 2015, to June 30, 2018</u>	<u>8.0 percent</u>	<u>0.667 percent</u>
<u>after June 30, 2018</u>	<u>7.5 percent</u>	<u>0.625 percent</u>

Sec. 40. Minnesota Statutes 2016, section 490.121, subdivision 4, is amended to read:

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

(b) "Allowable service" also means a period of authorized leave of absence for which the judge has made a payment in lieu of contributions, not in an amount in excess of the service credit limit under subdivision 22. To obtain the service credit, the judge shall pay an amount equal to the normal cost of the judges retirement plan on the date of return from the leave of absence, as determined in the most recent actuarial report for the plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the judge's average monthly salary rate during the authorized leave of absence and multiplied by the number of months of the authorized leave of absence, plus ~~annual compound interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ interest at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date

81.1 of the termination of the leave to the date on which payment is made. The payment must
81.2 be made within one year of the date on which the authorized leave of absence terminated.
81.3 Service credit for an authorized leave of absence is in addition to a uniformed service leave
81.4 under section 490.1211.

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

81.6 Sec. 41. Minnesota Statutes 2016, section 490.1211, is amended to read:

81.7 **490.1211 UNIFORMED SERVICE.**

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

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

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

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

(e) To receive allowable service credit under this section, the contributions specified in this section and section 490.121 must be transmitted to the fund during the period which begins with the date on which the individual returns to judicial employment and which has a duration of three times the length of the uniformed service period, but not to exceed five years. If the determined payment period is calculated to be less than one year, the contributions required under this section to receive service credit may be within one year from the discharge date.

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

(g) The state court administrator shall pay interest on all equivalent member and employer contribution amounts payable under this section. Interest must be ~~computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the end of each fiscal year of the leave or break in service to the end of the month in which payment is received.

Sec. 42. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

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

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

(c) A person who becomes a judge again after taking a refund under paragraph (a) may reinstate the previously terminated allowable service credit, rights, and benefits by repaying the total amount of the previously received refund. The refund repayment must include ~~interest on the total amount previously received at the annual rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ at the applicable annual rate or rates specified in section 356.59, subdivision 2, compounded annually, from the date on which the refund was received until the date on which the refund is repaid.

Sec. 43. **EFFECTIVE DATE.**

Sections 1 to 42 are effective June 30, 2018.

ARTICLE 7

CONTRIBUTION RATES

Section 1. Minnesota Statutes 2016, section 352.04, subdivision 2, is amended to read:

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

from July 1, 2010, to June 30, 2014	5
from July 1, 2014, and thereafter <u>to June 30, 2018</u>	5.5
<u>from July 1, 2018, to June 30, 2019</u>	<u>5.75</u>
<u>after June 30, 2019</u>	<u>6</u>

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

(c) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Sec. 2. Minnesota Statutes 2016, section 352.04, subdivision 3, is amended to read:

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

from July 1, 2010, to June 30, 2014	5
from July 1, 2014, and thereafter <u>to June 30, 2018</u>	5.5
<u>from July 1, 2018, to June 30, 2019</u>	<u>5.875</u>
<u>after June 30, 2019</u>	<u>6.25</u>

(b) Contribution increases under paragraph (a) must be paid starting the first day of the first full pay period after the effective date of the increase.

Sec. 3. Minnesota Statutes 2016, section 352.92, subdivision 1, is amended to read:

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

from July 1, 2010, to June 30, 2014	8.6
from July 1, 2014, and thereafter <u>to June 30, 2018</u>	9.1
<u>after June 30, 2018</u>	<u>9.6</u>

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

84.1 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
84.2 first full pay period after the effective date of the increase.

84.3 Sec. 4. Minnesota Statutes 2016, section 352.92, subdivision 2, is amended to read:

84.4 Subd. 2. **Employer contributions.** (a) The employer shall contribute for covered
84.5 correctional employees an amount equal to the following percent of salary:

84.6 ~~from July 1, 2010, to June 30, 2014~~ ~~12.1~~

84.7 from July 1, 2014, ~~and thereafter~~ to June 30, 2018 12.85

84.8 after June 30, 2018 14.4

84.9 (b) Contribution increases under paragraph (a) must be paid starting the first day of the
84.10 first full pay period after the effective date of the increase.

84.11 Sec. 5. Minnesota Statutes 2016, section 352.92, is amended by adding a subdivision to
84.12 read:

84.13 Subd. 2a. **Supplemental employer contribution.** (a) Effective July 1, 2019, the employer
84.14 shall pay a supplemental contribution. The supplemental contribution is 1.45 percent of
84.15 salary for covered correctional employees from July 1, 2019, through June 30, 2020; 2.95
84.16 percent of salary for covered correctional employees from July 1, 2020, through June 30,
84.17 2021; and 4.45 percent of salary for covered correctional employees thereafter. The
84.18 supplemental contribution rate of 4.45 percent remains in effect until the market value of
84.19 the assets of the correctional state employees retirement plan of the Minnesota State
84.20 Retirement System equals or exceeds the actuarial accrued liability of the plan as determined
84.21 by the actuary retained under section 356.214. The expiration of the supplemental employer
84.22 contribution is effective the first day of the first full pay period of the fiscal year immediately
84.23 following the issuance of the actuarial valuation upon which the expiration is based.

84.24 (b) The supplemental contribution under paragraph (a) must be paid starting the first
84.25 day of the first full pay period after the effective date of this subdivision.

84.26 Sec. 6. Minnesota Statutes 2016, section 352B.02, subdivision 1a, is amended to read:

84.27 Subd. 1a. **Member contributions.** (a) The member contribution is the following
84.28 percentage of the member's salary:

84.29 ~~(1) before the first day of the first pay period beginning~~
84.30 ~~after July 1, 2014~~ ~~12.4 percent~~

84.31 ~~(2) on or after the first day of the first pay period~~
84.32 ~~beginning after~~ from July 1, 2014, to June 30, 2016 13.4 percent

85.1	(3) after June 30, 2016 <u>from July 1, 2016, to June 30,</u>	
85.2	<u>2018</u>	14.4 percent
85.3	<u>from July 1, 2018, to June 30, 2020</u>	14.9
85.4	<u>after June 30, 2020</u>	15.4

85.5 (b) These contributions must be made by deduction from salary as provided in section
85.6 352.04, subdivision 4.

85.7 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
85.8 first full pay period after the effective date of the increase.

85.9 Sec. 7. Minnesota Statutes 2016, section 352B.02, subdivision 1c, is amended to read:

85.10 Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In
85.11 addition to member contributions, department heads shall pay a sum equal to the specified
85.12 percentage of the salary upon which deductions were made, which constitutes the employer
85.13 contribution to the fund as follows:

85.14	(1) before the first day of the first pay period beginning	
85.15	after July 1, 2014	18.6 percent
85.16	(2) on or after the first day of the first pay period	
85.17	beginning after <u>from July 1, 2014, to June 30, 2016</u>	20.1 percent
85.18	(3) after June 30, 2016 <u>from July 1, 2016, to June 30,</u>	
85.19	<u>2018</u>	21.6 percent
85.20	<u>from July 1, 2018, to June 30, 2019</u>	22.35
85.21	<u>after June 30, 2019</u>	23.1

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

85.24 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
85.25 first full pay period after the effective date of the increase.

85.26 (d) Effective July 1, 2018, department heads shall pay a supplemental employer
85.27 contribution. The supplemental contribution is 1.75 percent of the salary upon which
85.28 deductions are made from July 1, 2018, through June 30, 2019; three percent of the salary
85.29 upon which deductions are made from July 1, 2019, through June 30, 2020; five percent of
85.30 the salary which deductions are made from July 1, 2020, through June 30, 2021; and seven
85.31 percent of the salary upon which deductions are made thereafter. The supplemental
85.32 contribution must be paid starting the first day of the first full pay period after the effective
85.33 date of this subdivision. The supplemental contribution rate of seven percent remains in
85.34 effect until the market value of the assets of the State Patrol retirement plan of the Minnesota
85.35 State Retirement System equals or exceeds the actuarial accrued liability of the plan as

86.1 determined by the actuary retained under section 356.214. The expiration of the supplemental
86.2 employer contribution is effective the first day of the first full pay period of the fiscal year
86.3 immediately following the issuance of the actuarial valuation upon which the expiration is
86.4 based.

86.5 Sec. 8. Minnesota Statutes 2016, section 352D.04, subdivision 2, is amended to read:

86.6 Subd. 2. **Contribution rates.** (a) The money used to purchase shares under this section
86.7 is the employee and employer contributions provided in this subdivision.

86.8 (b) The employee contribution is an amount equal to the percent of salary specified in
86.9 section 352.04, subdivision 2, or 352.045, subdivision 3a.

86.10 (c) The employer contribution is an amount equal to ~~six percent~~ the following percentage
86.11 of salary:

86.12 <u>from July 1, 2018, through June 30, 2019</u>	<u>6 percent</u>
86.13 <u>after June 30, 2019</u>	<u>6.25 percent</u>

86.14 (d) For members of the legislature, the contributions under this subdivision also must
86.15 be made on per diem payments received during a regular or special legislative session, but
86.16 may not be made on per diem payments received outside of a regular or special legislative
86.17 session, on the additional compensation attributable to a leadership position under section
86.18 3.099, subdivision 3, living expense payments under section 3.101, or special session living
86.19 expense payments under section 3.103.

86.20 (e) For a judge who is a member of the unclassified plan under section 352D.02,
86.21 subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent of
86.22 salary, and there is no employer contribution.

86.23 (f) These contributions must be made in the manner provided in section 352.04,
86.24 subdivisions 4, 5, and 6.

86.25 Sec. 9. Minnesota Statutes 2016, section 353.65, subdivision 2, is amended to read:

86.26 Subd. 2. **Employee contribution.** (a) For members other than members who were active
86.27 members of the former Minneapolis Firefighters Relief Association on December 29, 2011,
86.28 or for members other than members who were active members of the former Minneapolis
86.29 Police Relief Association on December 29, 2011, the employee contribution is an amount
86.30 equal to the following percentage of the total salary of each member, as follows: ~~9.6 percent~~
86.31 ~~before calendar year 2014; 10.2 percent in calendar year 2014; and 10.8 percent in calendar~~
86.32 ~~year 2015 and thereafter.~~

87.1	<u>before January 1, 2019</u>	<u>10.8 percent</u>
87.2	<u>from January 1, 2019, through December 31, 2019</u>	<u>11.3 percent</u>
87.3	<u>from January 1, 2020, and thereafter</u>	<u>11.8 percent</u>

87.4 (b) For members who were active members of the former Minneapolis Firefighters Relief
 87.5 Association on December 29, 2011, the employee contribution is an amount equal to eight
 87.6 percent of the monthly unit value under section 353.01, subdivision 10a, multiplied by 80
 87.7 and expressed as a biweekly amount for each member. The employee contribution made
 87.8 by a member with at least 25 years of service credit as an active member of the former
 87.9 Minneapolis Firefighters Relief Association must be deposited in the postretirement health
 87.10 care savings account established under section 352.98.

87.11 (c) For members who were active members of the former Minneapolis Police Relief
 87.12 Association on December 29, 2011, the employee contribution is an amount equal to eight
 87.13 percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80
 87.14 and expressed as a biweekly amount for each member. The employee contribution made
 87.15 by a member with at least 25 years of service credit as an active member of the former
 87.16 Minneapolis Police Relief Association must be deposited in the postretirement health care
 87.17 savings account established under section 352.98.

87.18 (d) Contributions under this section must be made by deduction from salary in the manner
 87.19 provided in subdivision 4. Where any portion of a member's salary is paid from other than
 87.20 public funds, the member's employee contribution is based on the total salary received from
 87.21 all sources.

87.22 Sec. 10. Minnesota Statutes 2016, section 353.65, subdivision 3, is amended to read:

87.23 Subd. 3. **Employer contribution.** (a) With respect to members other than members who
 87.24 were active members of the former Minneapolis Firefighters Relief Association on December
 87.25 29, 2011, or for members other than members who were active members of the former
 87.26 Minneapolis Police Relief Association on December 29, 2011, the employer contribution
 87.27 is an amount equal to the following percentage of the total salary of each member, as follows:
 87.28 ~~14.4 percent before calendar year 2014; 15.3 percent in calendar year 2014; and 16.2 percent~~
 87.29 ~~in calendar year 2015 and thereafter.~~

87.30	<u>before January 1, 2019</u>	<u>16.2 percent</u>
87.31	<u>from January 1, 2019, through December 31, 2019</u>	<u>16.95 percent</u>
87.32	<u>from January 1, 2020, and thereafter</u>	<u>17.7 percent</u>

87.33 (b) With respect to members who were active members of the former Minneapolis
 87.34 Firefighters Relief Association on December 29, 2011, the employer contribution is an

88.1 amount equal to the amount of the member contributions under subdivision 2, paragraph
88.2 (b).

88.3 (c) With respect to members who were active members of the former Minneapolis Police
88.4 Relief Association on December 29, 2011, the employer contribution is an amount equal
88.5 to the amount of the member contributions under subdivision 2, paragraph (c).

88.6 (d) Contributions under this subdivision must be made from funds available to the
88.7 employing subdivision by the means and in the manner provided in section 353.28.

88.8 Sec. 11. Minnesota Statutes 2016, section 354.42, subdivision 2, is amended to read:

88.9 Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the
88.10 following percentage of the member's salary:

88.11	Period	Basic Program	Coordinated Program
88.12	from July 1, 2013, until June 30, 2014	10.5 percent	7 percent
88.13	<u>after June 30, 2014 from July 1, 2014,</u>		
88.14	<u>through June 30, 2023</u>	11 percent	7.5 percent
88.15	<u>after June 30, 2023</u>	<u>11.25 percent</u>	<u>7.75 percent</u>

88.16 (b) When an employee contribution rate changes for a fiscal year, the new contribution
88.17 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
88.18 reported.

88.19 (c) After June 30, 2015, if a contribution rate revision is required under subdivisions 4a,
88.20 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted
88.21 accordingly.

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

88.25 Sec. 12. Minnesota Statutes 2016, section 354.42, subdivision 3, is amended to read:

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

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

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

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

Period	Coordinated Member	Basic Member
from July 1, 2013, until June 30, 2014	7 percent	11 percent
<u>after June 30, 2014 from July 1, 2014, through June 30, 2018</u>	7.5 percent	11.5 percent
<u>from July 1, 2018, through June 30, 2019</u>	<u>7.71 percent</u>	<u>11.71 percent</u>
<u>from July 1, 2019, through June 30, 2020</u>	<u>7.92 percent</u>	<u>11.92 percent</u>
<u>from July 1, 2020, through June 30, 2021</u>	<u>8.13 percent</u>	<u>12.13 percent</u>
<u>from July 1, 2021, through June 30, 2022</u>	<u>8.34 percent</u>	<u>12.34 percent</u>
<u>from July 1, 2022, through June 30, 2023</u>	<u>8.55 percent</u>	<u>12.55 percent</u>
<u>after June 30, 2023</u>	<u>8.75 percent</u>	<u>12.75 percent</u>

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

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

Sec. 13. Minnesota Statutes 2016, section 354A.12, subdivision 1, is amended to read:

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

Program	Percentage of Total Salary
St. Paul Teachers Retirement Fund Association	
basic program after June 30, 2014	9 percent
basic program after June 30, 2015	9.5 percent
basic program after June 30, 2016	10 percent
<u>basic program after June 30, 2022</u>	<u>10.25 percent</u>
coordinated program after June 30, 2014	6.5 percent
coordinated program after June 30, 2015	7 percent
coordinated program after June 30, 2016	7.5 percent

90.1 coordinated program after June 30, 2022 7.75 percent

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

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

90.6 Sec. 14. Minnesota Statutes 2016, section 354A.12, subdivision 2a, is amended to read:

90.7 Subd. 2a. **Employer regular and additional contributions.** (a) The employing units
90.8 shall make the following employer contributions to the teachers retirement fund association:

90.9 (1) for ~~any~~ each coordinated member of the St. Paul Teachers Retirement Fund
90.10 Association, the employing unit shall make a regular employer contribution to the retirement
90.11 fund association in an amount equal to the designated percentage of the salary of the
90.12 coordinated member as provided below:

90.13	after June 30, 2014	5.5 percent
90.14	after June 30, 2015	6 percent
90.15	after June 30, 2016	6.25 percent
90.16	after June 30, 2017	6.5 percent
90.17	<u>after June 30, 2018</u>	<u>7.335 percent</u>
90.18	<u>after June 30, 2019</u>	<u>8.17 percent</u>
90.19	<u>after June 30, 2020</u>	<u>8.38 percent</u>
90.20	<u>after June 30, 2021</u>	<u>8.59 percent</u>
90.21	<u>after June 30, 2022</u>	<u>8.8 percent</u>
90.22	<u>after June 30, 2023</u>	<u>9 percent</u>

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

90.26	after June 30, 2014	9 percent of salary
90.27	after June 30, 2015	9.5 percent of salary
90.28	after June 30, 2016	9.75 percent of salary
90.29	after June 30, 2017	10 percent of salary
90.30	<u>after June 30, 2018</u>	<u>10.835 percent of salary</u>
90.31	<u>after June 30, 2019</u>	<u>11.67 percent of salary</u>
90.32	<u>after June 30, 2020</u>	<u>11.88 percent of salary</u>
90.33	<u>after June 30, 2021</u>	<u>12.09 percent of salary</u>
90.34	<u>after June 30, 2022</u>	<u>12.3 percent of salary</u>

91.1	<u>after June 30, 2023</u>	<u>12.5 percent of salary</u>
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91.2 (3) for a each basic member of the St. Paul Teachers Retirement Fund Association, the
91.3 employing unit shall make an additional employer contribution to the respective fund in an
91.4 amount equal to 3.64 percent of the salary of the basic member;

91.5 (4) for a each coordinated member of the St. Paul Teachers Retirement Fund Association,
91.6 the employing unit shall make an additional employer contribution to the respective fund
91.7 in an amount equal to 3.84 percent of the coordinated member's salary.

91.8 (b) The regular and additional employer contributions must be remitted directly to the
91.9 St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts
91.10 are payable with interest under the procedure in subdivision 1a.

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

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

91.16 **Sec. 15. EFFECTIVE DATE.**

91.17 Sections 1 to 14 are effective June 30, 2018.

91.18 **ARTICLE 8**

91.19 **DIRECT STATE AID**

91.20 Section 1. Minnesota Statutes 2016, section 353.65, is amended by adding a subdivision
91.21 to read:

91.22 Subd. 3b. **Direct state aid.** (a) The state shall pay \$4,500,000 on October 1, 2018, and
91.23 October 1, 2019, to the public employees police and fire retirement plan. By October 1 of
91.24 each year after 2019, the state shall pay \$9,000,000 to the public employees police and fire
91.25 retirement plan. The commissioner of management and budget shall pay the aid specified
91.26 in this subdivision. The amount required is annually appropriated from the general fund to
91.27 the commissioner of management and budget.

91.28 (b) The aid under paragraph (a) continues until the earlier of:

91.29 (1) the first day of the fiscal year following the fiscal year in which the actuarial value
91.30 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as

92.1 reported by the actuary retained under section 356.214 in the annual actuarial valuation
 92.2 prepared under section 356.215; or

92.3 (2) July 1, 2048.

92.4 Sec. 2. Minnesota Statutes 2016, section 354.435, subdivision 4, is amended to read:

92.5 Subd. 4. **Expiration.** ~~This~~ The aid amounts specified in this section expires effective
 92.6 shall continue until the earlier of:

92.7 (1) the first day of the fiscal year next following the fiscal year in which the Teachers
 92.8 Retirement Association has no unfunded actuarial value of assets of the fund equals or
 92.9 exceeds 100 percent of the actuarial accrued liability liabilities as determined by the reported
 92.10 by the actuary retained under section 356.214 in the annual actuarial valuation prepared
 92.11 under section 356.215 by the approved actuary retained under section 356.214; or

92.12 (2) July 1, 2048.

92.13 Sec. 3. Minnesota Statutes 2016, section 354.436, subdivision 3, is amended to read:

92.14 Subd. 3. **Aid expiration.** The aid amounts specified in this section ~~terminate and this~~
 92.15 ~~section expires on the October 1 next following the later of the following dates: (1) when~~
 92.16 ~~the current assets of the Teachers Retirement Association fund equal or exceed~~ continue
 92.17 until the earlier of:

92.18 (1) the first day of the fiscal year following the fiscal year in which the actuarial value
 92.19 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities of the
 92.20 ~~fund as determined in the most recent actuarial valuation report for the Teachers Retirement~~
 92.21 ~~Association fund~~ reported by the actuary retained under section 356.214 in the annual
 92.22 actuarial valuation prepared under section 356.215; or

92.23 ~~(2) when the member and employer contribution rates are first determined to be eligible~~
 92.24 ~~for a reduction under section 354.42, subdivisions 4a, 4b, 4c, and 4d~~ July 1, 2048.

92.25 Sec. 4. Minnesota Statutes 2016, section 354A.12, subdivision 3a, is amended to read:

92.26 Subd. 3a. **Direct state aid to first class city teachers retirement fund associations.**

92.27 (a) The state shall pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

92.28 (b) In addition to other amounts specified in this subdivision, the state shall pay
 92.29 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

93.1 (c) In addition to the amounts specified in paragraphs (a) and (b), the state shall pay
 93.2 \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

93.3 ~~(e)~~ (d) The aid under this subdivision is payable October 1 annually. The commissioner
 93.4 of management and budget shall pay the aid specified in this subdivision. The amount
 93.5 required is appropriated annually from the general fund to the commissioner of management
 93.6 and budget.

93.7 Sec. 5. Minnesota Statutes 2016, section 354A.12, subdivision 3c, is amended to read:

93.8 Subd. 3c. **Termination of supplemental contributions and direct matching and state**
 93.9 **aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund
 93.10 Association by Independent School District No. 625 under section 423A.02, subdivision 3,
 93.11 and ~~all forms of the~~ aid under subdivision 3a to the St. Paul Teachers Retirement Fund
 93.12 ~~Association must,~~ paragraphs (a) and (b), continue until the actuarial earlier of:

93.13 (1) the first day of the fiscal year following the year in which the actuarial value of assets
 93.14 of the fund equal equals or exceed exceeds 100 percent of the actuarial accrued liability of
 93.15 the fund as determined in the most recent actuarial report for the fund reported by the actuary
 93.16 retained under section 356.214 or until the established date for full funding under section
 93.17 356.215, subdivision 11, whichever occurs earlier in the most recent annual actuarial
 93.18 valuation prepared under section 356.215; or

93.19 (2) July 1, 2048.

93.20 ~~(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02,~~
 93.21 ~~subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers~~
 93.22 ~~Retirement Fund Association must continue until the current assets of the fund equal or~~
 93.23 ~~exceed the actuarial accrued liability of the fund as determined in the most recent actuarial~~
 93.24 ~~report for the fund by the actuary retained under section 356.214 or until the established~~
 93.25 ~~date for full funding under section 356.215, subdivision 11, whichever occurs earlier.~~

93.26 (b) The aid under subdivision 3a, paragraph (c), continues until the earlier of:

93.27 (1) the first day of the fiscal year following the fiscal year in which the actuarial value
 93.28 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as
 93.29 reported by the actuary retained under section 356.214 in the annual actuarial valuation
 93.30 prepared under section 356.215; or

93.31 (2) July 1, 2048.

94.1 Sec. 6. Minnesota Statutes 2016, section 423A.02, subdivision 3, is amended to read:

94.2 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference
94.3 between \$5,720,000 and the current year amortization aid distributed under subdivision 1
94.4 that is not distributed for any reason to a municipality must be distributed by the
94.5 commissioner of revenue according to this paragraph. The commissioner shall distribute
94.6 60 percent of the amounts derived under this paragraph to the Teachers Retirement
94.7 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund
94.8 the unfunded actuarial accrued liabilities of the respective funds. These payments must be
94.9 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or
94.10 the ~~Duluth Teachers Retirement Fund Association becomes fully funded, the association's~~
94.11 satisfies subdivision 5, eligibility for its portion of this aid ceases. Amounts remaining in
94.12 the undistributed balance account at the end of the biennium if aid eligibility ceases cancel
94.13 to the general fund.

94.14 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
94.15 Independent School District No. 625, St. Paul, must make an additional contribution of
94.16 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

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

94.21 Sec. 7. Minnesota Statutes 2016, section 423A.02, subdivision 5, is amended to read:

94.22 Subd. 5. **Termination of state aid programs.** The amortization state aid and additional
94.23 amortization state aid programs ~~terminate as~~ continue until the earlier of:

94.24 (1) the December 31, next following the date of the actuarial valuation when end of the
94.25 fiscal year in which the actuarial value of assets of the St. Paul Teachers Retirement Fund
94.26 Association ~~equal~~ or the Teachers Retirement Association equals or exceeds 100 percent
94.27 of the actuarial accrued liability of that plan or when the assets of the Duluth Teachers
94.28 ~~Retirement Fund Association equal the actuarial accrued liability of that plan, whichever~~
94.29 ~~is later.~~ liabilities as reported by the actuary retained under section 356.214 in the annual
94.30 actuarial valuation report prepared under section 356.215; or

94.31 (2) July 1, 2048.

95.1 Sec. 8. Minnesota Statutes 2016, section 423A.022, subdivision 5, is amended to read:

95.2 Subd. 5. **Aid termination.** (a) The aid under subdivision 2, paragraph (a), clauses (1)
95.3 and (3), ~~ends on~~ continues until the earlier of:

95.4 (1) the December 1 next following the actuarial valuation date on end of the fiscal year
95.5 in which the actuarial value of assets of both the State Patrol retirement plan and the public
95.6 employees police and fire retirement plan on a market value basis equals or exceeds 90
95.7 percent of the total actuarial accrued liabilities of the retirement plan as disclosed in an
95.8 reported by the actuary retained under section 356.214 in the annual actuarial valuation
95.9 prepared under section 356.215 and the Standards for Actuarial Work promulgated by the
95.10 Legislative Commission on Pensions and Retirement, for the State Patrol retirement plan
95.11 or the public employees police and fire retirement plan, whichever occurs last; or

95.12 (2) July 1, 2048.

95.13 (b) The aid under subdivision 2, paragraph (a), clause (2), does not terminate.

95.14 Sec. 9. Minnesota Statutes 2016, section 490.123, is amended by adding a subdivision to
95.15 read:

95.16 Subd. 5. **Direct state aid.** (a) The state shall pay \$6,000,000 annually to the judges'
95.17 retirement fund. The aid is payable each October 1. The commissioner of management and
95.18 budget shall pay the aid specified in this subdivision. The amount required is annually
95.19 appropriated from the general fund to the commissioner of management and budget.

95.20 (b) The aid under paragraph (a) continues until the earlier of:

95.21 (1) the first day of the fiscal year following the fiscal year in which the actuarial value
95.22 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as
95.23 reported by the actuary retained under section 356.214 in the annual actuarial valuation
95.24 prepared under section 356.215; or

95.25 (2) July 1, 2048.

95.26 Sec. 10. **REPEALER.**

95.27 Laws 2008, chapter 349, article 8, section 4, is repealed.

95.28 Sec. 11. **EFFECTIVE DATE.**

95.29 Sections 1 to 10 are effective June 30, 2018.

ARTICLE 9

MINNESOTA STATE RETIREMENT SYSTEM
ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2016, section 3A.03, subdivision 2, is amended to read:

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

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

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

(d) However, the member may reinstate the rights and credit for service previously forfeited under this chapter if the member repays all refunds taken, plus interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from the date on which the refund was taken to the date on which the refund is repaid. Repayment must be made as provided in section 352.23, paragraph (d).

(e) No person may be required to apply for or to accept a refund.

Sec. 2. Minnesota Statutes 2016, section 3A.03, subdivision 3, is amended to read:

Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special retirement fund, is created within the state treasury. The legislators retirement fund must be credited with any investment proceeds on the assets of the retirement fund.

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

(c) The legislators retirement fund may receive transfers of general fund proceeds.

Sec. 3. Minnesota Statutes 2016, section 16A.14, subdivision 2a, is amended to read:

Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

(1) appropriations for the courts or the legislature;

97.1 (2) payment of unemployment benefits; and

97.2 (3) transactions within the defined contribution funds administered by the Minnesota
97.3 State Retirement System.

97.4 Sec. 4. Minnesota Statutes 2016, section 352.01, subdivision 2a, is amended to read:

97.5 Subd. 2a. **Included employees.** (a) "State employee" includes:

97.6 (1) employees of the Minnesota Historical Society;

97.7 (2) employees of the State Horticultural Society;

97.8 (3) employees of the Minnesota Crop Improvement Association;

97.9 (4) employees of the adjutant general whose salaries are paid from federal funds and
97.10 who are not covered by any federal civilian employees retirement system;

97.11 (5) employees of the Minnesota State Colleges and Universities who are employed under
97.12 the university or college activities program;

97.13 (6) currently contributing employees covered by the system who are temporarily
97.14 employed by the legislature during a legislative session or any currently contributing
97.15 employee employed for any special service as defined in subdivision 2b, clause (6);

97.16 (7) employees of the legislature who are appointed without a limit on the duration of
97.17 their employment;

97.18 (8) trainees who are employed on a full-time established training program performing
97.19 the duties of the classified position for which they will be eligible to receive immediate
97.20 appointment at the completion of the training period;

97.21 (9) employees of the Minnesota Safety Council;

97.22 (10) any employees who are on authorized leave of absence from the Transit Operating
97.23 Division of the former Metropolitan Transit Commission and who are employed by the
97.24 labor organization which is the exclusive bargaining agent representing employees of the
97.25 Transit Operating Division;

97.26 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
97.27 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito Control
97.28 Commission unless excluded under subdivision 2b or are covered by another public pension
97.29 fund or plan under section 473.415, subdivision 3;

97.30 (12) judges of the Tax Court;

98.1 (13) personnel who were employed on June 30, 1992, by the University of Minnesota
98.2 in the management, operation, or maintenance of its heating plant facilities, whose
98.3 employment transfers to an employer assuming operation of the heating plant facilities, so
98.4 long as the person is employed at the University of Minnesota heating plant by that employer
98.5 or by its successor organization;

98.6 (14) personnel who are employed as seasonal employees in the classified or unclassified
98.7 service;

98.8 (15) persons who are employed by the Department of Commerce as a peace officer in
98.9 the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory
98.10 retirement age specified in section 43A.34, subdivision 4;

98.11 (16) employees of the University of Minnesota unless excluded under subdivision 2b,
98.12 clause (3);

98.13 (17) employees of the Middle Management Association whose employment began after
98.14 July 1, 2007, and to whom section 352.029 does not apply;

98.15 (18) employees of the Minnesota Government Engineers Council to whom section
98.16 352.029 does not apply;

98.17 (19) employees of the Minnesota Sports Facilities Authority;

98.18 (20) employees of the Minnesota Association of Professional Employees;

98.19 (21) employees of the Minnesota State Retirement System;

98.20 (22) employees of the State Agricultural Society;

98.21 (23) employees of the Gillette Children's Hospital Board who were employed in the
98.22 state unclassified service at the former Gillette Children's Hospital on March 28, 1974; ~~and~~

98.23 (24) if approved for coverage by the Board of Directors of Conservation Corps Minnesota,
98.24 employees of Conservation Corps Minnesota so employed on June 30, 2003-; and

98.25 (25) employees of the Perpich Center for Arts Education who are covered by the general
98.26 state employees retirement plan of the Minnesota State Retirement System as of July 1,
98.27 2016.

98.28 (b) Employees specified in paragraph (a), clause (13), are included employees under
98.29 paragraph (a) if employer and employee contributions are made in a timely manner in the
98.30 amounts required by section 352.04. Employee contributions must be deducted from salary.
98.31 Employer contributions are the sole obligation of the employer assuming operation of the

99.1 University of Minnesota heating plant facilities or any successor organizations to that
99.2 employer.

99.3 Sec. 5. Minnesota Statutes 2016, section 352.03, subdivision 5, is amended to read:

99.4 Subd. 5. **Executive director, deputy director, and assistant director.** (a) The board
99.5 shall appoint an executive director, in this chapter called the director, of the system must
99.6 be appointed by the board on the basis of fitness education, experience in the retirement
99.7 field, and leadership ability to manage and lead system staff, and ability to assist the board
99.8 in setting a vision for the system. The director must have had at least five years' experience
99.9 on the administrative staff of a major retirement system in either an executive level
99.10 management position or in a position with responsibility for the governance, management,
99.11 or administration of a retirement plan.

99.12 (b) The executive director, deputy director, and assistant director must be in the
99.13 unclassified service but appointees may be selected from civil service lists if desired.
99.14 Notwithstanding any law to the contrary, the board must set the salary of the executive
99.15 director. The salary of the executive director must not exceed the limit for a position listed
99.16 in section 15A.0815, subdivision 2. The salary of the deputy director and assistant director
99.17 must be set in accordance with section 43A.18, subdivision 3.

99.18 Sec. 6. Minnesota Statutes 2016, section 352.03, subdivision 6, is amended to read:

99.19 Subd. 6. **Duties and powers of executive director.** The management of the system is
99.20 vested in the director, who is the executive and administrative head of the system. The
99.21 director may appoint a deputy director and an assistant director with the approval of the
99.22 board. The director shall be advisor to the board on matters pertaining to the system and
99.23 shall also act as the secretary of the board. The director shall:

99.24 (1) attend meetings of the board;

99.25 (2) prepare and recommend to the board appropriate rules to carry out this chapter;

99.26 (3) establish and maintain an adequate system of records and accounts following
99.27 recognized accounting principles and controls;

99.28 ~~(4) designate an assistant director with the approval of the board;~~

99.29 ~~(5)~~ (4) appoint any employees, both permanent and temporary, that are necessary to
99.30 carry out the provisions of this chapter;

100.1 ~~(6)~~ (5) organize the work of the system as the director deems necessary to fulfill the
100.2 functions of the system, and define the duties of its employees and delegate to them any
100.3 powers or duties, subject to the control of the director and under conditions the director may
100.4 prescribe. Appointments to exercise delegated power must be by written order and shall be
100.5 filed with the secretary of state;

100.6 ~~(7)~~ (6) with the advice and consent of the board, contract for the services of an approved
100.7 actuary, professional management services, and any other consulting services as necessary
100.8 and fix the compensation for those services. The contracts are not subject to competitive
100.9 bidding under chapter 16C. Any approved actuary retained by the executive director shall
100.10 function as the actuarial advisor of the board and the executive director, and may perform
100.11 actuarial valuations and experience studies to supplement those performed by the actuary
100.12 retained under section 356.214. Any supplemental actuarial valuations or experience studies
100.13 shall be filed with the executive director of the Legislative Commission on Pensions and
100.14 Retirement. Professional management services may not be contracted for more often than
100.15 once in six years. Copies of professional management survey reports must be transmitted
100.16 to the secretary of the senate, the chief clerk of the house of representatives, and the
100.17 Legislative Reference Library as provided by section 3.195, and to the executive director
100.18 of the commission at the time as reports are furnished to the board. Only management firms
100.19 experienced in conducting management surveys of federal, state, or local public retirement
100.20 systems are qualified to contract with the director;

100.21 ~~(8)~~ (7) with the advice and consent of the board provide in-service training for the
100.22 employees of the system;

100.23 ~~(9)~~ (8) make refunds of accumulated contributions to former state employees and to the
100.24 designated beneficiary, surviving spouse, legal representative, or next of kin of deceased
100.25 state employees or deceased former state employees, as provided in this chapter;

100.26 ~~(10)~~ (9) determine the amount of the annuities and disability benefits of employees
100.27 covered by the system and authorize payment of the annuities and benefits beginning as of
100.28 the dates on which the annuities and benefits begin to accrue, in accordance with the
100.29 provisions of this chapter;

100.30 ~~(11)~~ (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating
100.31 expenses of the system;

100.32 ~~(12)~~ (11) certify funds available for investment to the State Board of Investment;

100.33 ~~(13)~~ (12) with the advice and approval of the board request the State Board of Investment
100.34 to sell securities when the director determines that funds are needed for the system;

101.1 ~~(14)~~ (13) prepare and submit to the board and the legislature an annual financial report
101.2 covering the operation of the system, as required by section 356.20;

101.3 ~~(15)~~ (14) prepare and submit biennial and annual budgets to the board and with the
101.4 approval of the board submit the budgets to the Department of Management and Budget;
101.5 and

101.6 ~~(16)~~ (15) with the approval of the board, perform other duties required to administer the
101.7 retirement and other provisions of this chapter and to do its business.

101.8 Sec. 7. Minnesota Statutes 2016, section 352.113, subdivision 4, is amended to read:

101.9 Subd. 4. **Medical or psychological examinations; authorization for payment of**
101.10 **benefit.** (a) Any physician, psychologist, chiropractor, ~~or~~ physician assistant, or nurse
101.11 practitioner providing any service specified in this section must be licensed.

101.12 (b) An applicant shall provide a detailed report signed by a physician, and at least one
101.13 additional report signed by a physician, ~~chiropractor~~, psychologist, ~~or~~ chiropractor, physician
101.14 assistant, or nurse practitioner with evidence to support an application for total and permanent
101.15 disability. The reports must include an expert opinion regarding whether the employee is
101.16 permanently and totally disabled within the meaning of section 352.01, subdivision 17, and
101.17 that the disability arose before the employee was placed on any paid or unpaid leave of
101.18 absence or terminated public service.

101.19 (c) If there is medical evidence that supports the expectation that at some point the person
101.20 applying for the disability benefit will no longer be disabled, the decision granting the
101.21 disability benefit may provide for a termination date upon which the total and permanent
101.22 disability can be expected to no longer exist. When a termination date is part of the decision
101.23 granting benefits, prior to the benefit termination the executive director shall review any
101.24 evidence provided by the disabled employee to show that the disabling condition for which
101.25 benefits were initially granted continues. If the benefits cease, the disabled employee may
101.26 follow the appeal procedures described in section 356.96 or may reapply for disability
101.27 benefits using the process described in this subdivision.

101.28 (d) Any claim to disability must be supported by a report from the employer indicating
101.29 that there is no available work that the employee can perform with the disabling condition
101.30 and that all reasonable accommodations have been considered. Upon request of the executive
101.31 director, an employer shall provide evidence of the steps the employer has taken to attempt
101.32 to provide reasonable accommodations and continued employment to the claimant.

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

(f) The medical adviser shall consider the reports of the ~~physicians, physician assistants, psychologists, and chiropractors~~ physician, psychologist, chiropractor, physician assistant, or nurse practitioner and any other evidence supplied by the employee or other interested parties. If the medical adviser finds the employee totally and permanently disabled, the adviser shall make appropriate recommendation to the director in writing together with the date from which the employee has been totally disabled. The director shall then determine if the disability occurred ~~within 18 months of filing the application~~, while still in the employment of the state, ~~and the propriety of authorizing payment of a disability benefit as provided in this section~~ and constitutes a total and permanent disability as defined in section 352.01, subdivision 17.

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

(h) Upon appeal, the board of directors may extend the disability benefit application deadline in paragraph (g) by an additional 18 months if the terminated employee is determined by the board of directors to have a cognitive impairment that made it unlikely that the terminated employee understood that there was an application deadline or that the terminated employee was able to meet the application deadline.

~~(h)~~ (i) Unless the payment of a disability benefit has terminated because the employee is no longer totally disabled, or because the employee has reached normal retirement age as provided in this section, the disability benefit must cease with the last payment received by the disabled employee or which had accrued during the lifetime of the employee unless there is a spouse surviving. In that event, the surviving spouse is entitled to the disability benefit for the calendar month in which the disabled employee died.

Sec. 8. Minnesota Statutes 2016, section 352.113, subdivision 14, is amended to read:

Subd. 14. **Disabilitant earnings reports.** Disability benefit recipients must report all earnings from reemployment and income from workers' compensation to the system annually by May 15 in a format prescribed by the executive director. The executive director may waive the earnings report requirement for any disabled employee who is not required to

103.1 undergo regular medical or psychological examinations under subdivision 6. If the form is
103.2 not submitted by June 15, benefits must be suspended effective July 1. If the form deemed
103.3 acceptable by the executive director is received after the June 15 deadline, benefits shall be
103.4 reinstated retroactive to July 1.

103.5 Sec. 9. Minnesota Statutes 2016, section 352.23, is amended to read:

103.6 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

103.7 (a) When any employee accepts a refund as provided in section 352.22, all existing
103.8 allowable service credits and all rights and benefits to which the employee was entitled
103.9 before accepting the refund terminate.

103.10 (b) Terminated service credits and rights must not again be restored until the former
103.11 employee acquires at least six months of allowable service credit after taking the last refund.
103.12 ~~In that event, the employee may repay and repays~~ all refunds previously taken from the
103.13 retirement fund with interest as provided in paragraph (d).

103.14 (c) Repayment of refunds entitles the employee only to credit for service covered by (1)
103.15 salary deductions; (2) payments previously made in lieu of salary deductions as permitted
103.16 under law in effect when the payment in lieu of deductions was made; (3) payments made
103.17 to obtain credit for service as permitted by laws in effect when payment was made; and (4)
103.18 allowable service previously credited while receiving temporary workers' compensation as
103.19 provided in section 352.01, subdivision 11, paragraph (a), clause (3).

103.20 (d) Payments under this section for repayment of refunds are to be paid with interest at
103.21 the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually
103.22 from the date the refund was taken until the date the refund is repaid. They Repayment may
103.23 ~~be paid in a lump sum or by payroll deduction in the manner provided in section 352.04.~~
103.24 Payment may be made in partial payments consistent with section 356.44 during employment
103.25 or in a lump sum up to six months after termination from service.

103.26 Sec. 10. Minnesota Statutes 2016, section 352B.11, subdivision 4, is amended to read:

103.27 Subd. 4. **Reentry into state service.** When a former member, who has become separated
103.28 from state service that entitled the member to membership and has received a refund of
103.29 retirement payments, reenters the state service in a position that entitles the member to
103.30 membership, that member shall receive credit for the period of prior allowable state service
103.31 if the member repays into the fund the amount of the refund, plus interest on it at the rate
103.32 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually, ~~at~~

104.1 ~~any time before subsequent retirement. Repayment may be made in installments or in a~~
104.2 ~~lump sum.~~ Repayment must be made as provided in section 352.23, paragraph (d).

104.3 Sec. 11. Minnesota Statutes 2016, section 352D.02, subdivision 1, is amended to read:

104.4 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3),
104.5 (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or
104.6 Metropolitan Council and are eligible for coverage under the general state employees
104.7 retirement plan under chapter 352, are participants in the unclassified program under this
104.8 chapter ~~unless the employee gives notice to the executive director of the Minnesota State~~
104.9 ~~Retirement System within one year following the commencement of employment in the~~
104.10 ~~unclassified service that the employee desires coverage under the general state employees~~
104.11 ~~retirement plan. For the purposes of this chapter, an employee who does not file notice with~~
104.12 ~~the executive director is deemed to have exercised the option to participate in the unclassified~~
104.13 ~~program.~~

104.14 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified
104.15 program under this chapter unless the person was eligible to elect different coverage under
104.16 section 3A.07 and elected retirement coverage by the applicable alternative retirement plan.
104.17 Persons referenced in paragraph (c), clause (15), are participants in the unclassified program
104.18 under this chapter for judicial employment in excess of the service credit limit in section
104.19 490.121, subdivision 22.

104.20 (c) Enumerated employees and referenced persons are:

104.21 (1) the governor, the lieutenant governor, the secretary of state, the state auditor, and
104.22 the attorney general;

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

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

104.26 (4) the head of a department, division, or agency created by statute in the unclassified
104.27 service, an acting department head subsequently appointed to the position, or an employee
104.28 enumerated in section 15A.0815 or 15A.083, subdivision 4;

104.29 (5) a member of the legislature;

104.30 (6) an unclassified employee of the legislature or a commission or agency of the
104.31 legislature who is appointed without a limit on the duration of the employment or a temporary
104.32 legislative employee having shares in the supplemental retirement fund as a result of former

105.1 employment covered by this chapter, whether or not eligible for coverage under the
105.2 Minnesota State Retirement System;

105.3 (7) a person who is employed in a position established under section 43A.08, subdivision
105.4 1, clause (3), or in a position authorized under a statute creating or establishing a department
105.5 or agency of the state, which is at the deputy or assistant head of department or agency or
105.6 director level;

105.7 (8) the regional administrator, or executive director of the Metropolitan Council, general
105.8 counsel, division directors, operations managers, and other positions as designated by the
105.9 council, all of which may not exceed 27 positions at the council and the chair;

105.10 (9) the commissioner, deputy commissioner, and not to exceed nine positions of the
105.11 Minnesota Office of Higher Education in the unclassified service, as designated by the
105.12 Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated
105.13 with the approval of the board of directors of the Minnesota State Retirement System, unless
105.14 the person has elected coverage by the individual retirement account plan under chapter
105.15 354B;

105.16 (10) the clerk of the appellate courts appointed under article VI, section 2, of the
105.17 Constitution of the state of Minnesota, the state court administrator and judicial district
105.18 administrators;

105.19 (11) the chief executive officers of correctional facilities operated by the Department of
105.20 Corrections and of hospitals and nursing homes operated by the Department of Human
105.21 Services;

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

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

105.24 (14) an employee of the State Lottery who is covered by the managerial plan established
105.25 under section 43A.18, subdivision 3;

105.26 (15) a judge who has exceeded the service credit limit in section 490.121, subdivision
105.27 22;

105.28 (16) an employee of Enterprise Minnesota, Inc.;

105.29 (17) a person employed by the Minnesota State Colleges and Universities as faculty or
105.30 in an eligible unclassified administrative position as defined in section 354B.20, subdivision
105.31 6, who was employed by the former state university or the former community college system
105.32 before May 1, 1995, and elected unclassified program coverage prior to May 1, 1995; and

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

Sec. 12. Minnesota Statutes 2016, section 352D.02, subdivision 3, is amended to read:

Subd. 3. **Transfer to general employees retirement plan.** (a) ~~If permitted under paragraph (b), an employee~~ A person in the unclassified program and referred to in subdivision 1, paragraph (c), clauses (2) to (4), (6) to (14), and (16) to (18), who is credited with shares in the unclassified program and has credit for allowable service may elect to terminate participation in the unclassified program and be covered by the general state employees retirement plan. ~~(b) An employee specified in paragraph (a) is permitted to terminate participation in the unclassified program and be covered by~~ if the person files an election to transfer to the general state employees retirement plan if the employee with the executive director of the Minnesota State Retirement System as provided in paragraph (b) and the person's current employment or appointment:

(1) ~~was employed~~ began before July 1, 2010, and the person has at least ten years of ~~allowable service~~ covered employment; or

(2) ~~was first employed~~ began after June 30, 2010, and the person has no more than seven years of allowable service in the unclassified program.

~~The (b) An election to transfer~~ must be in writing, on a form provided by the executive director, and ~~can be made no later than one month following the termination of covered employment.~~ delivered to the executive director:

(1) for persons described in paragraph (a), clause (1), no later than one month following the termination of covered employment; or

(2) for persons described in paragraph (a), clause (2), by the earlier of (i) the end of the month following the termination of employment in a position covered by the unclassified program, and (ii) the last day of the seventh year of allowable service in the unclassified program.

For purposes of this chapter, an employee who does not file an election to transfer with the executive director is deemed to have exercised the option to participate in the unclassified program.

(c) If the transfer election is made, the executive director shall redeem the employee's total shares and credit to the employee's account in the general employees retirement plan

107.1 the amount of contributions that would have been credited had the employee been covered
107.2 by the general employees retirement plan during the employee's entire covered employment.
107.3 The balance of money redeemed and not credited to the employee's account must be
107.4 transferred to the general employees retirement plan, except that the executive director must
107.5 determine:

107.6 (1) the employee contributions paid to the unclassified program; and

107.7 (2) the employee contributions that would have been paid to the general employees
107.8 retirement plan for the comparable period, if the individual had been covered by that plan.

107.9 If clause (1) is greater than clause (2), the difference must be refunded to the employee
107.10 as provided in section 352.22. If clause (2) is greater than clause (1), the difference must
107.11 be paid by the employee within six months of electing general employees retirement plan
107.12 coverage or before the effective date of the annuity, whichever is sooner.

107.13 (d) An election under paragraph (b) to transfer coverage to the general employees
107.14 retirement plan is irrevocable during any period of covered employment.

107.15 (e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or (15), who is
107.16 credited with employee shares in the unclassified program is not permitted to terminate
107.17 participation in the unclassified program and be covered by the general employees retirement
107.18 plan.

107.19 Sec. 13. Minnesota Statutes 2016, section 352D.05, subdivision 4, is amended to read:

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

107.22 (b) A participant in the unclassified program or an employee covered by the general
107.23 employees retirement plan who has withdrawn the value of the total shares may repay the
107.24 refund taken and thereupon restore the service credit, rights and benefits forfeited by paying
107.25 into the fund the amount refunded plus interest at the rate of 8.5 percent until June 30, 2015,
107.26 and eight percent thereafter compounded annually from the date that the refund was taken
107.27 until the date that the refund is repaid. If the participant had withdrawn only the employee
107.28 shares as permitted under prior laws, repayment must be pro rata.

107.29 (c) ~~Except as provided in section 356.441, the repayment of a refund under this section~~
107.30 ~~must be made in a lump sum~~ Repayment must be made as provided in section 352.23,
107.31 paragraph (d).

108.1 Sec. 14. Minnesota Statutes 2016, section 490.124, subdivision 12, is amended to read:

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

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

108.7 (c) A person who becomes a judge again after taking a refund under paragraph (a) may
108.8 reinstate the previously terminated allowable service credit, rights, and benefits by repaying
108.9 the total amount of the previously received refund. The refund repayment must include
108.10 interest on the total amount previously received at the annual rate of 8.5 percent until June
108.11 30, 2015, and eight percent thereafter, compounded annually, from the date on which the
108.12 refund was received until the date on which the refund is repaid. Repayment must be made
108.13 as provided in section 352.23, paragraph (d).

108.14 Sec. 15. **EFFECTIVE DATE.**

108.15 Sections 1 to 14 are effective June 30, 2018.

108.16 **ARTICLE 10**

108.17 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**
108.18 **ADMINISTRATIVE PROVISIONS**

108.19 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 2b, is amended to read:

108.20 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
108.21 participate as members of the association with retirement coverage by the general employees
108.22 retirement plan, the local government correctional employees retirement plan under chapter
108.23 353E, or the public employees police and fire retirement plan:

108.24 (1) persons whose annual salary from one governmental subdivision never exceeds an
108.25 amount, stipulated in writing in advance, of \$5,100 if the person is not a school district
108.26 employee or \$3,800 if the person is a school year employee. If annual compensation from
108.27 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
108.28 year or a school year, whichever applies, after being stipulated in advance not to exceed the
108.29 applicable amount, the stipulation is no longer valid and contributions must be made on
108.30 behalf of the employee under section 353.27, subdivision 12, from the first month in which
108.31 the employee received salary exceeding \$425 in a month;

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

109.5 (3) election judges and persons employed solely to administer elections;

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

109.7 (5) except as otherwise specified in subdivision 12a, employees who are employed solely
109.8 in a temporary position as defined under subdivision 12a, and employees who resign from
109.9 a nontemporary position and accept a temporary position within 30 days of that resignation
109.10 in the same governmental subdivision;

109.11 (6) employees who are employed by reason of work emergency caused by fire, flood,
109.12 storm, or similar disaster, but if the person becomes a probationary or provisional employee
109.13 within the same pay period, other than on a temporary basis, the person is a "public
109.14 employee" retroactively to the beginning of the pay period;

109.15 (7) employees who by virtue of their employment in one governmental subdivision are
109.16 required by law to be a member of and to contribute to any of the plans or funds administered
109.17 by the Minnesota State Retirement System, the Teachers Retirement Association, or the St.
109.18 Paul Teachers Retirement Fund Association, but this exclusion must not be construed to
109.19 prevent a person from being a member of and contributing to the Public Employees
109.20 Retirement Association and also belonging to and contributing to another public pension
109.21 plan or fund for other service occurring during the same period of time, and a person who
109.22 meets the definition of "public employee" in subdivision 2 by virtue of other service occurring
109.23 during the same period of time becomes a member of the association unless contributions
109.24 are made to another public retirement plan on the salary based on the other service or to the
109.25 Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

109.26 (8) persons who are members of a religious order and are excluded from coverage under
109.27 the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance
109.28 of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if
109.29 no irrevocable election of coverage has been made under section 3121(r) of the Internal
109.30 Revenue Code of 1954, as amended;

109.31 (9) persons who are:

109.32 (i) employed by a governmental subdivision who have not reached the age of 23 and
109.33 who are enrolled on a full-time basis to attend or are attending classes on a full-time basis

110.1 at an accredited school, college, or university in an undergraduate, graduate, or
110.2 professional-technical program, or at a public or charter high school;

110.3 (ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist
110.4 interns and are serving in a degree or residency program in a public hospital or in a public
110.5 clinic; or

110.6 (iii) students who are serving for a period not to exceed five years in an internship or a
110.7 residency program that is sponsored by a governmental subdivision, including an accredited
110.8 educational institution;

110.9 (10) persons who hold a part-time adult supplementary technical college license who
110.10 render part-time teaching service in a technical college;

110.11 (11) ~~except for employees of~~ for the first three years of employment, foreign citizens
110.12 who are employed by a governmental subdivision, other than Hennepin County or employees
110.13 ~~of Hennepin Healthcare System, Inc., foreign citizens who are employed by a governmental~~
110.14 ~~subdivision under a one or more work permit permits or under an H-1b visa initially issued~~
110.15 ~~or extended for a combined period of less than three years of employment but upon extension~~
110.16 ~~of the employment of the visa beyond the three-year period, the foreign citizen must be~~
110.17 ~~reported for membership beginning on the first of the month following the extension if the~~
110.18 ~~monthly earnings threshold as provided under subdivision 2a, paragraph (a), is met~~ work
110.19 visas;

110.20 (12) public hospital employees who elected not to participate as members of the
110.21 association before 1972 and who did not elect to participate from July 1, 1988, to October
110.22 1, 1988;

110.23 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
110.24 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
110.25 may still qualify as public employees under subdivision 2 and may be members of the Public
110.26 Employees Retirement Association and participants in the general employees retirement
110.27 plan or the public employees police and fire plan, whichever applies, on the basis of
110.28 compensation received from public employment service other than service as volunteer
110.29 ambulance service personnel;

110.30 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
110.31 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
110.32 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
110.33 and may be a member of the Public Employees Retirement Association and a participant
110.34 in the general employees retirement plan or the public employees police and fire plan,

111.1 whichever applies, on the basis of compensation received from public employment activities
111.2 other than those as a volunteer firefighter;

111.3 (15) pipefitters and associated trades personnel employed by Independent School District
111.4 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
111.5 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
111.6 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
111.7 12;

111.8 (16) electrical workers, plumbers, carpenters, and associated trades personnel who are
111.9 employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who
111.10 have retirement coverage under a collective bargaining agreement by the Electrical Workers
111.11 Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the
111.12 pension plan applicable to Carpenters Local 322 who were either first employed after May
111.13 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
111.14 chapter 461, article 7, section 5;

111.15 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
111.16 allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent
111.17 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
111.18 by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local
111.19 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters
111.20 and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension
111.21 plan who were either first employed after May 1, 2001, or if first employed before May 2,
111.22 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10,
111.23 section 6;

111.24 (18) plumbers who are employed by the Metropolitan Airports Commission, with
111.25 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
111.26 who either were first employed after May 1, 2001, or if first employed before May 2, 2001,
111.27 elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section
111.28 6;

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

111.32 (20) persons who are provided supported employment or work-study positions by a
111.33 governmental subdivision and who participate in an employment or industries program
111.34 maintained for the benefit of these persons where the governmental subdivision limits the

112.1 position's duration to up to five years, including persons participating in a federal or state
112.2 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
112.3 relief program where the training or work experience is not provided as a part of, or for,
112.4 future permanent public employment;

112.5 (21) independent contractors and the employees of independent contractors;

112.6 (22) reemployed annuitants of the association during the course of that reemployment;

112.7 (23) persons appointed to serve on a board or commission of a governmental subdivision
112.8 or an instrumentality thereof;

112.9 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
112.10 Transit Commission who are members of the International Brotherhood of Teamsters Local
112.11 638 and who are, by virtue of that employment, members of the International Brotherhood
112.12 of Teamsters Central States pension plan; and

112.13 (25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board,
112.14 with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters
112.15 local 539 pension plan, who were first employed before May 2, 2015, and who elected to
112.16 be excluded under Laws 2015, chapter 68, article 11, section 5.

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

112.20 Sec. 2. Minnesota Statutes 2016, section 353.01, subdivision 10, is amended to read:

112.21 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

112.22 (1) the wages or periodic compensation payable to a public employee by the employing
112.23 governmental subdivision before:

112.24 (i) employee retirement deductions that are designated as picked-up contributions under
112.25 section 356.62;

112.26 (ii) any employee-elected deductions for deferred compensation, supplemental retirement
112.27 plans, or other voluntary salary reduction programs that would have otherwise been available
112.28 as a cash payment to the employee; and

112.29 (iii) employee deductions for contributions to a supplemental plan or to a governmental
112.30 trust established under section 356.24, subdivision 1, clause (7), to save for postretirement
112.31 health care expenses, unless otherwise excluded under paragraph (b);

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions to the applicable supplemental retirement plan when an agreement between the parties establishes that the contributions will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages;

(3) a payment from a public employer through a grievance proceeding, settlement, or court order that is attached to a specific earnings period in which the employee's regular salary was not earned or paid to the member due to a suspension or a period of involuntary termination that is not a wrongful discharge under section 356.50; provided the amount is not less than the equivalent of the average of the hourly base salary rate in effect during the last six months of allowable service prior to the suspension or period of involuntary termination, plus any applicable increases awarded during the period that would have been paid under a collective bargaining agreement or personnel policy but for the suspension or involuntary termination, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the suspension or period of involuntary termination, but not to exceed the compensation that the public employee would have earned if regularly employed during the applicable period;

(4) ~~for a member who is absent from employment due to~~ compensation paid during an authorized leave of absence, other than an authorized medical leave of absence, as long as the compensation paid during the leave if equivalent to a pay period is not less than the lesser of:

(i) the product of the average hourly base salary rate in effect during the six months of allowable service, or portions thereof, prior to immediately preceding the leave, multiplied by the average number of regular hours for which the employee was compensated each pay period during the six months of allowable service prior to immediately preceding the applicable leave of absence; or

(ii) compensation equal to the value of the employee's total available accrued leave hours;

(5) ~~for a member who is absent from employment by reason of~~ compensation paid during an authorized medical leave of absence, other than a workers' compensation leave, as long as the compensation paid during the leave if specified in advance to be at least a pay period is not less than the lesser of:

114.1 (i) the product of one-half of, but no more than equal to, the earnings the member
114.2 received, on which contributions were reported and allowable service credited and the
114.3 average hourly base salary rate in effect during the six months of allowable service
114.4 immediately preceding the medical leave of absence; and or

114.5 (ii) compensation equal to the value of the employee's total available accrued leave
114.6 hours; and

114.7 (6) for a public employee who receives performance or merit bonus payment under a
114.8 written compensation plan, policy, or collective bargaining agreement in addition to regular
114.9 salary or in lieu of regular salary increases, the compensation paid to the employee for
114.10 attaining or exceeding performance goals, duties, or measures during a specified period of
114.11 employment.

114.12 (b) Salary does not mean:

114.13 (1) fees paid to district court reporters;

114.14 (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or
114.15 periodic payments;

114.16 (3) for the donor, payment to another person of the value of hours donated under a
114.17 benevolent vacation, personal, or sick leave donation program;

114.18 (4) any form of severance or retirement incentive payments;

114.19 (5) an allowance payment or per diem payments for or reimbursement of expenses;

114.20 (6) lump-sum settlements not attached to a specific earnings period;

114.21 (7) workers' compensation payments or disability insurance payments, including payments
114.22 from employer self-insurance arrangements;

114.23 (8) employer-paid amounts used by an employee toward the cost of insurance coverage,
114.24 flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses,
114.25 or any payments in lieu of any employer-paid group insurance coverage, including the
114.26 difference between single and family rates that may be paid to a member with single coverage
114.27 and certain amounts determined by the executive director to be ineligible;

114.28 (9) employer-paid fringe benefits, including, but not limited to:

114.29 (i) employer-paid premiums or supplemental contributions for employees for all types
114.30 of insurance;

114.31 (ii) membership dues or fees for the use of fitness or recreational facilities;

- 115.1 (iii) incentive payments or cash awards relating to a wellness program;
- 115.2 (iv) the value of any nonmonetary benefits;
- 115.3 (v) any form of payment made in lieu of an employer-paid fringe benefit;
- 115.4 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity
- 115.5 program; and
- 115.6 (vii) any amount paid by the employer as a supplement to salary, either as a lump-sum
- 115.7 amount or a fixed or matching amount paid on a recurring basis, that is not available to the
- 115.8 employee as cash;
- 115.9 (10) the amount equal to that which the employing governmental subdivision would
- 115.10 otherwise pay toward single or family insurance coverage for a covered employee when,
- 115.11 through a contract or agreement with some but not all employees, the employer:
- 115.12 (i) discontinues, or for new hires does not provide, payment toward the cost of the
- 115.13 employee's selected insurance coverages under a group plan offered by the employer;
- 115.14 (ii) makes the employee solely responsible for all contributions toward the cost of the
- 115.15 employee's selected insurance coverages under a group plan offered by the employer,
- 115.16 including any amount the employer makes toward other employees' selected insurance
- 115.17 coverages under a group plan offered by the employer; and
- 115.18 (iii) provides increased salary rates for employees who do not have any employer-paid
- 115.19 group insurance coverages;
- 115.20 (11) except as provided in section 353.86 or 353.87, compensation of any kind paid to
- 115.21 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
- 115.22 35 or 36;
- 115.23 (12) the amount of compensation that exceeds the limitation provided in section 356.611;
- 115.24 (13) amounts paid by a federal or state grant for which the grant specifically prohibits
- 115.25 grant proceeds from being used to make pension plan contributions, unless the contributions
- 115.26 to the plan are made from sources other than the federal or state grant; and
- 115.27 (14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).
- 115.28 (c) Amounts, other than those provided under paragraph (a), clause (3), provided to an
- 115.29 employee by the employer through a grievance proceeding, a court order, or a legal settlement
- 115.30 are salary only if the settlement or court order is reviewed by the executive director and the
- 115.31 amounts are determined by the executive director to be consistent with paragraph (a) and
- 115.32 prior determinations.

116.1 Sec. 3. Minnesota Statutes 2016, section 353.01, subdivision 47, is amended to read:

116.2 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an
116.3 annuity or benefit from a retirement plan administered by the Public Employees Retirement
116.4 Association by having credit for sufficient allowable service under paragraph (b), (c), or
116.5 (d), whichever applies.

116.6 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
116.7 member of the general employees retirement plan of the Public Employees Retirement
116.8 Association:

116.9 (1) a public employee who first became a member of the association before July 1, 2010,
116.10 is 100 percent vested when the person has accrued credit for not less than three years of
116.11 allowable service ~~as defined under subdivision 16~~ in the general employees retirement plan;
116.12 and

116.13 (2) a public employee who first becomes a member of the association after June 30,
116.14 2010, is 100 percent vested when the person has accrued credit for not less than five years
116.15 of allowable service ~~as defined under subdivision 16~~ in the general employees retirement
116.16 plan.

116.17 (c) For purposes of qualifying for an annuity or benefit as a member of the local
116.18 government correctional ~~employees~~ service retirement plan:

116.19 (1) a public employee who first became a member of the association before July 1, 2010,
116.20 is 100 percent vested when the person has accrued credit for not less than three years of
116.21 allowable service ~~as defined under subdivision 16~~ in the local government correctional
116.22 service retirement plan; and

116.23 (2) a public employee who first becomes a member of the association after June 30,
116.24 2010, is vested at the following percentages when the person has accrued ~~credited~~ credit
116.25 for allowable service as defined under subdivision 16, in the local government correctional
116.26 service retirement plan, as follows:

116.27 (i) 50 percent after five years;

116.28 (ii) 60 percent after six years;

116.29 (iii) 70 percent after seven years;

116.30 (iv) 80 percent after eight years;

116.31 (v) 90 percent after nine years; and

116.32 (vi) 100 percent after ten years.

117.1 (d) For purposes of qualifying for an annuity or benefit as a member of the public
117.2 employees police and fire retirement plan:

117.3 (1) a public employee who first became a member of the association before July 1, 2010,
117.4 is 100 percent vested when the person has accrued credit for not less than three years of
117.5 allowable service ~~as defined under subdivision 16~~ in the public employees police and fire
117.6 retirement plan;

117.7 (2) a public employee who first becomes a member of the association after June 30,
117.8 2010, and before July 1, 2014, is vested at the following percentages when the person has
117.9 accrued credited allowable service ~~as defined under subdivision 16~~ in the public employees
117.10 police and fire retirement plan, as follows:

117.11 (i) 50 percent after five years;

117.12 (ii) 60 percent after six years;

117.13 (iii) 70 percent after seven years;

117.14 (iv) 80 percent after eight years;

117.15 (v) 90 percent after nine years; and

117.16 (vi) 100 percent after ten years; and

117.17 (3) a public employee who first becomes a member of the association after June 30,
117.18 2014, is vested at the following percentages when the person has accrued ~~credited~~ credit
117.19 for allowable service as defined under subdivision 16 in the public employees police and
117.20 fire retirement plan, as follows:

117.21 (i) 50 percent after ten years;

117.22 (ii) 55 percent after 11 years;

117.23 (iii) 60 percent after 12 years;

117.24 (iv) 65 percent after 13 years;

117.25 (v) 70 percent after 14 years;

117.26 (vi) 75 percent after 15 years;

117.27 (vii) 80 percent after 16 years;

117.28 (viii) 85 percent after 17 years;

117.29 (ix) 90 percent after 18 years;

117.30 (x) 95 percent after 19 years; and

118.1 (xi) 100 percent after 20 or more years.

118.2 Sec. 4. Minnesota Statutes 2016, section 353.0162, is amended to read:

118.3 **353.0162 ~~REDUCED SALARY PERIODS~~ SALARY CREDIT PURCHASE FOR**
118.4 **PERIODS OF REDUCED SALARY.**

118.5 (a) A member may purchase ~~additional~~ differential salary credit as described in paragraph
118.6 (c) for a period specified in this section paragraph (b).

118.7 (b) The applicable period is a period during which the member is receiving no or a
118.8 reduced salary from the employer while the member is:

118.9 (1) receiving ~~temporary~~ workers' compensation payments related to the member's service
118.10 to the public employer;

118.11 (2) on an authorized leave of absence, except that if the authorized leave of absence
118.12 exceeds 12 months, the period of leave for which differential salary credit may be purchased
118.13 is limited to 12 months; or

118.14 (3) on an authorized ~~partial-paid~~ leave of absence as a result of a budgetary or salary
118.15 savings program offered or mandated by a governmental subdivision, if certified to the
118.16 executive director by the governmental subdivision.

118.17 (c) ~~The~~ Differential salary ~~amount~~ credit is the difference between the ~~average monthly~~
118.18 salary received by the member during the a period of reduced salary under this section
118.19 specified in paragraph (b) and the average monthly salary of the member, excluding overtime,
118.20 on which contributions to the applicable plan were would have been made during the period
118.21 of the last six months of covered employment occurring immediately before the period of
118.22 reduced salary, applied to based on the member's normal employment period, measured in
118.23 hours or otherwise, as applicable, and rate of pay.

118.24 (d) To receive ~~eligible~~ differential salary credit, the member shall pay the plan, by
118.25 delivering payment to the executive director, an amount equal to:

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

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

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

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

(f) Payment under this section must include interest on the contribution amount or amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an eight percent annual rate thereafter, prorated for applicable months from the date on which the period of reduced salary specified ~~under this section~~ in paragraph (b) terminates to the date on which the payment or payments are received by the executive director. Payment under this section must be completed ~~within~~ by the earlier earliest of:

(1) 30 days from after termination of public service by the employee under section 353.01, subdivision 11a; ~~or;~~

(2) one year after the termination of the period specified in paragraph (b), as further ~~restricted under this section;~~ or

(3) 30 days after the commencement of a disability benefit.

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

~~(h) To purchase~~ (g) If the member has purchased 12 months of differential salary credit for a subsequent period of temporary workers' compensation benefits or subsequent authorized medical leave of absence, the member must return to public service and render a minimum of three months of allowable service to purchase differential salary credit for a subsequent leave of absence.

Sec. 5. Minnesota Statutes 2016, section 353.03, subdivision 3, is amended to read:

Subd. 3. **Duties and powers.** (a) The board shall:

(1) elect a president and vice-president;

120.1 (2) approve the staffing complement, as recommended by the executive director,
120.2 necessary to administer the fund;

120.3 (3) adopt bylaws for its own government and for the management of the fund consistent
120.4 with the laws of the state and may modify them at pleasure;

120.5 (4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and
120.6 the terms of the applicable benefit plans for the administration and management of the fund,
120.7 for the payment and collection of payments from members and for the payment of
120.8 withdrawals and benefits, and that are necessary in order to comply with the applicable
120.9 federal Internal Revenue Service and Department of Labor requirements;

120.10 (5) pass upon and allow or disallow all applications for membership in the fund and
120.11 allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;

120.12 ~~(6) authorize procedures for use of electronic signatures as defined in section 325L.02,~~
120.13 ~~paragraph (h), on applications and forms required by the association;~~

120.14 ~~(7)~~ (6) adopt an appropriate mortality table based on experience of the fund as
120.15 recommended by the association actuary and approved under section 356.215, subdivision
120.16 18, with interest set at the rate specified in section 356.215, subdivision 8;

120.17 ~~(8)~~ (7) provide for the payment out of the fund of the cost of administering this chapter,
120.18 of all necessary expenses for the administration of the fund and of all claims for withdrawals,
120.19 pensions, or benefits allowed;

120.20 ~~(9)~~ (8) approve or disapprove all recommendations and actions of the executive director
120.21 made subject to its approval or disapproval by subdivision 3a; and

120.22 ~~(10)~~ (9) approve early retirement and optional annuity factors, subject to review by the
120.23 actuary retained by the Legislative Commission on Pensions and Retirement; establish the
120.24 schedule for implementation of the approved factors; and notify the Legislative Commission
120.25 on Pensions and Retirement of the implementation schedule.

120.26 (b) In passing upon all applications and claims, the board may summon, swear, hear,
120.27 and examine witnesses and, in the case of claims for disability benefits, may require the
120.28 claimant to submit to a medical examination by a physician of the board's choice, at the
120.29 expense of the fund, as a condition precedent to the passing on the claim, and, in the case
120.30 of all applications and claims, may conduct investigations necessary to determine their
120.31 validity and merit.

120.32 (c) The board may continue to authorize the sale of life insurance to members under the
120.33 insurance program in effect on January 1, 1985, but must not change that program without

121.1 the approval of the commissioner of management and budget. The association shall not
121.2 receive any financial benefit from the life insurance program beyond the amount necessary
121.3 to reimburse the association for costs incurred in administering the program. The association
121.4 shall not engage directly or indirectly in any other activity involving the sale or promotion
121.5 of goods or services, or both, whether to members or nonmembers.

121.6 (d) The board shall establish procedures governing reimbursement of expenses to board
121.7 members. These procedures must define the types of activities and expenses that qualify
121.8 for reimbursement, must provide that all out-of-state travel be authorized by the board, and
121.9 must provide for the independent verification of claims for expense reimbursement. The
121.10 procedures must comply with the applicable rules and policies of the Department of
121.11 Management and Budget and the Department of Administration.

121.12 (e) The board may purchase fiduciary liability insurance and official bonds for the
121.13 officers and members of the board of trustees and employees of the association and may
121.14 purchase property insurance or may establish a self-insurance risk reserve including, but
121.15 not limited to, data processing insurance and "extra-expense" coverage.

121.16 Sec. 6. Minnesota Statutes 2016, section 353.29, subdivision 4, is amended to read:

121.17 Subd. 4. **Application for annuity.** Application for a retirement annuity or optional
121.18 annuity may be made by a member or by a person ~~authorized to act~~ acting on behalf of the
121.19 member, upon proof of authority satisfactory to the executive director. Every application
121.20 ~~for retirement~~ must be made ~~in writing~~ on a form or in a format prescribed by the executive
121.21 director and must be substantiated by ~~written~~ proof of the member's age and identity. The
121.22 notarized signature of a member's spouse on a retirement annuity application acknowledging
121.23 the member's annuity selection meets the notice requirement to the spouse under section
121.24 356.46, subdivision 3. An application for a retirement annuity is not complete until all
121.25 necessary supporting documents are received by the executive director.

121.26 Sec. 7. Minnesota Statutes 2016, section 353.29, subdivision 7, is amended to read:

121.27 Subd. 7. ~~Annuities; accrual~~ **Annuity starting date.** (a) Except as to ~~elected public~~
121.28 ~~officials specified in paragraph (b)~~, a retirement annuity granted under this chapter begins
121.29 ~~with on~~ on the first day of the first calendar month after the date of termination of public service
121.30 or up to six months before the first of the month in which a complete application is received
121.31 by the executive director under subdivision 4, whichever is later. The annuity must be paid
121.32 in equal monthly installments ~~and does not accrue~~, unless suspended or reduced under

122.1 section 353.37. Annuity payments shall not be paid beyond the end of the month in which
122.2 entitlement to the annuity has terminated.

122.3 (b) An annuity granted to an ~~elective~~ elected public official ~~accrues~~ may begin on the
122.4 day following the expiration of the public office ~~or expiration of the right to hold that office~~
122.5 that qualified the elected official for membership under section 353.01, subdivision 2a or
122.6 2d, if a complete application is received by the executive director under subdivision 4 within
122.7 six months of the date of termination of public service. The annuity for the month during
122.8 which the expiration occurred is prorated accordingly.

122.9 (c) An annuity, once granted, must not be increased, decreased, or revoked except under
122.10 this chapter.

122.11 ~~(d) An annuity payment may be made retroactive for up to one year prior to that month~~
122.12 ~~in which a complete application is received by the executive director under subdivision 4.~~

122.13 ~~(e)~~ (d) If an annuitant dies before negotiating the check for the month in which death
122.14 occurs, payment must first be made to the surviving spouse, or if none, then to the designated
122.15 beneficiary, or if none, lastly to the estate.

122.16 Sec. 8. Minnesota Statutes 2016, section 353.30, subdivision 3c, is amended to read:

122.17 Subd. 3c. **Effective date of bounce-back annuity.** In the event of the death of the
122.18 designated optional annuity beneficiary before the retired employee or disabilitant, the
122.19 restoration of the normal single life annuity under subdivision 3a or 3b will take effect on
122.20 the first of the month following the date of death of the designated optional annuity
122.21 beneficiary or on the first of the month following ~~one year~~ six months before ~~the date on~~
122.22 ~~which a certified copy~~ satisfactory verification of the death ~~record is received in the office~~
122.23 ~~of the public employees retirement association~~ established by the executive director,
122.24 whichever date is later.

122.25 Sec. 9. Minnesota Statutes 2016, section 353.32, subdivision 1, is amended to read:

122.26 Subdivision 1. **Before retirement.** If a member or former member ~~who terminated public~~
122.27 ~~service~~ dies before retirement ~~or before~~ receiving any retirement annuity and no other
122.28 payment of any kind is or may become payable to any person, a refund is payable to the
122.29 designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the legal
122.30 representative of the decedent's estate. The refund must be in an amount equal to accumulated
122.31 deductions, less the sum of any disability or survivor benefits that have been paid by the
122.32 fund, plus annual compound interest thereon at the rate specified in section 353.34,

123.1 subdivision 2, ~~and less the sum of any disability or survivor benefits, if any, that may have~~
123.2 ~~been paid by the fund~~; provided that a survivor who has a right to benefits under section
123.3 353.31 may waive such benefits in writing, except such benefits for a dependent child under
123.4 the age of 18 years may only be waived under an order of the district court.

123.5 Sec. 10. Minnesota Statutes 2016, section 353.34, subdivision 2, is amended to read:

123.6 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person who
123.7 ceases to be a public employee is entitled to receive a refund in an amount equal to
123.8 accumulated deductions ~~with~~, less the sum of any disability benefits that have been paid by
123.9 the fund, plus annual compound interest to the first day of the month in which the refund
123.10 is processed.

123.11 (b) For a person who ceases to be a public employee before July 1, 2011, the refund
123.12 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after
123.13 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the
123.14 refund interest is at the rate of four percent.

123.15 (c) If a person repays a refund and subsequently applies for another refund, the repayment
123.16 amount, including interest, is added to the fiscal year balance in which the repayment was
123.17 made.

123.18 (d) If the refund payable to a member is based on employee deductions that are
123.19 determined to be invalid under section 353.27, subdivision 7, the interest payable on the
123.20 invalid employee deductions is four percent.

123.21 Sec. 11. Minnesota Statutes 2016, section 353.35, subdivision 1, is amended to read:

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

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

123.27 (c) ~~The~~ If a person forfeits service credits, rights, and benefits under paragraph (a), the
123.28 person's service credits, rights, and benefits of a former member must not shall be restored
123.29 until if the person returns to active service and acquires employment covered by the
123.30 association for at least six months of allowable service credit after taking the last refund
123.31 and repays the refund or refunds taken and interest all amounts previously received under
123.32 section 353.34, ~~subdivisions 1 and~~ subdivision 2, plus interest at the annual rate of 8.5

124.1 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the
124.2 date each amount was received to the date the amount is repaid. If the person elects to restore
124.3 service credit in a particular fund from which the person has taken more than one refund,
124.4 the person must repay all refunds to that fund. All refunds The repayment must be repaid
124.5 made within six months of the last date of termination day of public service employment.
124.6 A person may have service credits, rights, and benefits restored under this paragraph only
124.7 one time.

124.8 Sec. 12. Minnesota Statutes 2016, section 353.37, subdivision 1, is amended to read:

124.9 Subdivision 1. **Salary maximums.** ~~(a) The annuity of a person otherwise eligible for~~
124.10 If a member who is receiving an annuity from the general employees retirement plan of the
124.11 Public Employees Retirement Association, the public employees police and fire retirement
124.12 plan, or the local government correctional employees retirement plan must be suspended
124.13 under subdivision 2 or reduced under subdivision 3, whichever results in the higher annual
124.14 annuity amount, if the person reenters public service as a nonelective employee of a
124.15 retirement plan administered by the association is employed by (1) a governmental
124.16 subdivision employer in a nonelected position not required by law to be covered by a plan
124.17 administered by the Minnesota State Retirement System, the Teachers Retirement
124.18 Association, or the St. Paul Teachers Retirement Fund Association, or returns to work as
124.19 an employee of (2) by a labor organization that represents public employees who are
124.20 association members under this chapter, and the member's salary for the reemployment
124.21 service exceeds the annual maximum salary defined in paragraph (b), the annuity shall be
124.22 suspended under subdivision 2 or reduced under subdivision 3, whichever results in the
124.23 higher annuity amount.

124.24 (b) The annual maximum salary means the annual maximum earnings allowable for that
124.25 at the member's age for the continued receipt of full benefit amounts monthly under the
124.26 federal Old Age, Survivors and Disability Insurance Program as set by the secretary of
124.27 health and human services under United States Code, title 42, section 403, in any effect for
124.28 the calendar year. If the person member has not yet reached the minimum age for the receipt
124.29 of Social Security benefits, the maximum salary for the person is equal to means the annual
124.30 maximum earnings allowable for the minimum age for the receipt of Social Security benefits.

124.31 ~~(b)~~(c) The provisions of paragraph (a) do not apply to the members of the general
124.32 employees plan of the Public Employees Retirement Association who were former members
124.33 of MERF.

125.1 Sec. 13. Minnesota Statutes 2016, section 353.64, subdivision 10, is amended to read:

125.2 Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics and**
125.3 **emergency medical technicians.** An employee of Hennepin Healthcare System, Inc. is a
125.4 member of the public employees police and fire retirement plan under sections 353.63 to
125.5 353.68 if the person is:

125.6 (1) certified as a paramedic or emergency medical technician by the state under section
125.7 144E.28, subdivision 4;

125.8 (2) employed ~~full~~ at least half time by Hennepin Healthcare System, Inc. as:

125.9 (i) a paramedic or;

125.10 (ii) an emergency medical technician by Hennepin County; or

125.11 (iii) a supervisor or manager of paramedics or emergency medical technicians; and

125.12 (3) not eligible for coverage under the agreement signed between the state and the
125.13 secretary of the federal Department of Health and Human Services making the provisions
125.14 of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics
125.15 and emergency medical technicians because the person's position is excluded after that date
125.16 from application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D),
125.17 and section 355.07.

125.18 Hennepin Healthcare System, Inc. shall deduct the employee contribution from the salary
125.19 of each ~~full-time paramedic and emergency medical technician it employs~~ covered employee,
125.20 as required by section 353.65, subdivision 2, shall make the employer contribution for each
125.21 ~~full-time paramedic and emergency medical technician it employs~~ covered employee, as
125.22 required by section 353.65, subdivision 3, and shall meet the employer recording and
125.23 reporting requirements in section 353.65, subdivision 4.

125.24 Sec. 14. Minnesota Statutes 2016, section 353F.02, subdivision 5a, is amended to read:

125.25 Subd. 5a. **Privatized former public employer.** "Privatized former public employer"
125.26 means a medical facility that was ~~formerly~~ included in the definition of governmental
125.27 subdivision under section 353.01, subdivision 6, on the day before the effective date of
125.28 privatization that is privatized and whose employees are certified for participation under
125.29 this chapter.

126.1 Sec. 15. Minnesota Statutes 2016, section 353F.025, subdivision 2, is amended to read:

126.2 Subd. 2. **Reporting privatizations.** (a) If the actuarial calculations under subdivision
126.3 1, paragraph (c), indicate privatization can be approved because a net gain to the general
126.4 employees retirement plan of the Public Employees Retirement Association is expected, or
126.5 if paragraph (b) applies, the executive director shall, following acceptance of the actuarial
126.6 calculations by the board of trustees, forward notice and supporting documentation, including
126.7 a copy of the actuary's report and findings, to the chair and the executive director of the
126.8 Legislative Commission on Pensions and Retirement and the chairs and the ranking minority
126.9 members of the committees with jurisdiction over governmental operations in the house of
126.10 representatives and senate.

126.11 (b) If the calculations under subdivision 1, paragraph (c), indicate a net loss, the executive
126.12 director shall recommend to the board of trustees that the privatization be approved if the
126.13 chief clerical officer of the applicable governmental subdivision submits a resolution from
126.14 the governing body specifying that a lump sum payment will be made to the Public
126.15 Employees Retirement Association equal to the net loss, plus interest. The interest must be
126.16 computed using the applicable ultimate preretirement interest rate assumption under section
126.17 356.215, subdivision 8, expressed as a monthly rate, from the date of the actuarial valuation
126.18 from which the actuarial accrued liability data was used to determine the net loss in the
126.19 actuarial study under subdivision 1, to the date of payment, with annual compounding.
126.20 Payment must be made on or after the effective date of privatization.

126.21 (c) The Public Employees Retirement Association must maintain a list that includes the
126.22 names of all privatized former public employers in the association's comprehensive annual
126.23 financial report and on the association's Web site. ~~Annually by March 1, the association~~
126.24 ~~must submit to the executive director of the Legislative Commission on Pensions and~~
126.25 ~~Retirement the names of any privatized former public employers approved since the~~
126.26 ~~publication of the previous fiscal year's comprehensive annual financial report.~~

126.27 Sec. 16. Minnesota Statutes 2016, section 353F.04, subdivision 2, is amended to read:

126.28 Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1 do
126.29 not apply to a privatized former public employee:

126.30 (1) beginning the first of the month in which the privatized former public employee
126.31 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,
126.32 if the employee accrues at least six months of credited service in any single plan enumerated
126.33 in section 356.30, subdivision 3, except clause (6);

127.1 (2) beginning the first of the month in which the privatized former public employee
127.2 becomes covered again by the general employees retirement plan of the Public Employees
127.3 Retirement Association;

127.4 (3) beginning the first of the month after a privatized former public employee terminates
127.5 service with the ~~successor entity~~ privatized former public employer; or

127.6 (4) if the person begins receipt of a retirement annuity while employed by the employer
127.7 which assumed operations of or purchased the privatized former public employer.

127.8 Sec. 17. Minnesota Statutes 2016, section 353F.05, is amended to read:

127.9 **353F.05 AUTHORIZATION FOR ADDITIONAL ALLOWABLE SERVICE FOR**
127.10 **EARLY RETIREMENT PURPOSES.**

127.11 (a) For the purpose of determining eligibility for early retirement benefits provided under
127.12 section 353.30, subdivision 1a, of the edition of Minnesota Statutes published in the year
127.13 before the year in which the privatization occurred, and notwithstanding any provision of
127.14 chapter 353, to the contrary, the years of allowable service for a privatized former public
127.15 employee who transfers employment on the effective date of privatization and does not
127.16 apply for a refund of contributions under section 353.34, subdivision 1, of the edition of
127.17 Minnesota Statutes published in the year before the year in which the privatization occurred,
127.18 or any similar provision, includes service with the ~~successor employer to the~~ privatized
127.19 former public employer following the effective date. The ~~successor~~ privatized former public
127.20 employer shall provide any reports that the executive director of the Public Employees
127.21 Retirement Association may reasonably request to permit calculation of benefits.

127.22 (b) To be eligible for early retirement benefits under this section, the individual must
127.23 separate from service with the ~~successor to the~~ privatized former public employer. The
127.24 privatized former public employee, or an individual authorized to act on behalf of that
127.25 employee, may apply for an annuity following application procedures under section 353.29,
127.26 subdivision 4.

127.27 Sec. 18. Minnesota Statutes 2016, section 353F.057, is amended to read:

127.28 **353F.057 TERMINATION FROM SERVICE REQUIREMENT.**

127.29 Upon termination of service from the privatized former public employer ~~or any successor~~
127.30 ~~entity~~ after the effective date of privatization, a privatized former public employee must
127.31 separate from any employment relationship with the privatized former public employer ~~or~~

128.1 ~~any successor entity~~ for at least 30 days to qualify to receive a retirement annuity under this
128.2 chapter.

128.3 Sec. 19. Minnesota Statutes 2016, section 353F.06, is amended to read:

128.4 **353F.06 APPLICATION OF REEMPLOYED ANNUITANT EARNINGS**
128.5 **LIMITATIONS.**

128.6 If a privatized former public employee satisfies the separation from service requirement
128.7 in section 353F.057 and thereafter resumes employment with the privatized former public
128.8 employer or ~~any successor entity~~ or a governmental subdivision under section 353.01,
128.9 subdivision 6, the reemployed annuitant earnings limitations of section 353.37 apply.

128.10 Sec. 20. Minnesota Statutes 2016, section 353F.07, is amended to read:

128.11 **353F.07 EFFECT ON REFUND.**

128.12 Notwithstanding any provision of chapter 353 to the contrary, privatized former public
128.13 employees may receive a refund of employee accumulated contributions plus interest as
128.14 provided in section 353.34, subdivision 2, at any time after the transfer of employment to
128.15 ~~the successor employer of the~~ privatized former public employer. If a privatized former
128.16 public employee has received a refund from a pension plan listed in section 356.30,
128.17 subdivision 3, the person may not repay that refund unless the person again becomes a
128.18 member of one of those listed plans and complies with section 356.30, subdivision 2.

128.19 Sec. 21. **[353F.09] APPLICATION TO SALES OF PRIVATIZED FORMER PUBLIC**
128.20 **EMPLOYERS.**

128.21 A medical facility or other employing unit shall cease to be a privatized former public
128.22 employer and its employees shall cease to be considered privatized former public employees
128.23 under this chapter upon the sale of the operations of the medical facility or employing unit
128.24 to another employer or the sale of the medical facility or employing unit to another employer.
128.25 The privatized former public employees shall be entitled to benefits accrued under this
128.26 chapter to the date of the sale, but shall not accrue additional benefits after the date of the
128.27 sale.

128.28 Sec. 22. **REPEALER.**

128.29 Minnesota Statutes 2016, section 353.0161, is repealed.

129.1 Sec. 23. **EFFECTIVE DATE.**

129.2 (a) Sections 1 to 13 and 22 are effective June 30, 2018.

129.3 (b) Sections 14 to 21 are effective for privatizations with an effective date of privatization
 129.4 under Minnesota Statutes, section 353F.02, subdivision 3, after June 30, 2018, and for sales
 129.5 of privatized former public employers after June 30, 2018.

129.6 **ARTICLE 11**

129.7 **TEACHERS RETIREMENT ASSOCIATION**
 129.8 **ADMINISTRATIVE PROVISIONS**

129.9 Section 1. Minnesota Statutes 2016, section 354.05, subdivision 2, is amended to read:

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

129.11 (1) a person who renders service as a teacher, supervisor, principal, superintendent,
 129.12 librarian, nurse, counselor, social worker, therapist, or psychologist in:

129.13 (i) a public school of the state other than in Independent School District No. 625 or in
 129.14 Independent School District No. 709, or in any;

129.15 (ii) a charter school, irrespective of the location of the school, or in any;

129.16 (iii) a charitable, penal, or correctional institutions institution of a governmental
 129.17 subdivision; or

129.18 (iv) the Perpich Center for Arts Education, except that any employee of the Perpich
 129.19 Center for Arts Education who was covered by the Minnesota State Retirement System
 129.20 general state employees retirement plan as of July 1, 2018, shall continue to be covered by
 129.21 that plan and not by the Teachers Retirement Association;

129.22 (2) a person who is engaged in educational administration in connection with the state
 129.23 public school system, whether the position be a public office or ~~an~~ as employment;

129.24 (3) a person who renders service as a charter school director or chief administrative
 129.25 officer; provided, however, that if the charter school director or chief administrative officer
 129.26 is covered by the Public Employees Retirement Association general employees retirement
 129.27 plan on July 1, 2018, the charter school director or chief administrative officer shall continue
 129.28 to be covered by that plan and not by the Teachers Retirement Association;

129.29 ~~(2)~~ (4) an employee of the Teachers Retirement Association;

129.30 ~~(3)~~ (5) a person who renders teaching service on a part-time basis and who also renders
 129.31 other services for a single employing unit where the teaching service comprises at least 50

130.1 percent of the combined employment salary is a member of the association for all services
130.2 with the single employing unit or, if less than 50 percent of the combined employment
130.3 salary, the executive director determines all of the combined service is covered by the
130.4 association; or

130.5 ~~(4)~~ (6) a person who is not covered by the plans established under chapter 352D, 354A,
130.6 or 354B and who is employed by the Board of Trustees of the Minnesota State Colleges
130.7 and Universities system in an unclassified position as:

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

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

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

130.12 (iv) a teacher or a research assistant.

130.13 (b) "Teacher" does not mean:

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

130.16 ~~(2) a person who renders part-time teaching service or who is a customized trainer as~~
130.17 ~~defined by the Minnesota State Colleges and Universities system if (i) the service is incidental~~
130.18 ~~to the regular nonteaching occupation of the person; and (ii) the employer stipulates annually~~
130.19 ~~in advance that the part-time teaching service or customized training service will not exceed~~
130.20 ~~300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time~~
130.21 ~~teaching service or customized training service actually does not exceed 300 hours in a~~
130.22 ~~fiscal year;~~

130.23 ~~(3) a person exempt from licensure under section 122A.30;~~

130.24 ~~(4)~~ (2) annuitants of the teachers retirement plan who are employed after retirement by
130.25 an employing unit that participates in the teachers retirement plan during the course of that
130.26 reemployment;

130.27 ~~(5)~~ (3) a person who is employed by the University of Minnesota;

130.28 ~~(6)~~ (4) a member or an officer of any general governing or managing board or body of
130.29 an employing unit that participates in the teachers retirement plan; or

130.30 ~~(7)~~ (5) a person employed by Independent School District No. 625 ~~or Independent School~~
130.31 ~~District No. 709~~ as a teacher as defined in section 354A.011, subdivision 27.

131.1 Sec. 2. Minnesota Statutes 2016, section 354.05, is amended by adding a subdivision to
131.2 read:

131.3 Subd. 17a. **Former spouse.** "Former spouse" means a person who is no longer a spouse
131.4 of a member due to dissolution of the marriage, legal separation, or annulment.

131.5 Sec. 3. Minnesota Statutes 2016, section 354.06, subdivision 2, is amended to read:

131.6 Subd. 2. **President; executive director.** The board shall annually elect one of its members
131.7 as president. It shall elect an executive director. Notwithstanding any law to the contrary,
131.8 the board must set the salary of the executive director. The salary of the executive director
131.9 must not exceed the limit for a position listed in section 15A.0815, subdivision 2. ~~The salary~~
131.10 ~~of the assistant executive director who shall be in the unclassified service, shall be set in~~
131.11 ~~accordance with section 43A.18, subdivision 3.~~ The executive director shall serve during
131.12 the pleasure of the board and be the executive officer of the board, with such duties as the
131.13 board shall prescribe. The board shall employ all other clerks and employees necessary to
131.14 properly administer the association. The cost and expense of administering the provisions
131.15 of this chapter shall be paid by the association. The board shall appoint an executive director
131.16 shall be appointed by the board on the basis of fitness education, experience in the retirement
131.17 field and leadership, ability to manage and lead system staff, and ability to assist the board
131.18 in setting a vision for the system. The executive director shall have had at least five years
131.19 of experience on the administrative staff of a major retirement system.

131.20 Sec. 4. Minnesota Statutes 2016, section 354.06, subdivision 2a, is amended to read:

131.21 Subd. 2a. **Duties of executive director.** The management of the association is vested
131.22 in the executive director who shall be the executive and administrative head of the
131.23 association. The executive director shall act as advisor to the board on all matters pertaining
131.24 to the association and shall also act as the secretary of the board. The executive director
131.25 shall:

131.26 (1) attend all meetings of the board;

131.27 (2) prepare and recommend to the board appropriate rules to carry out the provisions of
131.28 this chapter;

131.29 (3) establish and maintain an adequate system of records and accounts following
131.30 recognized accounting principles and controls;

131.31 (4) designate, as necessary, a deputy executive director and an assistant executive director
131.32 in the unclassified service, as defined in section 43A.08, whose salaries shall be set in

132.1 accordance with section 43A.18, subdivision 3, and two assistant executive directors in the
132.2 classified service, as defined in section 43A.07, with the approval of the board, and appoint
132.3 such employees, both permanent and temporary, as are necessary to carry out the provisions
132.4 of this chapter;

132.5 (5) organize the work of the association as the director deems necessary to fulfill the
132.6 functions of the association, and define the duties of its employees and delegate to them
132.7 any powers or duties, subject to the director's control and under such conditions as the
132.8 director may prescribe;

132.9 (6) with the approval of the board, contract and set the compensation for the services of
132.10 an approved actuary, professional management services, and any other consulting services.
132.11 These contracts are not subject to the competitive bidding procedure prescribed by chapter
132.12 16C. An approved actuary retained by the executive director shall function as the actuarial
132.13 advisor of the board and the executive director and may perform actuarial valuations and
132.14 experience studies to supplement those performed by the actuary retained under section
132.15 356.214. Any supplemental actuarial valuations or experience studies shall be filed with
132.16 the executive director of the Legislative Commission on Pensions and Retirement. Copies
132.17 of professional management survey reports must be transmitted to the secretary of the senate,
132.18 the chief clerk of the house of representatives, and the Legislative Reference Library as
132.19 provided by section 3.195, and to the executive director of the commission at the same time
132.20 as reports are furnished to the board. Only management firms experienced in conducting
132.21 management surveys of federal, state, or local public retirement systems are qualified to
132.22 contract with the executive director;

132.23 (7) with the approval of the board, provide in-service training for the employees of the
132.24 association;

132.25 (8) make refunds of accumulated contributions to former members and to the designated
132.26 beneficiary, surviving spouse, legal representative, or next of kin of deceased members or
132.27 deceased former members, under this chapter;

132.28 (9) determine the amount of the annuities and disability benefits of members covered
132.29 by the association and authorize payment of the annuities and benefits beginning as of the
132.30 dates on which the annuities and benefits begin to accrue, under this chapter;

132.31 (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating expenses
132.32 of the association;

132.33 (11) prepare and submit to the board and the legislature an annual financial report
132.34 covering the operation of the association, as required by section 356.20;

- 133.1 (12) certify funds available for investment to the State Board of Investment;
- 133.2 (13) with the advice and approval of the board, request the State Board of Investment
133.3 to sell securities on determining that funds are needed for the purposes of the association;
- 133.4 (14) prepare and submit biennial and annual budgets to the board and with the approval
133.5 of the board submit those budgets to the Department of Management and Budget; and
- 133.6 (15) with the approval of the board, perform such other duties as may be required for
133.7 the administration of the association and the other provisions of this chapter and for the
133.8 transaction of its business. The executive director may:
- 133.9 (i) reduce all or part of the accrued interest and fines payable by an employing unit for
133.10 reporting requirements under ~~section 354.52~~ this chapter, based on an evaluation of any
133.11 extenuating circumstances of the employing unit;
- 133.12 (ii) assign association employees to conduct field audits of an employing unit to ensure
133.13 compliance with the provisions of this chapter; and
- 133.14 (iii) recover overpayments, if not repaid to the association, by suspending or reducing
133.15 the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional
133.16 annuity under this chapter until the overpayment, plus interest, has been recovered.
- 133.17 Sec. 5. Minnesota Statutes 2016, section 354.095, is amended to read:
- 133.18 **354.095 MEDICAL LEAVE.**
- 133.19 (a) Upon granting a medical leave, an employing unit must certify the leave to the
133.20 association on a form specified by the executive director. A member of the association who
133.21 is on an authorized medical leave of absence is entitled to receive allowable service credit,
133.22 not to exceed ~~one year~~ five years, for the period of leave, upon making the prescribed
133.23 payment to the fund under section 354.72. A member may not receive more than one year
133.24 of allowable service credit during any fiscal year by making payment under this section. A
133.25 member may not receive disability benefits under section 354.48 and receive allowable
133.26 service credit under this section for the same period of time.
- 133.27 (b) The executive director shall reject an application for disability benefits under section
133.28 354.48 if the member is applying only because an employer-sponsored provider of private
133.29 disability insurance benefits requires the application and the member would not have applied
133.30 for disability benefits in the absence of the requirement. The member shall submit a copy
133.31 of the disability insurance policy that requires an application for disability benefits from

134.1 the plan if the member wishes to assert that the application is only being submitted because
134.2 of the disability insurance policy requirement.

134.3 (c) Notwithstanding the provisions of any agreement to the contrary, employee and
134.4 employer contributions may not be made to receive allowable service credit under this
134.5 section if the member does not retain the right to full reinstatement both during and at the
134.6 end of the medical leave.

134.7 Sec. 6. Minnesota Statutes 2016, section 354.44, subdivision 3, is amended to read:

134.8 Subd. 3. **Application for retirement.** A member or a person authorized to act on behalf
134.9 of the member may make application for retirement provided the age and service
134.10 requirements under subdivision 1 are satisfied on or before the member's retirement annuity
134.11 accrual date under subdivision 4. The application may be made no earlier than ~~120~~ 180 days
134.12 before the termination of teaching service. The application must be made on a form prescribed
134.13 by the executive director and is not complete until all necessary supporting documents are
134.14 received by the executive director.

134.15 Sec. 7. Minnesota Statutes 2016, section 354.44, subdivision 9, is amended to read:

134.16 Subd. 9. **Determining applicable law.** A former teacher who returns to covered service
134.17 following a termination and who is not receiving a retirement annuity under this section
134.18 must have earned at least ~~85 days~~ one-half year of credited service following the return to
134.19 covered service to be eligible for improved benefits resulting from any law change enacted
134.20 subsequent to that termination.

134.21 Sec. 8. Minnesota Statutes 2016, section 354.45, is amended by adding a subdivision to
134.22 read:

134.23 Subd. 3. **Payment upon death of former spouse.** Upon the death of the former spouse
134.24 to whom payments are to be made before the end of the specified payment period, payments
134.25 shall be made according to the terms of a beneficiary form completed by the former spouse
134.26 or, if no beneficiary form, to the estate of the former spouse or as otherwise ordered by a
134.27 court of competent jurisdiction.

134.28 Sec. 9. Minnesota Statutes 2016, section 354.46, subdivision 6, is amended to read:

134.29 Subd. 6. **Application.** (a) A beneficiary designation and an application for benefits under
134.30 this section must be in writing on a form prescribed by the executive director.

135.1 (b) Sections 354.55, subdivision 11, and 354.60 apply to a deferred annuity payable
135.2 under this section.

135.3 (c) Unless otherwise specified, the annuity must be computed under section 354.44,
135.4 subdivision 2 or 6, whichever is applicable.

135.5 (d) Each designated beneficiary eligible for a lifetime benefit under this subdivision may
135.6 apply for an annuity any time after the member's death. The benefit may not begin to accrue
135.7 more than six months before the date the application is filed with the executive director and
135.8 may not accrue before the member's death.

135.9 Sec. 10. Minnesota Statutes 2016, section 354.48, subdivision 1, is amended to read:

135.10 Subdivision 1. **Age, service and salary requirements.** A member who is totally and
135.11 permanently disabled, who has not reached the normal retirement age as defined in section
135.12 354.05, subdivision 38, and who has at least three years of credited allowable service at the
135.13 time that the total and permanent disability begins is entitled to a disability benefit based
135.14 on this allowable service in an amount provided in subdivision 3. If the disabled member's
135.15 teaching service has terminated at any time, at least two of the required three years of
135.16 allowable service must have been rendered after last becoming a member. ~~Any member~~
135.17 ~~whose average salary is less than \$75 per month is not entitled to disability benefits.~~

135.18 Sec. 11. Minnesota Statutes 2016, section 354.512, is amended to read:

135.19 **354.512 RECOVERY OF DEFICIENCIES.**

135.20 In addition to any other remedies permitted under law, if an employing unit or other
135.21 entity required by law to make any form of payment to the Teachers Retirement Association
135.22 fails to make full payment ~~within 60 days of notification,~~ the executive director is authorized
135.23 to certify the amount of deficiency to the commissioner of management and budget, who
135.24 shall deduct the amount from any state aid or appropriation applicable to the employing
135.25 unit or entity, and transmit the withheld aid or appropriation to the executive director for
135.26 deposit in the fund.

135.27 Sec. 12. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

135.28 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts
135.29 due to the association and furnish a statement indicating the amount due and transmitted
135.30 with any other information required by the executive director. If an amount due is not
135.31 received by the association within 14 calendar days of the payroll warrant, the amount
135.32 accrues interest at an annual rate of 8.5 percent compounded annually from the due date

136.1 until the amount is received by the association. All amounts due and other employer
136.2 obligations not remitted ~~within 60 days of notification by the association must~~ may be
136.3 certified to the commissioner of management and budget who shall deduct the amount from
136.4 any state aid or appropriation amount applicable to the employing unit.

136.5 Sec. 13. Minnesota Statutes 2016, section 354.52, subdivision 4d, is amended to read:

136.6 Subd. 4d. **Annual base salary reporting.** An employing unit must provide ~~the following~~
136.7 annual base salary data, as defined in section 354.05, subdivision 41, to the association on
136.8 or before June 30 of each fiscal year: ~~(1) annual base salary, as defined in section 354.05,~~
136.9 ~~subdivision 41; and~~
136.10 ~~(2) beginning and ending dates for the regular school work year.~~

136.11 Sec. 14. Minnesota Statutes 2016, section 354.66, subdivision 2, is amended to read:

136.12 Subd. 2. **Qualified part-time teacher program participation requirements.** (a) A
136.13 teacher in a Minnesota public elementary school, a Minnesota secondary school, or the
136.14 Minnesota State Colleges and Universities system who has three years or more of allowable
136.15 service in the association or three years or more of full-time teaching service in Minnesota
136.16 public elementary schools, Minnesota secondary schools, or the Minnesota State Colleges
136.17 and Universities system, by agreement with the board of the employing district or with the
136.18 authorized representative of the board, may be assigned to teaching service in a part-time
136.19 teaching position under subdivision 3. The agreement must be executed before October 1
136.20 of the school year for which the teacher ~~requests to make retirement contributions under~~
136.21 ~~subdivision 4~~ has been assigned to teaching service in a part-time teaching position under
136.22 this section. A copy of the executed agreement must be filed with the executive director of
136.23 the association. If the copy of the executed agreement is filed with the association after
136.24 October 1 of the school year for which the teacher ~~requests to make retirement contributions~~
136.25 ~~under subdivision 4~~ has been assigned to teaching service in a part-time teaching position,
136.26 the employing unit shall pay the fine specified in section 354.52, subdivision 6, for each
136.27 calendar day that elapsed since the October 1 due date, unless the association waives the
136.28 fine. The association may not accept an executed agreement that is received by the association
136.29 more than 15 months late. ~~The association may not waive the fine required by this section.~~

136.30 (b) Notwithstanding paragraph (a), if the teacher is also a legislator:

136.31 (1) the agreement in paragraph (a) must be executed before March 1 of the school year
136.32 for which the teacher requests to make retirement contributions under subdivision 4; and

137.1 (2) the fines specified in paragraph (a) apply if the employing unit does not file the
137.2 executed agreement with the executive director of the association by March 1.

137.3 Sec. 15. Minnesota Statutes 2016, section 354.72, subdivision 1, is amended to read:

137.4 Subdivision 1. **Application.** This section applies to any strike period under section
137.5 354.05, subdivision 13, clause (6), and to any period of authorized leave of absence ~~without~~
137.6 ~~pay~~ under sections 354.093, 354.094, 354.095, and 354.096 for which the teacher obtains
137.7 credit for allowable service by making payment as specified in this section to the Teachers
137.8 Retirement Association fund. Each year of an extended leave of absence under section
137.9 354.094 is considered to be a separate leave for purposes of this section.

137.10 Sec. 16. Minnesota Statutes 2016, section 423A.02, subdivision 3, is amended to read:

137.11 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference
137.12 between \$5,720,000 and the current year amortization aid distributed under subdivision 1
137.13 that is not distributed for any reason to a municipality must be distributed by the
137.14 commissioner of revenue according to this paragraph. The commissioner shall distribute
137.15 60 percent of the amounts derived under this paragraph to the Teachers Retirement
137.16 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund
137.17 the unfunded actuarial accrued liabilities of the respective funds. These payments must be
137.18 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association ~~or~~
137.19 ~~the Duluth Teachers Retirement Fund Association~~ becomes fully funded, the association's
137.20 eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance
137.21 account at the end of the biennium if aid eligibility ceases cancel to the general fund.

137.22 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
137.23 Independent School District No. 625, St. Paul, must make an additional contribution of
137.24 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

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

137.29 Sec. 17. **EFFECTIVE DATE.**

137.30 Sections 1 to 16 are effective June 30, 2018.

ARTICLE 12**ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION
ADMINISTRATIVE PROVISIONS**

Section 1. Minnesota Statutes 2016, section 354A.093, subdivision 4, is amended to read:

Subd. 4. **Eligible payment period.** (a) To receive service credit under this section, the contributions specified in this section must be transmitted to the ~~applicable first-class city~~ St. Paul Teachers Retirement Fund Association during the period which begins with the date the individual returns to teaching service and which has a duration of three times the length of the uniformed service period, but not to exceed five years.

(b) Notwithstanding paragraph (a), if the payment period determined under paragraph (a) is less than one year, the contributions required under this section to receive service credit may be made within one year from the discharge date.

Sec. 2. Minnesota Statutes 2016, section 354A.31, subdivision 5, is amended to read:

Subd. 5. **Unreduced normal retirement annuity.** Upon retirement at normal retirement age, a vested coordinated member is entitled to a normal retirement annuity calculated under subdivision 4 ~~or 4a, whichever applies.~~

Sec. 3. Minnesota Statutes 2016, section 354A.31, subdivision 6, is amended to read:

Subd. 6. **Reduced retirement annuity.** This subdivision applies only to a person who first became a coordinated member or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), ~~or subdivision 4a, paragraph (e),~~ in conjunction with this subdivision than when calculated under subdivision 4, paragraph (d), ~~or subdivision 4a, paragraph (d),~~ in conjunction with subdivision 7.

(a) Upon retirement at an age before normal retirement age or prior to age 62 with at least 30 years of service credit, a vested coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), ~~or subdivision 4a, paragraph (e),~~ reduced by one-quarter of one percent for each month that the coordinated member is under normal retirement age if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(b) Any coordinated member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), ~~or subdivision 4a, paragraph (e)~~, without any reduction by reason of early retirement.

Sec. 4. Minnesota Statutes 2016, section 354A.36, subdivision 4, is amended to read:

Subd. 4. **Determination of disability.** (a) The board of the teachers retirement fund association shall make the final determination of the existence of a permanent and total disability. The board shall have the coordinated member examined by at least two licensed physicians, licensed chiropractors, or licensed psychologists who are selected by the board. After making any required examinations, each physician, chiropractor, or psychologist with respect to a mental impairment, shall make a written report to the board concerning the coordinated member, which shall include a statement of the expert opinion of the physician, chiropractor, or psychologist as to whether or not the member is permanently and totally disabled within the meaning of section 354A.011, subdivision 14. The board shall also obtain a written statement from the employer as to whether or not the coordinated member was terminated or separated from active employment due to a disability which is deemed by the employer to reasonably prevent further service by the member to the employer and which caused the coordinated member not to be entitled to further compensation from the employer for services rendered by the member. If, after consideration of the reports of the physicians, chiropractors, or psychologists with respect to a mental impairment, and any evidence presented by the member or by any other interested parties, the board determines that the coordinated member is totally and permanently disabled within the meaning of section 354A.011, subdivision 14, it shall grant the coordinated member a disability benefit. A member who is placed on a leave of absence without compensation as a result of the disability is not barred from receiving a disability benefit under this section.

(b) The executive director shall reject an application for disability benefits under section 354A.36 if the member is applying only because an employer-sponsored provider of private disability insurance benefits requires the application and the member would not have applied for disability benefits in the absence of the requirement. The member shall submit a copy of the disability insurance policy that requires an application for disability benefits from the plan if the member wishes to assert that the application is only being submitted because of the disability insurance policy requirement.

140.1 Sec. 5. Minnesota Statutes 2016, section 354A.38, is amended to read:

140.2 **354A.38 EFFECT OF REFUND; REPAYMENT OF REFUND.**

140.3 Subdivision 1. **Effect of refund; termination of service credit.** If a coordinated member
140.4 or former coordinated member applies for and ~~accepts~~ is issued a refund pursuant to section
140.5 354A.37, all allowable service which was credited to the member or former member shall
140.6 be terminated.

140.7 Subd. 2. **Repayment of refund.** A coordinated member with at least two years of
140.8 allowable service credited subsequent to the member's last application for and ~~acceptance~~
140.9 payment of a refund pursuant to section 354A.37 shall be entitled to repay the refund. The
140.10 amount of the refund repayment shall be calculated pursuant to subdivision 3. If the member
140.11 has ~~previously applied for and accepted~~ taken more than one refund, and the previous refund
140.12 ~~or all refunds have not been~~ must be repaid, then the member shall be entitled only to repay
140.13 ~~all outstanding refunds and shall not be entitled to repay only the most recent refund~~ pro
140.14 rata.

140.15 Subd. 3. **Computation of refund repayment amount.** If the coordinated member elects
140.16 to repay a refund under subdivision 2, the repayment to the fund must be in an amount equal
140.17 to refunds the member has ~~accepted~~ been issued plus interest at the ~~rate of 8.5 percent until~~
140.18 ~~June 30, 2015, and eight percent thereafter~~ applicable annual rate or rates specified in section
140.19 356.59, subdivision 5, compounded annually, from the date that the refund was ~~accepted~~
140.20 issued to the date that the refund is repaid.

140.21 Sec. 6. **EFFECTIVE DATE.**

140.22 Sections 1 to 5 are effective June 30, 2018.

140.23 **ARTICLE 13**

140.24 **RETIREMENT SYSTEMS, GENERALLY**
140.25 **ADMINISTRATIVE PROVISIONS**

140.26 Section 1. Minnesota Statutes 2016, section 356.32, subdivision 2, is amended to read:

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

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

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

- 141.1 (3) the State Patrol retirement plan, established under chapter 352B;
- 141.2 (4) the general employees retirement plan of the Public Employees Retirement
- 141.3 Association, established under chapter 353;
- 141.4 (5) the public employees police and fire plan of the Public Employees Retirement
- 141.5 Association, established under chapter 353;
- 141.6 (6) the local government correctional service retirement plan of the Public Employees
- 141.7 Retirement Association, established under chapter 353E;
- 141.8 (7) the Teachers Retirement Association, established under chapter 354; and
- 141.9 ~~(7)~~ (8) the St. Paul Teachers Retirement Fund Association, established under chapter
- 141.10 354A.
- 141.11 Sec. 2. Minnesota Statutes 2016, section 356.47, subdivision 3, is amended to read:
- 141.12 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding period
- 141.13 ends relating to the reemployment that gave rise to the limitation, and the filing of a written
- 141.14 application, the retired member is entitled to the payment, in a lump sum, of the value of
- 141.15 the person's amount under subdivision 2, plus annual compound interest. For the general
- 141.16 state employees retirement plan, the correctional state employees retirement plan, the general
- 141.17 employees retirement plan of the Public Employees Retirement Association, the public
- 141.18 employees police and fire retirement plan, the local government correctional employees
- 141.19 retirement plan, and the teachers retirement plan, the annual interest rate is six percent from
- 141.20 the date on which the amount was deducted from the retirement annuity to the date of
- 141.21 payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011.
- 141.22 For the St. Paul Teachers Retirement Fund Association, the annual interest is the rate of six
- 141.23 percent from the date that the amount was deducted from the retirement annuity to the date
- 141.24 of payment or June 30, 2011, whichever is earlier, and with no interest accrual after June
- 141.25 30, 2011.
- 141.26 (b) The written application must be on a form prescribed by the chief administrative
- 141.27 officer of the applicable retirement plan.
- 141.28 (c) If the retired member dies before the payment provided for in paragraph (a) is made,
- 141.29 the amount is payable, upon written application, to the deceased person's surviving spouse,
- 141.30 or if none, to the deceased person's designated beneficiary, or if none, to the deceased
- 141.31 person's estate.

(d) If the amount under subdivision 2 is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5, the applicable retirement plan shall provide notice and an election:

(1) to the member regarding the member's right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of the a direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.; or

(2) if paragraph (c) applies and the amount is to be paid to a person who is a distributee as defined in section 356.635, subdivision 7, to the distributee regarding the distributee's right to elect a direct rollover under section 356.635, subdivisions 3 to 7, in lieu of a direct payment.

Sec. 3. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to read:

Subd. 9a. **Definitions.** (a) The following definitions apply for purposes of this subdivision and subdivisions 10 to 12.

(b) "Annual addition" means the sum for the limitation year of all pretax and after-tax contributions made by the member or the member's employer and credited to an account in the name of the member in any defined contribution plan maintained by the employer.

(c) "Compensation" means the compensation actually paid or made available to a member for any limitation year, including all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(b), and excluding all items of remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(c). Compensation for pension plan purposes for any limitation year shall not exceed the applicable federal compensation limit described in section 356.611, subdivision 2.

(d) "Limitation year" means the calendar year or fiscal year, whichever is applicable to the particular pension plan.

(e) "Maximum permissible benefit" means an annual benefit of \$160,000, automatically adjusted under section 415(d) of the Internal Revenue Code for each limitation year ending after December 31, 2001, payable in the form of a single life annuity. The new limitation shall apply to limitation years ending with or within the calendar year of the date of the adjustment, but a member's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The maximum permissible benefit amount shall be further adjusted as follows:

(1) if the member has less than ten years of participation, the maximum permissible benefit shall be multiplied by a fraction, the numerator of which is the number of years, or part thereof, but not less than one year, of participation in the plan, and the denominator of which is ten;

(2) if the annual benefit begins before the member has attained age 62, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by reducing the limit so that the limit, as so reduced, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at age 62; and

(3) if the annual benefit begins after the member has attained age 65, the determination as to whether the maximum permissible benefit limit has been satisfied shall be made, in accordance with regulations prescribed by the United States secretary of the treasury, by increasing the limit so that the limit, as so increased, equals an annual benefit, beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as adjusted, annual benefit beginning at age 65.

Sec. 4. Minnesota Statutes 2016, section 356.635, subdivision 10, is amended to read:

Subd. 10. **Annual benefit limitations; defined benefit plans.** (a) The annual benefit payable to a member shall not exceed the maximum permissible benefit. If the benefit the member would otherwise receive for a limitation year would result in the payment of an annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced to the extent necessary so the benefit does not exceed the maximum permissible benefit.

(b) For purposes of applying the ~~limits of section 415(b) of the Internal Revenue Code,~~ a retirement limitation in paragraph (a), an annual benefit that is payable in any form other than a single life annuity ~~and that is subject to section 417(c)(3) of the Internal Revenue Code must~~ shall be adjusted to an actuarially equivalent single life annuity that equals, if the annuity starting date is in a plan year beginning after 2005, the annual amount of the

144.1 single life annuity commencing at the same annuity starting date that has the same actuarial
144.2 present value as the ~~participant's~~ member's form of benefit, using whichever of the following
144.3 produces the greatest annual amount:

144.4 (1) the interest rate and the mortality table or other tabular factor specified in the plan
144.5 for adjusting benefits in the same form;

144.6 (2) a 5.5 percent interest rate assumption and the applicable mortality table; or

144.7 (3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code and
144.8 the applicable mortality table, divided by 1.05.

144.9 (c) If a member participated in more than one pension plan in which the employer
144.10 participates, the benefits under each plan must be reduced proportionately to satisfy the
144.11 limitation in paragraph (a).

144.12 Sec. 5. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
144.13 read:

144.14 Subd. 11. **Annual addition limitation; defined contribution plans.** The annual additions
144.15 by or on behalf of a member to a defined contribution plan for any limitation year shall not
144.16 exceed the lesser of (1) 100 percent of the member's compensation for the limitation year
144.17 or (2) the dollar limit in effect for the limitation year under section 415(c)(1)(A) of the
144.18 Internal Revenue Code, as adjusted by the United States secretary of the treasury under
144.19 section 415(d)(1)(C) of the Internal Revenue Code.

144.20 Sec. 6. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
144.21 read:

144.22 Subd. 12. **Incorporation by reference.** Any requirements of section 415(b) and (c) of
144.23 the Internal Revenue Code and related regulations and agency guidance not addressed by
144.24 subdivisions 10 and 11 shall be considered incorporated by reference, including provisions
144.25 applicable to qualified police and firefighters and to survivor and disability benefits.
144.26 Subdivisions 10 to 12 shall be interpreted in a manner that is consistent with the requirements
144.27 of section 415(b) and (c) of the Internal Revenue Code and the related regulations.

144.28 Sec. 7. Minnesota Statutes 2016, section 356.635, is amended by adding a subdivision to
144.29 read:

144.30 Subd. 13. **Correction of errors.** The executive director of each plan may correct an
144.31 operational, demographic, employer eligibility, or plan document error as the executive

145.1 director deems necessary or appropriate to preserve and protect the plan's tax qualification
145.2 under section 401(a) of the Internal Revenue Code, including as provided in the Internal
145.3 Revenue Service's Employee Plans Compliance Resolution System (EPCRS) or any successor
145.4 thereto. To the extent deemed necessary by the executive director to implement correction,
145.5 the executive director may:

145.6 (1) make distributions;

145.7 (2) transfer assets; or

145.8 (3) recover an overpayment by reducing future benefit payments or designating
145.9 appropriate revenue or source of funding that will restore to the plan the amount of the
145.10 overpayment.

145.11 Sec. 8. Minnesota Statutes 2016, section 356.96, subdivision 1, is amended to read:

145.12 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that a
145.13 different meaning is intended, for the purpose of this section, the terms in ~~paragraphs (b)~~
145.14 ~~to (e)~~ this subdivision have the meanings given them.

145.15 (b) ~~"Chief administrative officer"~~ "Executive director" means the executive director of
145.16 a covered pension plan or the executive director's designee or representative.

145.17 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision 2,
145.18 clauses (1) to (4), (8), and (11) to (14), but does not mean the deferred compensation plan
145.19 administered under sections 352.965 and 352.97 or to the postretirement health care savings
145.20 plan administered under section 352.98.

145.21 (d) "Governing board" means the Board of Trustees of the Public Employees Retirement
145.22 Association, the Board of Trustees of the Teachers Retirement Association, or the Board
145.23 of Directors of the Minnesota State Retirement System.

145.24 (e) "Person" ~~includes~~ means an active, retired, deferred, or nonvested inactive participant
145.25 in a covered pension plan or a beneficiary of a participant, or an individual who has applied
145.26 to be a participant or who is or may be a survivor of a participant, or the representative of
145.27 a state agency or other governmental unit that employs active participants in a covered
145.28 pension plan.

145.29 (f) "Petitioner" means a person who has filed a petition for review of an executive
145.30 director's determination under this section.

146.1 Sec. 9. Minnesota Statutes 2016, section 356.96, subdivision 2, is amended to read:

146.2 Subd. 2. **Right to ~~review~~ appeal to executive director; determination.** A ~~determination~~
146.3 ~~made by the chief administrative officer~~ person may appeal a decision by the staff of a
146.4 covered pension plan regarding a the person's eligibility, benefits, or other rights under the
146.5 plan with which the person does not agree to the executive director of the plan. The appeal
146.6 must be in writing and be delivered to the executive director no later than 60 days after the
146.7 date of the written notice of the staff decision. The executive director may overturn, modify,
146.8 or affirm the staff's decision. The executive director's determination is subject to review
146.9 under this section.

146.10 Sec. 10. Minnesota Statutes 2016, section 356.96, subdivision 3, is amended to read:

146.11 Subd. 3. **Notice of determination.** ~~If the applicable chief administrative officer denies~~
146.12 ~~an application or a written request, modifies a benefit, or terminates a benefit of a person~~
146.13 ~~claiming a right or potential rights under a covered pension plan, the chief administrative~~
146.14 ~~officer shall notify that person through a written notice containing:~~ The executive director
146.15 shall issue a written notice of determination to the person who files an appeal under
146.16 subdivision 2. The notice of determination must be delivered by certified mail to the address
146.17 to which the most recent benefit payment was sent or, if that address is that of a financial
146.18 institution, to the last known address of the person. The notice of determination shall include
146.19 the following:

146.20 (1) a statement of the reasons for the determination;

146.21 (2) a ~~notice~~ statement that the person may petition the governing board of the covered
146.22 pension plan for a review of the determination and that a person's petition for review must
146.23 be filed in the administrative office of the covered pension plan ~~within~~ no later than 60 days
146.24 ~~of the receipt~~ after the date of the written notice of ~~the~~ determination;

146.25 (3) a statement indicating that a failure to petition for review within 60 days precludes
146.26 the person from ~~contesting in any other~~ further administrative or judicial review ~~or court~~
146.27 ~~procedure the issues determined by the chief administrative officer of the executive director's~~
146.28 determination;

146.29 (4) a statement indicating that all relevant materials, documents, affidavits, and other
146.30 records that the person wishes to be reviewed in support of the petition and a list of any
146.31 witnesses who will testify before the governing board, along with a summary of the witness'
146.32 testimony, must be filed with and received in the administrative office of the covered pension
146.33 plan at least 15 days before the date of the hearing under subdivision 10 or as directed by

147.1 the administrative law judge who conducts a fact-finding conference under subdivision 7,
147.2 paragraph (b), or a contested case hearing under subdivision 12, paragraph (b); and
147.3 (5) a summary of this section, including all filing requirements and deadlines; and
147.4 (6) the statement required under subdivision 4, paragraph (a), if applicable.

147.5 Sec. 11. Minnesota Statutes 2016, section 356.96, subdivision 4, is amended to read:

147.6 Subd. 4. **Termination of benefits.** (a) ~~If a covered pension plan decides to~~ the executive
147.7 director's determination will terminate a benefit that is being paid to a person, ~~before~~
147.8 ~~terminating the benefit, the chief administrative officer must, in addition to the other~~
147.9 ~~procedures prescribed in this section, provide the individual with written notice of the~~
147.10 ~~pending benefit termination by certified mail. The notice must explain the reason for the~~
147.11 ~~pending benefit termination. The person must be given an~~ the notice of determination must
147.12 also state that the person has the opportunity to explain, in writing, in person, by telephone,
147.13 or by e-mail, the reasons that the benefit should not be terminated.

147.14 (b) ~~If the chief administrative officer is unable to contact the person and~~ notice of
147.15 determination is returned as undeliverable and the person cannot be reached by any other
147.16 reasonable means of communication and the executive director determines that a failure to
147.17 terminate the benefit will result in unauthorized payment by a covered pension plan, the
147.18 ~~chief administrative officer~~ executive director may terminate the benefit immediately ~~upon~~
147.19 ~~mailing a written notice containing the information required by subdivision 3 to the address~~
147.20 ~~to which the most recent benefit payment was sent and, if that address is that of a financial~~
147.21 ~~institution, to the last known address of the person.~~

147.22 Sec. 12. Minnesota Statutes 2016, section 356.96, subdivision 5, is amended to read:

147.23 Subd. 5. **Petition for review.** (a) Upon receipt of the notice of determination required
147.24 in subdivision 3, a person who claims a right under subdivision 2 may petition the governing
147.25 board of the covered pension plan for a review of that decision by the governing board of
147.26 ~~the covered pension plan~~ the executive director's determination.

147.27 (b) ~~A petition under this section must be sent to the chief administrative officer by mail~~
147.28 ~~and must be postmarked~~ The petitioner must file the petition for review with the
147.29 administrative office of the covered pension plan no later than 60 days after the person
147.30 ~~received~~ date of the notice of determination required by subdivision 3. Filing of the petition
147.31 is effective upon mailing or personal delivery. The petition must include the person's
147.32 petitioner's statement of the reason or reasons that the person believes the decision of the

148.1 ~~chief administrative officer~~ determination of the executive director should be reversed or
148.2 modified. ~~The petition may include all documentation and written materials that the petitioner~~
148.3 ~~deems to be relevant. In developing a record for review by the board when a decision is~~
148.4 ~~appealed, the chief administrative officer may direct that the applicant participate in a~~
148.5 ~~fact-finding session conducted by an administrative law judge assigned by the Office of~~
148.6 ~~Administrative Hearings and, as applicable, participate in a vocational assessment conducted~~
148.7 ~~by a qualified rehabilitation counselor on contract with the applicable retirement system.~~

148.8 Sec. 13. Minnesota Statutes 2016, section 356.96, subdivision 6, is amended to read:

148.9 Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is not
148.10 filed with the ~~chief administrative officer~~, office of the covered pension plan's plan, the
148.11 executive director's determination is final and is not subject to further administrative or
148.12 judicial review.

148.13 Sec. 14. Minnesota Statutes 2016, section 356.96, subdivision 7, is amended to read:

148.14 Subd. 7. **Notice of hearing; fact-finding; filing and timing requirements.** (a) After
148.15 receiving a petition, the ~~chief administrative officer~~ executive director must schedule a
148.16 timely hearing to review of the petition before the governing board of the covered pension
148.17 plan or the executive director may defer the scheduling of a hearing until after a fact-finding
148.18 conference under paragraph (b). ~~The review must be scheduled to take into consideration~~
148.19 ~~any necessary accommodations to allow the petitioner to participate in the governing board's~~
148.20 ~~review.~~

148.21 (b) The executive director may direct the petitioner to participate in a fact-finding
148.22 conference conducted by an administrative law judge assigned by the Office of
148.23 Administrative Hearings. The fact-finding conference is an informal proceeding not subject
148.24 to Minnesota Rules, chapter 1400, except that Minnesota Rules, part 1400.7300, shall govern
148.25 the admissibility of evidence and Minnesota Rules, part 1400.8603, shall govern how the
148.26 fact-finding conference is conducted. The administrative law judge must issue a report and
148.27 a recommendation to the governing board.

148.28 (c) If the petitioner's claim relates to disability benefits, the executive director may direct
148.29 the petitioner to participate in a vocational assessment conducted by a qualified rehabilitation
148.30 counselor under contract with the covered pension plan. The counselor must issue a report
148.31 regarding the assessment to the governing board.

148.32 ~~(b)~~ (d) Not less than 30 calendar days before the date scheduled for the hearing date
148.33 before the governing board, the ~~chief administrative officer~~ executive director must provide

149.1 ~~by mail to notify~~ the petitioner an ~~acknowledgment of the receipt of the person's petition~~
149.2 ~~and a follow-up notice~~ of the time and place of the meeting at which the governing board
149.3 is scheduled to ~~consider the petition and~~ conduct the hearing. If there has been no fact-finding
149.4 conference under paragraph (b), not less than 15 days before the date scheduled for the
149.5 hearing, the petitioner and the executive director must provide a copy to the governing board
149.6 and the other party copies of all relevant documents, documentary evidence, summaries,
149.7 and recommendations assembled by or on behalf of the plan administration to be considered
149.8 by the governing board that will be presented and a list of witnesses who will testify, along
149.9 with a summary of their testimony.

149.10 ~~(c) All documents and materials that the petitioner wishes to be part of the record for~~
149.11 ~~review must be filed with the chief administrative officer and must be received in the offices~~
149.12 ~~of the covered pension plan at least 15 days before the date of the meeting at which the~~
149.13 ~~petition is scheduled to be heard.~~

149.14 ~~(d) A~~ (e) The petitioner may request a continuance postponement of a the date scheduled
149.15 for the hearing if the request is received by the chief administrative officer within before
149.16 the governing board within a reasonable time, but no later than ten calendar days of before
149.17 the scheduled hearing date of the applicable board meeting. The chief administrative officer
149.18 must reschedule the review within a reasonable time. Only one continuance may be granted
149.19 to any petitioner. A petitioner shall be granted only one postponement unless the applicable
149.20 covered pension plan agrees to additional postponements.

149.21 Sec. 15. Minnesota Statutes 2016, section 356.96, subdivision 8, is amended to read:

149.22 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and
149.23 affidavits in the possession of the covered pension plan of which the covered pension plan
149.24 desires to avail itself and be considered by the governing board, and all evidence which the
149.25 petitioner wishes to present to the governing board, including any evidence which would
149.26 otherwise be classified by law as "private," must be made part of the hearing record.

149.27 (b) The ~~chief administrative officer~~ executive director must provide a copy of the record
149.28 to each member of the governing board at least ~~seven~~ five days before the scheduled hearing
149.29 date.

149.30 (c) ~~Any additional document, affidavit, or other relevant information that the petitioner~~
149.31 ~~requests be part of the record may be admitted with the consent of the governing board. If~~
149.32 a fact-finding conference under subdivision 7, paragraph (b), is not conducted, the record
149.33 is limited to those materials provided to the petitioner in accordance with subdivision 7,
149.34 paragraph (d), those filed by the petitioner with the covered pension plan in a timely manner

150.1 in accordance with subdivision 7, paragraph (e), any vocational assessment report under
150.2 subdivision 7, paragraph (c), and any testimony at the hearing before the governing board.
150.3 Any additional evidence may be placed in the record pursuant to subdivision 10, paragraph
150.4 (b).

150.5 (d) If a fact-finding conference under subdivision 7, paragraph (b), or a contested case
150.6 hearing under subdivision 12, paragraph (b), is conducted, the record before the governing
150.7 board must be limited to the following:

150.8 (1) the record from the Office of Administrative Hearings;

150.9 (2) seven-page submissions by the petitioner and a representative of the covered pension
150.10 plan commenting on the administrative law judge's recommendation; and

150.11 (3) any vocational assessment report under subdivision 7, paragraph (c).

150.12 Sec. 16. Minnesota Statutes 2016, section 356.96, subdivision 9, is amended to read:

150.13 Subd. 9. **Amended determination.** At any time before the hearing before the governing
150.14 board, for good cause shown and made part of the records of the plan, the ~~chief administrative~~
150.15 ~~officer~~ executive director may reverse, alter, amend, or modify the prior decision which is
150.16 subject to review under this section by issuing an amended ~~decision~~ determination to the
150.17 petitioner. Upon doing so, the ~~chief administrative officer~~ executive director may cancel
150.18 the governing board's scheduled review of the person's petition and ~~shall so~~ notify the
150.19 petitioner.

150.20 Sec. 17. Minnesota Statutes 2016, section 356.96, subdivision 10, is amended to read:

150.21 Subd. 10. **Board hearing.** (a) The governing board shall hold a timely hearing on a
150.22 petition for review as part of a regularly scheduled board meeting, or as part of a special
150.23 meeting if so scheduled. All governing board members who participate in the
150.24 decision-making process must be familiar with the record. The governing board shall make
150.25 its decision on a petition solely on the record as submitted and on the proceedings of the
150.26 hearing.

150.27 (b) At the hearing, the petitioner, the petitioner's attorney, and the chief administrative
150.28 ~~officer~~ representative, if any, the executive director, and a representative of the covered
150.29 pension plan who does not also serve as the governing board's legal advisor during the
150.30 board's decision-making process may state and discuss with the governing board their
150.31 positions with respect to the petition. If no fact-finding conference under subdivision 7,
150.32 paragraph (b), or contested case hearing under subdivision 12, paragraph (b), was conducted,

151.1 additional evidence may be received in the form of testimony from previously disclosed
151.2 witnesses. The governing board may allow further documentation to be placed in the record
151.3 at the board meeting only with the agreement of both the ~~chief administrative officer~~
151.4 executive director and the petitioner. The ~~chief administrative officer~~ executive director
151.5 may not otherwise participate in the board's decision-making process.

151.6 ~~(b) When a petition presents a contested issue of law, an assistant attorney general may~~
151.7 ~~participate and may argue on behalf of the legal position taken by the chief administrative~~
151.8 ~~officer if that assistant attorney general does not also serve as the governing board's legal~~
151.9 ~~advisor during the board's decision-making process.~~

151.10 ~~(c) A motion by a board member, supported by a summary of the relevant facts,~~
151.11 ~~conclusions and reasons, as properly amended and approved by a majority of the governing~~
151.12 ~~board, constitutes the board's final decision. A verbatim statement of the board's final~~
151.13 ~~decision must be served upon the petitioner. If the decision is contrary to the petitioner's~~
151.14 ~~desired outcome, the notice shall inform the petitioner of the appeal rights set forth in~~
151.15 ~~subdivision 13.~~

151.16 ~~(d)~~ (c) If a petitioner who received timely notice of a scheduled hearing fails to appear,
151.17 the governing board may nevertheless hear the petition and issue a decision.

151.18 (d) The governing board's decision shall be made upon a motion by a board member
151.19 and approval by a majority of the governing board. The governing board must issue its
151.20 decision as a written order containing findings of fact, conclusions of law, and the board's
151.21 decision no later than 30 days after the hearing. If the decision is contrary to the petitioner's
151.22 desired outcome, the notice must inform the petitioner of the appeal rights set forth in
151.23 subdivision 13.

151.24 Sec. 18. Minnesota Statutes 2016, section 356.96, subdivision 11, is amended to read:

151.25 Subd. 11. **Disability medical issues.** ~~(a) If a person petitions the governing board the~~
151.26 petitioner seeks to reverse or modify a determination ~~which found by the executive director~~
151.27 ~~that there exists no~~ was insufficient medical data ~~supporting~~ to support an application for
151.28 disability benefits, the governing board may reverse that determination only if there is ~~in~~
151.29 ~~fact~~ medical evidence supporting the application. The governing board has the discretion
151.30 to resubmit a disability benefit application at any time to a medical advisor for
151.31 reconsideration, and the resubmission may include an instruction that further medical
151.32 examinations be obtained.

~~(b) The governing board may make a determination contrary to the recommendation of the medical advisor only if there is expert medical evidence in the record to support its contrary decision. If there is no medical evidence contrary to the opinion of the medical advisor in the record and the medical advisor attests that the decision was made in accordance with the applicable disability standard, the board must follow the decision of the medical advisor regarding the cause of the disability.~~

~~(c) The obligation of the governing board to follow the decision of the medical advisor under paragraph (b) does not apply to instances when the governing board makes a determination different from the recommendation of the medical advisor on issues that do not involve medical issues.~~

Sec. 19. Minnesota Statutes 2016, section 356.96, subdivision 12, is amended to read:

Subd. 12. **Referral for administrative hearing.** ~~(a) Notwithstanding any provision of sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination of the chief administrative officer of a covered pension plan~~ A fact-finding conference under subdivision 7, paragraph (b), must be conducted exclusively under the procedures set forth in this section and is not as a contested case under chapter 14.

~~(b) Notwithstanding the provisions of paragraph (a),~~ A governing board, in its sole discretion, may refer a petition brought under this section to the Office of Administrative Hearings for a contested case hearing under sections 14.57 to 14.69.

Sec. 20. Minnesota Statutes 2016, section 356.96, subdivision 13, is amended to read:

Subd. 13. **Appeal of the governing board's decision; judicial review.** ~~Within~~ No later than 60 days of after the date of the mailing of the notice of the governing board's decision, the petitioner may appeal the decision by filing a writ of certiorari with the Court of Appeals under section 606.01 and Rule 115 of the Minnesota Rules of Civil Appellate Procedure. Failure by a person to appeal to the Court of Appeals within the 60-day period precludes the person from later raising, in any subsequent administrative hearing or court proceeding, those substantive and procedural issues that reasonably should have been raised upon a timely appeal.

Sec. 21. **REPEALER.**

Minnesota Statutes 2016, sections 356.611, subdivisions 3, 3a, 4, and 5; and 356.96, subdivisions 14 and 15, are repealed.

153.1 Sec. 22. **EFFECTIVE DATE.**

153.2 Sections 1 to 21 are effective June 30, 2018.

153.3 **ARTICLE 14**

153.4 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS**

153.5 Section 1. Minnesota Statutes 2016, section 356A.06, subdivision 7, is amended to read:

153.6 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A covered
153.7 pension plan not described by subdivision 6, paragraph (a), is an expanded list plan and
153.8 shall invest its assets as specified in this subdivision. The governing board of an expanded
153.9 list plan may select and appoint investment agencies to act for or on its behalf.

153.10 (b) **Securities generally; investment forms.** An expanded list plan is authorized to
153.11 purchase, sell, lend, and exchange the investment securities authorized under this subdivision,
153.12 including puts and call options and future contracts traded on a contract market regulated
153.13 by a governmental agency or by a financial institution regulated by a governmental agency.
153.14 These securities may be owned directly or through shares in exchange-traded or mutual
153.15 funds, or as units in commingled trusts, subject to any limitations specified in this subdivision.

153.16 (c) **Government obligations.** An expanded list plan is authorized to invest funds in
153.17 governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the
153.18 issue is backed by the full faith and credit of the issuer or the issue is rated among the top
153.19 four quality rating categories by a nationally recognized rating agency. The obligations in
153.20 which funds may be invested under this paragraph are guaranteed or insured issues of:

153.21 (1) the United States, one of its agencies, one of its instrumentalities, or an organization
153.22 created and regulated by an act of Congress;

153.23 (2) the Dominion of Canada or one of its provinces if the principal and interest are
153.24 payable in United States dollars;

153.25 (3) a state or one of its municipalities, political subdivisions, agencies, or
153.26 instrumentalities; and

153.27 (4) a United States government-sponsored organization of which the United States is a
153.28 member if the principal and interest are payable in United States dollars.

153.29 (d) **Investment-grade corporate obligations.** An expanded list plan is authorized to
153.30 invest funds in bonds, notes, debentures, transportation equipment obligations, or any other
153.31 longer term evidences of indebtedness issued or guaranteed by a corporation organized

154.1 under the laws of the United States or any of its states, or the Dominion of Canada or any
154.2 of its provinces if:

154.3 (1) the principal and interest are payable in United States dollars; and

154.4 (2) the obligations are rated among the top four quality categories by a nationally
154.5 recognized rating agency.

154.6 (e) **Below-investment-grade corporate obligations.** An expanded list plan is authorized
154.7 to invest in unrated corporate obligations or in corporate obligations that are not rated among
154.8 the top four quality categories by a nationally recognized rating agency if:

154.9 (1) the aggregate value of these obligations does not exceed five percent of the covered
154.10 pension plan's market value;

154.11 (2) the covered pension plan's participation is limited to 50 percent of a single offering
154.12 subject to this paragraph; and

154.13 (3) the covered pension plan's participation is limited to 25 percent of an issuer's
154.14 obligations subject to this paragraph.

154.15 (f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

154.16 (i) bankers acceptances and deposit notes if issued by a United States bank that is rated
154.17 in the highest four quality categories by a nationally recognized rating agency;

154.18 (ii) certificates of deposit if issued by a United States bank or savings institution rated
154.19 in the highest four quality categories by a nationally recognized rating agency or whose
154.20 certificates of deposit are fully insured by federal agencies, or if issued by a credit union in
154.21 an amount within the limit of the insurance coverage provided by the National Credit Union
154.22 Administration;

154.23 (iii) commercial paper if issued by a United States corporation or its Canadian subsidiary
154.24 and if rated in the highest two quality categories by a nationally recognized rating agency;

154.25 (iv) mortgage securities and asset-backed securities if rated in the top four quality
154.26 categories by a nationally recognized rating agency;

154.27 (v) repurchase agreements and reverse repurchase agreements if collateralized with
154.28 letters of credit or securities authorized in this section;

154.29 (vi) guaranteed investment contracts if issued by an insurance company or a bank that
154.30 is rated in the top four quality categories by a nationally recognized rating agency or
154.31 alternative guaranteed investment contracts if the underlying assets comply with the
154.32 requirements of this subdivision;

155.1 (vii) savings accounts if fully insured by a federal agency; and

155.2 (viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic
155.3 mutual insurance company.

155.4 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates of
155.5 deposit and collateralization agreements executed by the covered pension plan under clause
155.6 (1), item (ii).

155.7 (3) In addition to investments authorized by clause (1), item (iv), an expanded list plan
155.8 is authorized to purchase from the Minnesota Housing Finance Agency all or any part of a
155.9 pool of residential mortgages, not in default, that has previously been financed by the
155.10 issuance of bonds or notes of the agency. The covered pension plan may also enter into a
155.11 commitment with the agency, at the time of any issue of bonds or notes, to purchase at a
155.12 specified future date, not exceeding 12 years from the date of the issue, the amount of
155.13 mortgage loans then outstanding and not in default that have been made or purchased from
155.14 the proceeds of the bonds or notes. The covered pension plan may charge reasonable fees
155.15 for any such commitment and may agree to purchase the mortgage loans at a price sufficient
155.16 to produce a yield to the covered pension plan comparable, in its judgment, to the yield
155.17 available on similar mortgage loans at the date of the bonds or notes. The covered pension
155.18 plan may also enter into agreements with the agency for the investment of any portion of
155.19 the funds of the agency. The agreement must cover the period of the investment, withdrawal
155.20 privileges, and any guaranteed rate of return.

155.21 (g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or
155.22 convertible issues of any corporation organized under the laws of the United States or any
155.23 of its states, any corporation organized under the laws of the Dominion of Canada or any
155.24 of its provinces, or any corporation listed on an exchange that is regulated by an agency of
155.25 the United States or of the Canadian national government.

155.26 An investment in any corporation must not exceed five percent of the total outstanding
155.27 shares of that corporation, except that an expanded list plan may hold up to 20 percent of
155.28 the shares of a real estate investment trust and up to 20 percent of the shares of a closed
155.29 mutual fund. Purchase of shares of exchange-traded or mutual funds shall be consistent
155.30 with paragraph (b).

155.31 (h) **Other investments.** (1) In addition to the investments authorized in paragraphs (b)
155.32 to (g), and subject to the provisions in clause (2), an expanded list plan is authorized to
155.33 invest funds in:

156.1 (i) equity and debt investment businesses through participation in limited partnerships,
156.2 trusts, private placements, limited liability corporations, limited liability companies, limited
156.3 liability partnerships, and corporations;

156.4 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust or
156.5 shares of real estate investment trusts, through investment in limited partnerships,
156.6 bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance
156.7 company commingled accounts, including separate accounts;

156.8 (iii) resource investments through limited partnerships, trusts, private placements, limited
156.9 liability corporations, limited liability companies, limited liability partnerships, and
156.10 corporations; and

156.11 (iv) international securities.

156.12 (2) The investments authorized in clause (1) must conform to the following provisions:

156.13 (i) the aggregate value of all investments made under clause (1), items (i), (ii), and (iii),
156.14 may not exceed 35 percent of the market value of the fund for which the expanded list plan
156.15 is investing;

156.16 (ii) there must be at least four unrelated owners of the investment other than the expanded
156.17 list plan for investments made under clause (1), item (i), (ii), or (iii);

156.18 (iii) the expanded list plan's participation in an investment vehicle is limited to 20 percent
156.19 thereof for investments made under clause (1), item (i), (ii), or (iii);

156.20 (iv) the expanded list plan's participation in a limited partnership does not include a
156.21 general partnership interest or other interest involving general liability. The expanded list
156.22 plan may not engage in any activity as a limited partner which creates general liability;

156.23 (v) the aggregate value of all unrated obligations and obligations that are not rated among
156.24 the top four quality categories by a nationally recognized rating agency authorized by
156.25 paragraph (e) and clause (1), item (iv), must not exceed five percent of the covered plan's
156.26 market value; and

156.27 (vi) for volunteer firefighter relief associations, emerging market equity and international
156.28 debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the
156.29 association's special fund market value.

156.30 (i) **Supplemental plan investments.** The governing body of an expanded list plan may
156.31 certify assets to the State Board of Investment for investment under section 11A.17.

157.1 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's investments
157.2 under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the
157.3 form in which these investments are held, must not exceed 85 percent of the covered plan's
157.4 market value.

157.5 **EFFECTIVE DATE.** This section is effective January 1, 2019.

157.6 Sec. 2. Minnesota Statutes 2016, section 424A.001, subdivision 2, is amended to read:

157.7 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department ~~or~~
157.8 an independent nonprofit firefighting corporation, and a fire department established as or
157.9 operated by a joint powers entity under section 471.59.

157.10 **EFFECTIVE DATE.** This section is effective January 1, 2019.

157.11 Sec. 3. Minnesota Statutes 2016, section 424A.001, is amended by adding a subdivision
157.12 to read:

157.13 Subd. 2a. **Municipal.** "Municipal" means of a city or township.

157.14 **EFFECTIVE DATE.** This section is effective January 1, 2019.

157.15 Sec. 4. Minnesota Statutes 2016, section 424A.001, subdivision 3, is amended to read:

157.16 Subd. 3. **Municipality.** "Municipality" means a ~~municipality~~ city or township which
157.17 has established a fire department with which the relief association is directly associated, ~~or~~
157.18 ~~the municipalities~~ a city or township which ~~have~~ has entered into a contract with the
157.19 independent nonprofit firefighting corporation of which the relief association is ~~a subsidiary~~
157.20 directly associated, or a city or township that has entered into a contract with a joint powers
157.21 entity established under section 471.59 of which the relief association is directly associated.

157.22 **EFFECTIVE DATE.** This section is effective January 1, 2019.

157.23 Sec. 5. Minnesota Statutes 2016, section 424A.001, subdivision 10, is amended to read:

157.24 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who is a member
157.25 of the applicable fire department or the independent nonprofit firefighting corporation and
157.26 is eligible for membership in the applicable relief association and:

157.27 (i) is engaged in providing emergency response services or delivering fire education or
157.28 prevention services as a member of a ~~municipal~~ fire department, ~~a joint powers entity fire~~
157.29 ~~department, or an independent nonprofit firefighting corporation;~~

(ii) is trained in or is qualified to provide fire suppression duties or to provide fire prevention duties under subdivision 8; and

(iii) meets any other minimum firefighter and service standards established by the fire department ~~or the independent nonprofit firefighting corporation~~ or specified in the articles of incorporation or bylaws of the relief association.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 6. Minnesota Statutes 2016, section 424A.002, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** A ~~municipal fire department or an independent nonprofit firefighting corporation~~, with approval by the applicable municipality or municipalities, may establish a new volunteer firefighter relief association or may retain an existing volunteer firefighter relief association. A ~~municipal fire department or an independent nonprofit firefighting corporation~~ may be associated with only one volunteer firefighter relief association at one time.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 7. **[424A.003] CERTIFICATION OF SERVICE CREDIT.**

(a) When a municipal fire department, a joint powers fire department, or an independent nonprofit firefighting corporation is directly associated with the volunteer firefighters relief association, the fire chief shall certify annually by March 31 the service credit for the previous calendar year of each volunteer firefighter rendering active service with the fire department.

(b) The certification shall be made to an officer of the relief association's board of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in population served by the associated fire department.

(c) The fire chief shall notify each volunteer firefighter rendering active service with the fire department of the amount of service credit rendered by the firefighter for the previous calendar year. The service credit notification and a description of the process and deadlines for the firefighter to challenge the fire chief's determination of service credit must be provided to the firefighter 60 days prior to its certification to the relief association and municipality. If the service credit amount is challenged, the fire chief shall accept and consider any additional pertinent information and shall make a final determination of service credit.

(d) The service credit certification must be expressed as the number of completed months of the previous year during which an active volunteer firefighter rendered at least the

159.1 minimum level of duties as specified and required by the fire department under the rules,
159.2 regulations, and policies applicable to the fire department. No more than one year of service
159.3 credit may be certified for a calendar year.

159.4 (e) If a volunteer firefighter who is a member of the relief association leaves active
159.5 firefighting service to render active military service that is required to be governed by the
159.6 federal Uniformed Services Employment and Reemployment Rights Act, as amended, the
159.7 firefighter must be certified as providing service credit for the period of the military service,
159.8 up to the applicable limit of the federal Uniformed Services Employment and Reemployment
159.9 Rights Act. If the volunteer firefighter does not return from the military service in compliance
159.10 with the federal Uniformed Services Employment and Reemployment Rights Act, the service
159.11 credits applicable to that military service credit period are forfeited and canceled at the end
159.12 of the calendar year in which the time limit set by federal law occurs.

159.13 **EFFECTIVE DATE.** This section is effective January 1, 2019.

159.14 Sec. 8. Minnesota Statutes 2016, section 424A.01, subdivision 1, is amended to read:

159.15 Subdivision 1. **Minors.** No volunteer firefighters relief association associated with a
159.16 municipality, a joint powers entity, or an independent nonprofit firefighting corporation
159.17 may include as a relief association member a minor serving as a volunteer firefighter.

159.18 **EFFECTIVE DATE.** This section is effective January 1, 2019.

159.19 Sec. 9. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision to
159.20 read:

159.21 Subd. 4a. **Prohibition on receipt of concurrent service credit.** No firefighter may be
159.22 credited with service credit in a volunteer firefighters relief association for the same hours
159.23 of service for which coverage is already provided in a fund operated pursuant to chapter
159.24 353.

159.25 **EFFECTIVE DATE.** This section is effective January 1, 2019, and applies to service
159.26 rendered on or after that date.

159.27 Sec. 10. Minnesota Statutes 2016, section 424A.01, subdivision 5, is amended to read:

159.28 Subd. 5. **Fire prevention personnel.** (a) ~~If the fire department is a municipal department~~
159.29 ~~and the applicable municipality approves, or if the fire department is an independent nonprofit~~
159.30 ~~firefighting corporation and the contracting municipality or municipalities approve,~~ the fire

160.1 department may employ or otherwise utilize the services of persons as volunteer firefighters
160.2 to perform fire prevention duties and to supervise fire prevention activities.

160.3 (b) Personnel serving in fire prevention positions are eligible to be members of the
160.4 applicable volunteer firefighter relief association and to qualify for service pension or other
160.5 benefit coverage of the relief association on the same basis as fire department personnel
160.6 who perform fire suppression duties.

160.7 (c) Personnel serving in fire prevention positions also are eligible to receive any other
160.8 benefits under the applicable law or practice for services on the same basis as personnel
160.9 who are employed to perform fire suppression duties.

160.10 **EFFECTIVE DATE.** This section is effective January 1, 2019.

160.11 Sec. 11. Minnesota Statutes 2016, section 424A.01, is amended by adding a subdivision
160.12 to read:

160.13 **Subd. 5a. Volunteer emergency medical personnel.** Volunteer emergency medical
160.14 personnel are eligible to be members of the applicable volunteer firefighters relief association
160.15 and to qualify for service pension or other benefit coverage of the relief association on the
160.16 same basis as fire department personnel who perform or supervise fire suppression or fire
160.17 prevention duties if:

160.18 (1) the fire department employs or otherwise uses the services of persons solely as
160.19 volunteer emergency medical personnel to perform emergency medical response duties or
160.20 supervise emergency medical response activities;

160.21 (2) the bylaws of the relief association authorize the eligibility; and

160.22 (3) the eligibility is approved by:

160.23 (i) the municipality, if the fire department is a municipal department;

160.24 (ii) the joint powers board, if the fire department is a joint powers entity; or

160.25 (iii) the contracting municipality or municipalities, if the fire department is an independent
160.26 nonprofit firefighting corporation.

160.27 **EFFECTIVE DATE.** This section is effective January 1, 2019, and applies to service
160.28 rendered on or after that date.

161.1 Sec. 12. Minnesota Statutes 2016, section 424A.01, subdivision 6, is amended to read:

161.2 Subd. 6. **Return to active firefighting after break in service.** (a) This subdivision
161.3 governs the service pension calculation requirements of a firefighter who returns to active
161.4 service after a break in service and applies to all breaks in service, except that the resumption
161.5 service requirements of this subdivision do not apply to leaves of absence made available
161.6 by federal statute, such as the Family Medical Leave Act, United States Code, title 29,
161.7 section 2691, and the Uniformed Services Employment and Reemployment Rights Act,
161.8 United States Code, title 38, section 4301, and do not apply to leaves of absence made
161.9 available by state statute, such as the Parental Leave Act, section 181.941; the Leave for
161.10 Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section
161.11 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed
161.12 in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section
161.13 593.50.

161.14 (b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire
161.15 prevention duties for at least 60 days resumes performing active firefighting with the fire
161.16 department associated with the relief association, if the bylaws of the relief association so
161.17 permit, the firefighter may again become an active member of the relief association. A
161.18 firefighter who returns to active service and membership is subject to the service pension
161.19 calculation requirements under this section.

161.20 (2) A firefighter who has been granted an approved leave of absence not exceeding one
161.21 year by the fire department or by the relief association is exempt from the minimum period
161.22 of resumption service requirement of this section.

161.23 (3) A person who has a break in service not exceeding one year but has not been granted
161.24 an approved leave of absence and who has not received a service pension or disability benefit
161.25 may be made exempt from the minimum period of resumption service requirement of this
161.26 section by the relief association bylaws.

161.27 (4) If the bylaws so provide, a firefighter who returns to active relief association
161.28 membership under this paragraph may continue to collect a monthly service pension,
161.29 notwithstanding the service pension eligibility requirements under chapter 424A.

161.30 (c) If a former firefighter who has received a service pension or disability benefit returns
161.31 to active relief association membership under paragraph (b), the firefighter may qualify for
161.32 the receipt of a service pension from the relief association for the resumption service period
161.33 if the firefighter meets the service requirements of section 424A.016, subdivision 3, or

162.1 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for
162.2 the same period of service.

162.3 (d) If a former firefighter who has not received a service pension or disability benefit
162.4 returns to active relief association membership under paragraph (b), the firefighter may
162.5 qualify for the receipt of a service pension from the relief association for the original and
162.6 resumption service periods if the firefighter meets the service requirements of section
162.7 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption
162.8 years of service credit.

162.9 (e) A firefighter who returns to active lump-sum relief association membership under
162.10 paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon
162.11 a subsequent cessation of duties, any service pension for the resumption service period
162.12 calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter
162.13 upon the firefighter's previous cessation of duties, a second lump-sum service pension for
162.14 the resumption service period must be calculated by applying the service pension amount
162.15 in effect on the date of the firefighter's termination of the resumption service for all years
162.16 of the resumption service.

162.17 (f) A firefighter who had not been paid a lump-sum service pension returns to active
162.18 relief association membership under paragraph (b), who did not meet the minimum period
162.19 of resumption service requirement specified in the relief association's bylaws, but who does
162.20 meet the minimum service requirement of section 424A.02, subdivision 2, based on the
162.21 firefighter's original and resumption years of active service, must have, upon a subsequent
162.22 cessation of duties, a service pension for the original and resumption service periods
162.23 calculated by applying the service pension amount in effect on the date of the firefighter's
162.24 termination of the resumption service, or, if the bylaws so provide, based on the service
162.25 pension amount in effect on the date of the firefighter's previous cessation of duties. The
162.26 service pension for a firefighter who returns to active lump-sum relief association membership
162.27 under this paragraph, but who had met the minimum period of resumption service requirement
162.28 specified in the relief association's bylaws, must be calculated by applying the service
162.29 pension amount in effect on the date of the firefighter's termination of the resumption service.

162.30 (g) If a firefighter receiving a monthly benefit service pension returns to active monthly
162.31 benefit relief association membership under paragraph (b), and if the relief association
162.32 bylaws do not allow for the firefighter to continue collecting a monthly service pension,
162.33 any monthly benefit service pension payable to the firefighter is suspended as of the first
162.34 day of the month next following the date on which the firefighter returns to active
162.35 membership. If the firefighter was receiving a monthly benefit service pension, and qualifies

163.1 for a service pension under paragraph (c), the firefighter is entitled to an additional monthly
163.2 benefit service pension upon a subsequent cessation of duties calculated based on the
163.3 resumption service credit and the service pension accrual amount in effect on the date of
163.4 the termination of the resumption service. A suspended initial service pension resumes as
163.5 of the first of the month next following the termination of the resumption service. If the
163.6 firefighter was not receiving a monthly benefit service pension and meets the minimum
163.7 service requirement of section 424A.02, subdivision 2, a service pension must be calculated
163.8 by applying the service pension amount in effect on the date of the firefighter's termination
163.9 of the resumption service for all years of service credit.

163.10 (h) A firefighter who was not receiving a monthly benefit service pension returns to
163.11 active relief association membership under paragraph (b), who did not meet the minimum
163.12 period of resumption service requirement specified in the relief association's bylaws, but
163.13 who does meet the minimum service requirement of section 424A.02, subdivision 2, based
163.14 on the firefighter's original and resumption years of active service, must have, upon a
163.15 subsequent cessation of duties, a service pension for the original and resumption service
163.16 periods calculated by applying the service pension amount in effect on the date of the
163.17 firefighter's termination of the resumption service, or, if the bylaws so provide, based on
163.18 the service pension amount in effect on the date of the firefighter's previous cessation of
163.19 duties. The service pension for a firefighter who returns to active relief association
163.20 membership under this paragraph, but who had met the minimum period of resumption
163.21 service requirement specified in the relief association's bylaws, must be calculated by
163.22 applying the service pension amount in effect on the date of the firefighter's termination of
163.23 the resumption service.

163.24 (i) For defined contribution plans, a firefighter who returns to active relief association
163.25 membership under paragraph (b) and who qualifies for a service pension under paragraph
163.26 (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the
163.27 resumption service period calculated as a separate benefit. If a service pension had been
163.28 paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter
163.29 meets the minimum service requirement of section 424A.016, subdivision 3, based on the
163.30 resumption years of service, a second service pension for the resumption service period
163.31 must be calculated to include allocations credited to the firefighter's individual account
163.32 during the resumption period of service and deductions for administrative expenses, if
163.33 applicable.

163.34 (j) For defined contribution plans, if a firefighter who had not been paid a service pension
163.35 returns to active relief association membership under paragraph (b), and who meets the

minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the original and resumption periods of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 13. Minnesota Statutes 2016, section 424A.015, subdivision 1, is amended to read:

Subdivision 1. **Separation from active service; exception.** (a) No service pension is payable to a person while the person remains an active member of the respective fire department, and a person who is receiving a service pension is not entitled to receive any other benefits from the special fund of the relief association.

(b) No relief association as defined in section 424A.001, subdivision 4, may pay a service pension or disability benefit to a former member of the relief association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person discontinues volunteer firefighter duties with the ~~municipality or the independent nonprofit firefighting corporation, whichever applies,~~ fire department and performs duties within the ~~municipal fire department or corporation~~ on a full-time basis;

(2) the governing body of the municipality ~~or~~ of the independent nonprofit firefighting corporation, or of the joint powers entity has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such full-time employees.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 14. Minnesota Statutes 2016, section 424A.015, is amended by adding a subdivision to read:

Subd. 7. Combined service pensions. (a) A volunteer firefighter with credit for service as an active firefighter in more than one volunteer firefighters relief association is entitled to a prorated service pension from each relief association if:

165.1 (1) the articles of incorporation or bylaws of the relief associations provide;

165.2 (2) the applicable requirements of paragraphs (b) and (c) are met; and

165.3 (3) the volunteer firefighter otherwise qualifies.

165.4 (b) A volunteer firefighter receiving a prorated service pension under this subdivision
165.5 must have a total combined amount of service credit from the two or more relief associations
165.6 of ten years or more, unless the bylaws of every affected relief association specify less than
165.7 a ten-year service vesting requirement, in which case, the total amount of required service
165.8 credit is the longest service vesting requirement of the relief associations. The member must
165.9 have one year or more of service credit in each relief association. The prorated service
165.10 pension must be based on:

165.11 (1) for defined benefit relief associations, the service pension amount in effect for the
165.12 relief association on the date on which active volunteer firefighting services covered by that
165.13 relief association terminate; and

165.14 (2) for defined contribution relief associations, the member's individual account balance
165.15 on the date on which active volunteer firefighting services covered by that relief association
165.16 terminate.

165.17 (c) To receive a prorated service pension under this subdivision, the firefighter must
165.18 become a member of the second or succeeding association and must give notice of
165.19 membership to the prior association within two years of the date of termination of active
165.20 service with the prior association. The second or subsequent relief association secretary
165.21 must certify the notice.

165.22 **EFFECTIVE DATE.** This section is effective January 1, 2019.

165.23 Sec. 15. Minnesota Statutes 2016, section 424A.016, subdivision 2, is amended to read:

165.24 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,
165.25 when its articles of incorporation or bylaws so provide, may pay out of the assets of its
165.26 special fund a defined contribution service pension to each of its members who:

165.27 (1) separates from active service with the fire department;

165.28 (2) reaches age 50;

165.29 (3) completes at least five years of active service as an active member of the ~~municipal~~
165.30 fire department to which the relief association is associated;

(4) completes at least five years of active membership with the relief association before separation from active service; and

(5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive any disability benefit coverage, is not entitled to receive additional individual account allocation of fire state aid or municipal contribution towards a service pension, and is considered to have the status of a person entitled to a deferred service pension.

(c) The service pension earned by a volunteer under this chapter and the articles of incorporation and bylaws of the relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 69.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 16. Minnesota Statutes 2016, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined benefit service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the ~~municipal~~ fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active

167.1 service measured from the member's date of entry to the same date in the subsequent month.
167.2 The service pension earned by a volunteer firefighter under this chapter and the articles of
167.3 incorporation and bylaws of the volunteer firefighters relief association may be paid whether
167.4 or not the municipality or independent nonprofit firefighting corporation to which the relief
167.5 association is associated qualifies for the receipt of fire state aid under chapter 69.

167.6 (b) In the case of a member who has completed at least five years of active service as
167.7 an active member of the fire department to which the relief association is associated on the
167.8 date that the relief association is established and incorporated, the requirement that the
167.9 member complete at least five years of active membership with the relief association before
167.10 separation from active service may be waived by the board of trustees of the relief association
167.11 if the member completes at least five years of inactive membership with the relief association
167.12 before the date of the payment of the service pension. During the period of inactive
167.13 membership, the member is not entitled to receive disability benefit coverage, is not entitled
167.14 to receive additional service credit towards computation of a service pension, and is
167.15 considered to have the status of a person entitled to a deferred service pension under
167.16 subdivision 7.

167.17 (c) No municipality or independent nonprofit firefighting corporation, or joint powers
167.18 entity may delegate the power to take final action in setting a service pension or ancillary
167.19 benefit amount or level to the board of trustees of the relief association or to approve in
167.20 advance a service pension or ancillary benefit amount or level equal to the maximum amount
167.21 or level that this chapter would allow rather than a specific dollar amount or level.

167.22 **EFFECTIVE DATE.** This section is effective January 1, 2019.

167.23 Sec. 17. Minnesota Statutes 2016, section 424A.02, subdivision 3a, is amended to read:

167.24 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a
167.25 defined benefit relief association pays a service pension greater than the maximum service
167.26 pension associated with the applicable average amount of available financing per active
167.27 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,
167.28 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum
167.29 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the
167.30 state auditor shall:

167.31 (1) disqualify the municipality or the independent nonprofit firefighting corporation
167.32 associated with the relief association from receiving fire state aid by making the appropriate
167.33 notification to the municipality and the commissioner of revenue, with the disqualification
167.34 applicable for the next apportionment and payment of fire state aid; and

(2) order the treasurer of the applicable relief association to recover the amount of the overpaid service pension or pensions from any retired firefighter who received an overpayment.

(b) Fire state aid amounts from disqualified municipalities for the period of disqualifications under paragraph (a), clause (1), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(c) The amount of any overpaid service pension recovered under paragraph (a), clause (2), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(d) The determination of the state auditor that a relief association has paid a service pension greater than the applicable maximum must be made on the basis of the information filed by the relief association and the municipality with the state auditor under sections 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other relevant information that comes to the attention of the state auditor. The determination of the state auditor is final. An aggrieved municipality, relief association, or person may appeal the determination under section 480A.06.

(e) The state auditor may certify, upon learning that a relief association overpaid a service pension based on an error in the maximum service pension calculation, the municipality or independent nonprofit firefighting corporation associated with the relief association for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief association has initiated recovery of any overpayment amount. Notwithstanding paragraph (c), all overpayments recovered under this paragraph must be credited to the relief association's special fund.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 18. Minnesota Statutes 2016, section 424A.02, subdivision 7, is amended to read:

Subd. 7. Deferred service pensions. (a) A member of a defined benefit relief association is entitled to a deferred service pension if the member separates from active service and membership and has completed the minimum service and membership requirements in subdivision 1. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

169.1 (b) The deferred service pension is payable when the former member reaches at least
169.2 age 50, or at least the minimum age specified in the bylaws governing the relief association
169.3 if that age is greater than age 50, and when the former member makes a valid written
169.4 application.

169.5 (c) A defined benefit relief association that provides a lump-sum service pension governed
169.6 by subdivision 3 may, when its governing bylaws so provide, pay interest on the deferred
169.7 lump-sum service pension during the period of deferral. If provided for in the bylaws, interest
169.8 must be paid in one of the following manners:

169.9 (1) at the investment performance rate actually earned on that portion of the assets if the
169.10 deferred benefit amount is invested by the relief association in a separate account established
169.11 and maintained by the relief association;

169.12 (2) at the investment performance rate actually earned on that portion of the assets if the
169.13 deferred benefit amount is invested in a separate investment vehicle held by the relief
169.14 association; or

169.15 (3) at an interest rate of up to five percent, compounded annually, as set by the board of
169.16 trustees.

169.17 (d) Any change in the interest rate set by the board of trustees under paragraph (c), clause
169.18 (3), must be ratified by the governing body of the municipality or joint powers entity served
169.19 by the fire department to which the relief association is directly associated, or by the
169.20 independent nonprofit firefighting corporation, as applicable.

169.21 (e) Interest under paragraph (c), clause (3), is payable beginning on the January 1 next
169.22 following the date on which the deferred service pension interest rate as set by the board of
169.23 trustees was ratified by the governing body of the municipality or joint powers entity served
169.24 by the fire department to which the relief association is directly associated, or by the
169.25 independent nonprofit firefighting corporation, as applicable.

169.26 (f) Unless the bylaws of a relief association that has elected to pay interest or additional
169.27 investment performance on deferred lump-sum service pensions under paragraph (c) specifies
169.28 a different interest or additional investment performance method, including the interest or
169.29 additional investment performance period starting date and ending date, the interest or
169.30 additional investment performance on a deferred service pension is creditable as follows:

169.31 (1) for a relief association that has elected to pay interest or additional investment
169.32 performance under paragraph (c), clause (1) or (3), beginning on the first day of the month
169.33 next following the date on which the member separates from active service and membership

and ending on the last day of the month immediately before the month in which the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to pay interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(g) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the volunteer firefighters relief association that pays a lump-sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

EFFECTIVE DATE. This section is effective January 1, 2019.

Sec. 19. Minnesota Statutes 2016, section 424A.04, subdivision 1, is amended to read:

Subdivision 1. **Membership.** (a) A relief association that is directly associated with a municipal fire department must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association and three trustees must be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated. The bylaws of a relief association which provides a monthly benefit service pension may provide that one of the six trustees elected from the relief association membership may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three municipal trustees must be one elected municipal official and one elected or appointed municipal official who are designated as municipal representatives by the municipal governing board annually and the chief of the municipal fire department.

(b) A relief association that is a subsidiary of an independent nonprofit firefighting corporation must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association, two trustees must be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated, and one trustee must be the fire chief serving with the independent nonprofit firefighting corporation. The bylaws of a relief association may provide that one of the six trustees elected from the relief association membership may be

171.1 a retired member receiving a monthly pension who is elected by the membership of the
171.2 relief association. The two municipal trustees must be elected or appointed municipal
171.3 officials, selected as follows:

171.4 (1) if only one municipality contracts with the independent nonprofit firefighting
171.5 corporation, the municipal trustees must be two officials of the contracting municipality
171.6 who are designated annually by the governing body of the municipality; or

171.7 (2) if two or more municipalities contract with the independent nonprofit corporation,
171.8 the municipal trustees must be one official from each of the two largest municipalities in
171.9 population who are designated annually by the governing bodies of the applicable
171.10 municipalities.

171.11 (c) The municipal trustees for a relief association that is directly associated with a fire
171.12 department operated as or by a joint powers entity must be the fire chief of the fire department
171.13 and two trustees designated annually by the joint powers board. The municipal trustees for
171.14 a relief association that is directly associated with a fire department service area township
171.15 must be the fire chief of the fire department and two trustees designated by the township
171.16 board.

171.17 (d) If a relief association lacks the municipal board members provided for in paragraph
171.18 (a), (b), or (c) because the fire department is not located in or associated with ~~an organized~~
171.19 ~~a municipality, or joint powers entity, or township,~~ the municipal board members must be
171.20 the fire chief of the fire department and two board members appointed from the fire
171.21 department service area by the board of commissioners of the applicable county.

171.22 (e) The term of the appointed municipal board members is one year or until the person's
171.23 successor is qualified, whichever is later.

171.24 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights and duties
171.25 accorded to any other trustee, except the right to be an officer of the relief association board
171.26 of trustees.

171.27 (g) A board must have at least three officers, who are a president, a secretary and a
171.28 treasurer. These officers must be elected from among the elected trustees by either the full
171.29 board of trustees or by the relief association membership, as specified in the bylaws. In no
171.30 event may any trustee hold more than one officer position at any one time. The terms of the
171.31 elected trustees and of the officers of the board must be specified in the bylaws of the relief
171.32 association, but may not exceed three years. If the term of the elected trustees exceeds one
171.33 year, the election of the various trustees elected from the membership must be staggered
171.34 on as equal a basis as is practicable.

172.1 **EFFECTIVE DATE.** This section is effective January 1, 2019.

172.2 Sec. 20. Minnesota Statutes 2016, section 424A.07, is amended to read:

172.3 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**
172.4 **OF RELIEF ASSOCIATIONS.**

172.5 Before paying any service pensions or retirement benefits under section 424A.02 or
172.6 before becoming entitled to receive any amounts of fire state aid upon transmittal from a
172.7 contracting municipality under section 69.031, subdivision 5, a an independent nonprofit
172.8 firefighting corporation shall establish a volunteer firefighters relief association governed
172.9 by this chapter.

172.10 **EFFECTIVE DATE.** This section is effective January 1, 2019.

172.11 Sec. 21. Minnesota Statutes 2016, section 424A.091, subdivision 3, is amended to read:

172.12 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
172.13 there exists a firefighters relief association as specified in subdivision 1 which does not
172.14 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
172.15 of any applicable special law relating to the funding or financing of the association does
172.16 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under
172.17 sections 69.011 to 69.051 until the reason for the disqualification specified by the state
172.18 auditor is remedied, whereupon the municipality or relief association, if otherwise qualified,
172.19 is entitled to again receive fire state aid for the year occurring immediately subsequent to
172.20 the year in which the disqualification is remedied.

172.21 (b) The state auditor shall determine if a municipality to which a firefighters' relief
172.22 association is directly associated or a firefighters relief association fails to comply with the
172.23 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
172.24 applicable special law based upon the information contained in the annual financial report
172.25 of the firefighters relief association required under section 69.051, the actuarial valuation
172.26 of the relief association, if applicable, the relief association officers' financial requirements
172.27 of the relief association and minimum municipal obligation determination documentation
172.28 under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094,
172.29 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or
172.30 independent nonprofit firefighting corporation budget, if requested to be filed by the state
172.31 auditor, and any other relevant documents or reports obtained by the state auditor.

173.1 (c) The municipality or independent nonprofit firefighting corporation and the associated
173.2 relief association are not eligible to receive or to retain fire state aid if:

173.3 (1) the relief association fails to prepare or to file the financial report or financial
173.4 statement under section 69.051;

173.5 (2) the relief association treasurer is not bonded in the manner and in the amount required
173.6 by section 69.051, subdivision 2;

173.7 (3) the relief association officers fail to determine or improperly determine the accrued
173.8 liability and the annual accruing liability of the relief association under section 424A.092,
173.9 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

173.10 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
173.11 valuation or the officers file an actuarial valuation that does not contain the special fund
173.12 actuarial liability calculated under the entry age normal actuarial cost method, the special
173.13 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
173.14 normal cost under the entry age normal actuarial cost method, the amortization requirement
173.15 for the special fund unfunded actuarial accrued liability by the applicable target date, a
173.16 summary of the applicable benefit plan, a summary of the membership of the relief
173.17 association, a summary of the actuarial assumptions used in preparing the valuation, and a
173.18 signed statement by the actuary attesting to its results and certifying to the qualifications of
173.19 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

173.20 (5) the municipality failed to provide a municipal contribution, or the independent
173.21 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
173.22 equal to the minimum municipal obligation if the relief association is governed under section
173.23 424A.092, or the amount necessary, when added to the fire state aid actually received in
173.24 the plan year in question, to at least equal in total the calculated annual financial requirements
173.25 of the special fund of the relief association if the relief association is governed under section
173.26 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
173.27 failed to include the minimum municipal obligation certified under section 424A.092,
173.28 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent
173.29 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
173.30 under section 424A.094, subdivision 2, in the corporate budget;

173.31 (6) the defined benefit relief association did not receive municipal ratification for the
173.32 most recent plan amendment when municipal ratification was required under section 424A.02,
173.33 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

174.1 (7) the relief association invested special fund assets in an investment security that is
174.2 not authorized under section 424A.095;

174.3 (8) the relief association had an administrative expense that is not authorized under
174.4 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that is not
174.5 authorized under section 424A.08;

174.6 (9) the relief association officers fail to provide a complete and accurate public pension
174.7 plan investment portfolio and performance disclosure under section 356.219;

174.8 (10) the relief association fails to obtain the acknowledgment from a broker of the
174.9 statement of investment restrictions under section 356A.06, subdivision 8b;

174.10 (11) the relief association officers permitted to occur a prohibited transaction under
174.11 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
174.12 of a prohibited transaction that did occur; or

174.13 (12) the relief association pays a defined benefit service pension in an amount that is in
174.14 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

174.15 **EFFECTIVE DATE.** This section is effective January 1, 2019.

174.16 Sec. 22. Minnesota Statutes 2016, section 424A.094, subdivision 3, is amended to read:

174.17 Subd. 3. **Authorized pension disbursements.** Authorized disbursements of assets of
174.18 the special fund of the subsidiary relief association of the independent nonprofit firefighting
174.19 corporation shall be governed by the provisions of section 424A.05.

174.20 **EFFECTIVE DATE.** This section is effective January 1, 2019.

174.21 Sec. 23. Minnesota Statutes 2016, section 424A.10, subdivision 1, is amended to read:

174.22 Subdivision 1. **Definitions.** For purposes of this section:

174.23 (1) "qualified recipient" means ~~an individual~~ a volunteer firefighter who receives a
174.24 lump-sum distribution of pension or retirement benefits from a volunteer firefighters relief
174.25 association or from the voluntary statewide lump-sum volunteer firefighter retirement plan
174.26 ~~for service that the individual has performed as a volunteer firefighter;~~

174.27 (2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving
174.28 spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child
174.29 or children of a deceased active or deferred volunteer firefighter;

174.30 (3) "active volunteer firefighter" means a person who:

175.1 (i) regularly renders fire suppression service, the performance or supervision of authorized
 175.2 fire prevention duties, or the performance or supervision of authorized emergency medical
 175.3 response activities for a municipal fire department or an independent nonprofit firefighting
 175.4 corporation, who;

175.5 (ii) has met the statutory and other requirements for relief association membership; and
 175.6 who

175.7 (iii) is deemed by the relief association under law and its bylaws to be a fully qualified
 175.8 member of the relief association or from the voluntary statewide lump-sum volunteer
 175.9 firefighter retirement plan for at least one month; and

175.10 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

175.11 (i) terminated active firefighting service, the performance or supervision of authorized
 175.12 fire prevention duties, or the performance or supervision of authorized emergency medical
 175.13 response activities; and

175.14 (ii) has sufficient service credit from the applicable relief association or from the voluntary
 175.15 statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension
 175.16 under the bylaws of the relief association, but has not applied for or has not received the
 175.17 service pension; and

175.18 (5) "volunteer firefighter" includes an individual whose services were utilized to perform
 175.19 or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and
 175.20 individuals whose services were used to perform emergency medical response duties or
 175.21 supervise emergency medical response activities if authorized under section 424A.01,
 175.22 subdivision 5a.

175.23 **EFFECTIVE DATE.** This section is effective January 1, 2019.

175.24 Sec. 24. Minnesota Statutes 2016, section 424B.20, subdivision 4, is amended to read:

175.25 Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit legal
 175.26 obligations of the special fund of the volunteer firefighters relief association under subdivision
 175.27 3, the board of the relief association shall transfer the remaining assets of the special fund,
 175.28 as securities or in cash, as applicable, to the chief financial official of the municipality in
 175.29 which the associated fire department was located if the fire department was a municipal fire
 175.30 department or to the chief financial official of the municipality with the largest population
 175.31 served by the fire department if the fire department was an independent nonprofit firefighting
 175.32 corporation. If the fire department was a joint powers entity, the remaining assets of the
 175.33 special fund shall be transferred to the chief financial official of the municipality designated

176.1 as the fiscal agent in the joint powers agreement or, if the agreement does not designate a
176.2 municipality as the fiscal agent, the remaining assets of the special fund shall be transferred
176.3 to the chief financial official of the municipality with the largest population served by the
176.4 joint powers fire department. The board shall also compile a schedule of the relief association
176.5 members to whom a service pension is or will be owed, any beneficiary to whom a benefit
176.6 is owed, the amount of the service pension or benefit payable based on the applicable bylaws
176.7 and state law and the service rendered to the date of the dissolution, and the date on which
176.8 the pension or benefit would first be payable under the bylaws of the relief association and
176.9 state law.

176.10 (b) The municipality ~~in which is located~~ receiving the remaining assets of the special
176.11 fund of a volunteer firefighters relief association that is dissolving under this section shall
176.12 establish a separate account in the municipal treasury which must function as a trust fund
176.13 for members of the volunteer firefighters relief association and their beneficiaries to whom
176.14 the volunteer firefighters relief association owes a service pension or other benefit under
176.15 the bylaws of the relief association and state law. Upon proper application, on or after the
176.16 initial date on which the service pension or benefit is payable, the municipal treasurer shall
176.17 pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the
176.18 other records of the dissolved relief association. The trust fund under this section must be
176.19 invested and managed consistent with chapter 356A and section 424A.095. Upon payment
176.20 of the last service pension or benefit due and owing, any remaining assets in the trust fund
176.21 ~~cancel to the general fund of the municipality-~~ or, if the fire department was a joint powers
176.22 entity, any remaining assets in the trust fund cancel to the general fund of each municipality
176.23 that was a contracting party to the joint powers agreement as specified in the joint powers
176.24 agreement. If the joint powers agreement does not specify how the remaining assets are to
176.25 be distributed among the contracting parties, each of the contracting parties shall receive a
176.26 pro rata share of the remaining assets based on the proportion of total operating contributions
176.27 each contracting municipality made to the joint powers entity over the most recent ten
176.28 calendar years. If the special fund of the volunteer firefighters relief association had an
176.29 unfunded actuarial accrued liability upon dissolution, the municipality is liable for that
176.30 unfunded actuarial accrued liability. If the fire department was a joint powers entity, the
176.31 contracting municipalities are liable for their share of the unfunded actuarial accrued liability
176.32 as specified in the joint powers agreement. If the joint powers agreement does not specify
176.33 liability for any unfunded actuarial accrued liability, the contracting municipalities are liable
176.34 for their pro rata share of the unfunded actuarial accrued liability based on the proportion
176.35 of total operating contributions each contracting municipality made to the joint powers
176.36 entity over the most recent ten calendar years.

177.1 **EFFECTIVE DATE.** This section is effective January 1, 2019.

177.2 Sec. 25. **CITY OF AUSTIN; ALLOCATION OF FIRE STATE AID FOR**
177.3 **FIREFIGHTERS.**

177.4 (a) Notwithstanding any law to the contrary, the city of Austin must annually:

177.5 (1) determine the amount of state aid required under the bylaws of the Austin Parttime
177.6 Firefighters Relief Association to fund the volunteer firefighters' service pensions;

177.7 (2) transmit to the Austin Parttime Firefighters Relief Association any supplemental
177.8 state aid received under Minnesota Statutes, section 423A.022;

177.9 (3) transmit to the Austin Parttime Firefighters Relief Association an amount of fire
177.10 state aid under Minnesota Statutes, sections 69.011 to 69.051, equal to the difference between
177.11 the amount determined under clause (1) and the amount transmitted under clause (2); and

177.12 (4) transmit the remaining balance of fire state aid under Minnesota Statutes, sections
177.13 69.011 to 69.051, for the payment of the employer contribution requirements for firefighters
177.14 covered by the public employees police and fire retirement plan under Minnesota Statutes,
177.15 section 353.65, subdivision 3.

177.16 (b) Notwithstanding Minnesota Statutes, section 69.031, subdivision 5, the city of Austin
177.17 has no liability to the relief association related to payments it made or will make to the
177.18 public employees police and fire retirement plan from fire state aid for 2013, 2014, 2015,
177.19 2016, 2017, and 2018.

177.20 (c) This section expires July 1, 2019.

177.21 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
177.22 city of Austin and its chief clerical officer comply with Minnesota Statutes, section 645.021,
177.23 subdivisions 2 and 3, and applies retroactively from January 1, 2013.

177.24 Sec. 26. **FIRE STATE AID WORK GROUP.**

177.25 (a) The executive director of the Public Employees Retirement Association shall convene
177.26 a Fire State Aid Work Group to study and make recommendations to the Legislative
177.27 Commission on Pensions and Retirement on:

177.28 (1) the current requirement that all fire state aid provided to municipalities with
177.29 firefighters as defined in Minnesota Statutes, section 353G.01, subdivision 15, or 424A.001,
177.30 subdivision 10, must be used to fund service pensions governed by Minnesota Statutes,
177.31 chapter 353G or 424A; and

178.1 (2) modifying the requirement to allow municipalities to allocate a portion of fire state
178.2 aid to pay employer contributions on behalf of firefighters covered by the public employees
178.3 police and fire retirement plan under Minnesota Statutes, section 353.65, subdivision 3.

178.4 (b) In making recommendations with information provided by Public Employees
178.5 Retirement Association and Legislative Commission on Pensions and Retirement staff, the
178.6 work group shall consider:

178.7 (1) the history and purpose of fire state aid;

178.8 (2) the history, purpose, and utilization of Minnesota Statutes 2012, section 353A.10,
178.9 subdivision 6, which allowed certain municipalities to allocate a portion of fire state aid to
178.10 pay public employees police and fire employer contributions;

178.11 (3) the impact on current volunteer firefighters, volunteer firefighter recruitment and
178.12 retention, and municipalities if fire state aid is allocated between service pensions and public
178.13 employees police and fire employer contributions; and

178.14 (4) a presentation by a city of Austin official and a representative from the Austin Parttime
178.15 Firefighters Relief Association on the city of Austin's current allocation of fire state aid.

178.16 (c) Members of the work group shall include:

178.17 (1) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

178.18 (2) two representatives of Minnesota fire chiefs, who are fire chiefs from fire departments
178.19 with both volunteer firefighters covered by either a volunteer firefighter relief association
178.20 governed by Minnesota Statutes, chapter 424A, or the voluntary statewide volunteer
178.21 firefighter retirement plan governed by Minnesota Statutes, chapter 353G, and firefighters
178.22 covered by the public employees police and fire retirement plan governed by Minnesota
178.23 Statutes, section 353.64, appointed by the Minnesota State Fire Chiefs Association;

178.24 (3) two representatives of Minnesota volunteer firefighters, who are active volunteer
178.25 firefighters, appointed by the Minnesota State Fire Departments Association;

178.26 (4) one representative of the Office of the State Auditor, designated by the state auditor;
178.27 and

178.28 (5) one representative of the Department of Revenue, designated by the commissioner
178.29 of revenue.

178.30 (d) The work group shall elect a chair from among its members.

178.31 (e) The work group shall submit a report by December 31, 2018, that contains the work
178.32 group's recommendations to the chair, vice-chair, and executive director of the Legislative

179.1 Commission on Pensions and Retirement. The report shall include recommendations

179.2 regarding:

179.3 (1) municipalities allocating a portion of fire state aid to pay employer contributions to

179.4 the public employees police and fire retirement plan;

179.5 (2) implementation of policies if fire state aid is divided, including the determination

179.6 of:

179.7 (i) the entities that will decide how the fire state aid is allocated;

179.8 (ii) how the allocation will be documented;

179.9 (iii) how the allocation may be amended, if at all;

179.10 (iv) what entity allocates the fire state aid; and

179.11 (v) whether a government agency must monitor and enforce the allocation;

179.12 (3) the scope of allowable allocations of fire state aid; and

179.13 (4) other issues the work group determines are relevant.

179.14 (e) The work group expires the day following the last day of the 2019 legislative session.

179.15 **EFFECTIVE DATE.** This section is effective June 30, 2018.

179.16 **Sec. 27. EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION**

179.17 **SERVICE PENSIONS.**

179.18 Subdivision 1. **Lump-sum service pension maximum.** (a) Notwithstanding any provision

179.19 of Minnesota Statutes, section 424A.02, subdivision 3, paragraph (d), to the contrary, the

179.20 maximum lump-sum pension amount for each year of service credited that may be provided

179.21 for in the bylaws of the Eden Prairie volunteer firefighters relief association is the maximum

179.22 service pension figure corresponding to the average amount of available financing per active

179.23 covered firefighter for the applicable specified period:

	<u>Minimum Average Amount of Available Financing per Firefighter</u>	<u>Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service</u>
179.24		
179.25		
179.26		
179.27	<u>\$...</u>	<u>\$ 10</u>
179.28	<u>11</u>	<u>20</u>
179.29	<u>16</u>	<u>30</u>
179.30	<u>23</u>	<u>40</u>
179.31	<u>27</u>	<u>50</u>
179.32	<u>32</u>	<u>60</u>

180.1	<u>43</u>	<u>80</u>
180.2	<u>54</u>	<u>100</u>
180.3	<u>65</u>	<u>120</u>
180.4	<u>77</u>	<u>140</u>
180.5	<u>86</u>	<u>160</u>
180.6	<u>97</u>	<u>180</u>
180.7	<u>108</u>	<u>200</u>
180.8	<u>131</u>	<u>240</u>
180.9	<u>151</u>	<u>280</u>
180.10	<u>173</u>	<u>320</u>
180.11	<u>194</u>	<u>360</u>
180.12	<u>216</u>	<u>400</u>
180.13	<u>239</u>	<u>440</u>
180.14	<u>259</u>	<u>480</u>
180.15	<u>281</u>	<u>520</u>
180.16	<u>302</u>	<u>560</u>
180.17	<u>324</u>	<u>600</u>
180.18	<u>347</u>	<u>640</u>
180.19	<u>367</u>	<u>680</u>
180.20	<u>389</u>	<u>720</u>
180.21	<u>410</u>	<u>760</u>
180.22	<u>432</u>	<u>800</u>
180.23	<u>486</u>	<u>900</u>
180.24	<u>540</u>	<u>1000</u>
180.25	<u>594</u>	<u>1100</u>
180.26	<u>648</u>	<u>1200</u>
180.27	<u>702</u>	<u>1300</u>
180.28	<u>756</u>	<u>1400</u>
180.29	<u>810</u>	<u>1500</u>
180.30	<u>864</u>	<u>1600</u>
180.31	<u>918</u>	<u>1700</u>
180.32	<u>972</u>	<u>1800</u>
180.33	<u>1026</u>	<u>1900</u>
180.34	<u>1080</u>	<u>2000</u>
180.35	<u>1134</u>	<u>2100</u>
180.36	<u>1188</u>	<u>2200</u>
180.37	<u>1242</u>	<u>2300</u>
180.38	<u>1296</u>	<u>2400</u>

181.1	<u>1350</u>	<u>2500</u>
181.2	<u>1404</u>	<u>2600</u>
181.3	<u>1458</u>	<u>2700</u>
181.4	<u>1512</u>	<u>2800</u>
181.5	<u>1566</u>	<u>2900</u>
181.6	<u>1620</u>	<u>3000</u>
181.7	<u>1672</u>	<u>3100</u>
181.8	<u>1726</u>	<u>3200</u>
181.9	<u>1753</u>	<u>3250</u>
181.10	<u>1780</u>	<u>3300</u>
181.11	<u>1820</u>	<u>3375</u>
181.12	<u>1834</u>	<u>3400</u>
181.13	<u>1888</u>	<u>3500</u>
181.14	<u>1942</u>	<u>3600</u>
181.15	<u>1996</u>	<u>3700</u>
181.16	<u>2023</u>	<u>3750</u>
181.17	<u>2050</u>	<u>3800</u>
181.18	<u>2104</u>	<u>3900</u>
181.19	<u>2158</u>	<u>4000</u>
181.20	<u>2212</u>	<u>4100</u>
181.21	<u>2265</u>	<u>4200</u>
181.22	<u>2319</u>	<u>4300</u>
181.23	<u>2373</u>	<u>4400</u>
181.24	<u>2427</u>	<u>4500</u>
181.25	<u>2481</u>	<u>4600</u>
181.26	<u>2535</u>	<u>4700</u>
181.27	<u>2589</u>	<u>4800</u>
181.28	<u>2643</u>	<u>4900</u>
181.29	<u>2697</u>	<u>5000</u>
181.30	<u>2751</u>	<u>5100</u>
181.31	<u>2805</u>	<u>5200</u>
181.32	<u>2859</u>	<u>5300</u>
181.33	<u>2913</u>	<u>5400</u>
181.34	<u>2967</u>	<u>5500</u>
181.35	<u>3021</u>	<u>5600</u>
181.36	<u>3075</u>	<u>5700</u>
181.37	<u>3129</u>	<u>5800</u>
181.38	<u>3183</u>	<u>5900</u>

182.1	<u>3237</u>	<u>6000</u>
182.2	<u>3291</u>	<u>6100</u>
182.3	<u>3345</u>	<u>6200</u>
182.4	<u>3399</u>	<u>6300</u>
182.5	<u>3453</u>	<u>6400</u>
182.6	<u>3507</u>	<u>6500</u>
182.7	<u>3561</u>	<u>6600</u>
182.8	<u>3615</u>	<u>6700</u>
182.9	<u>3669</u>	<u>6800</u>
182.10	<u>3723</u>	<u>6900</u>
182.11	<u>3777</u>	<u>7000</u>
182.12	<u>3831</u>	<u>7100</u>
182.13	<u>3885</u>	<u>7200</u>
182.14	<u>3939</u>	<u>7300</u>
182.15	<u>3993</u>	<u>7400</u>
182.16	<u>4047</u>	<u>7500</u>
182.17	<u>4101</u>	<u>7600</u>
182.18	<u>4155</u>	<u>7700</u>
182.19	<u>4209</u>	<u>7800</u>
182.20	<u>4263</u>	<u>7900</u>
182.21	<u>4317</u>	<u>8000</u>
182.22	<u>4371</u>	<u>8100</u>
182.23	<u>4425</u>	<u>8200</u>
182.24	<u>4479</u>	<u>8300</u>
182.25	<u>4533</u>	<u>8400</u>
182.26	<u>4587</u>	<u>8500</u>
182.27	<u>4641</u>	<u>8600</u>
182.28	<u>4695</u>	<u>8700</u>
182.29	<u>4749</u>	<u>8800</u>
182.30	<u>4803</u>	<u>8900</u>
182.31	<u>4857</u>	<u>9000</u>
182.32	<u>4911</u>	<u>9100</u>
182.33	<u>4965</u>	<u>9200</u>
182.34	<u>5019</u>	<u>9300</u>
182.35	<u>5073</u>	<u>9400</u>
182.36	<u>5127</u>	<u>9500</u>
182.37	<u>5181</u>	<u>9600</u>
182.38	<u>5235</u>	<u>9700</u>

183.1	<u>5289</u>	<u>9800</u>
183.2	<u>5343</u>	<u>9900</u>
183.3	<u>5397</u>	<u>10,000</u>
183.4	<u>5451</u>	<u>10,100</u>
183.5	<u>5505</u>	<u>10,200</u>
183.6	<u>5559</u>	<u>10,300</u>
183.7	<u>5613</u>	<u>10,400</u>
183.8	<u>5667</u>	<u>10,500</u>
183.9	<u>5721</u>	<u>10,600</u>
183.10	<u>5775</u>	<u>10,700</u>
183.11	<u>5729</u>	<u>10,800</u>
183.12	<u>5883</u>	<u>10,900</u>
183.13	<u>5937</u>	<u>11,000</u>
183.14	<u>5991</u>	<u>11,100</u>
183.15	<u>6045</u>	<u>11,200</u>
183.16	<u>6099</u>	<u>11,300</u>
183.17	<u>6153</u>	<u>11,400</u>
183.18	<u>6207</u>	<u>11,500</u>
183.19	<u>6261</u>	<u>11,600</u>
183.20	<u>6315</u>	<u>11,700</u>
183.21	<u>6369</u>	<u>11,800</u>
183.22	<u>6423</u>	<u>11,900</u>
183.23	<u>6477</u>	<u>12,000</u>
183.24	<u>6531</u>	<u>12,100</u>
183.25	<u>6585</u>	<u>12,200</u>
183.26	<u>6639</u>	<u>12,300</u>
183.27	<u>6693</u>	<u>12,400</u>
183.28	<u>6747</u>	<u>12,500</u>
183.29	<u>6801</u>	<u>12,600</u>
183.30	<u>6855</u>	<u>12,700</u>
183.31	<u>6909</u>	<u>12,800</u>
183.32	<u>6963</u>	<u>12,900</u>
183.33	<u>7017</u>	<u>13,000</u>
183.34	<u>7071</u>	<u>13,100</u>
183.35	<u>7125</u>	<u>13,200</u>
183.36	<u>7179</u>	<u>13,300</u>
183.37	<u>7233</u>	<u>13,400</u>
183.38	<u>7287</u>	<u>13,500</u>

184.1	<u>7341</u>	<u>13,600</u>
184.2	<u>7395</u>	<u>13,700</u>
184.3	<u>7449</u>	<u>13,800</u>
184.4	<u>7503</u>	<u>13,900</u>
184.5	<u>7557</u>	<u>14,000</u>
184.6	<u>7611</u>	<u>14,100</u>
184.7	<u>7665</u>	<u>14,200</u>
184.8	<u>7719</u>	<u>14,300</u>
184.9	<u>7773</u>	<u>14,400</u>
184.10	<u>7827</u>	<u>14,500</u>
184.11	<u>7881</u>	<u>14,600</u>
184.12	<u>7935</u>	<u>14,700</u>
184.13	<u>7989</u>	<u>14,800</u>
184.14	<u>8043</u>	<u>14,900</u>
184.15	<u>8097</u>	<u>15,000</u>
184.16	<u>Any amount in excess of 8097</u>	<u>15,000</u>

184.17 (b) The maximum monthly service pension amount per month for each year of service
 184.18 credited that may be provided for in the bylaws of the Eden Prairie volunteer firefighters
 184.19 relief association must be set pursuant to Minnesota Statutes, section 424A.02, subdivision
 184.20 3, paragraph (c).

184.21 Subd. 2. **Return to active service.** (a) Notwithstanding any provision of Minnesota
 184.22 Statutes, section 424A.01, subdivision 6, 424A.02, subdivision 2, or any other provision of
 184.23 law, to the contrary, if the bylaws of the Eden Prairie volunteer firefighters relief association
 184.24 so provide, a former firefighter who has received a lump-sum service pension or is receiving
 184.25 a monthly benefit service pension and returns to active relief association membership under
 184.26 Minnesota Statutes, section 424A.01, subdivision 6, paragraph (b), is entitled to receive an
 184.27 unreduced lump-sum service pension for the resumption service period if the firefighter
 184.28 completes at least three years of active service as an active member of the fire department
 184.29 during the resumption service period and completes at least three years of active membership
 184.30 with the relief association during the resumption service period.

184.31 (b) A lump-sum service pension must be calculated by applying the service pension
 184.32 amount in effect on the date of the firefighter's termination of the resumption service for all
 184.33 years of the resumption service. No firefighter may be paid a service pension more than
 184.34 once for the same period of service. Payment of a lump-sum service pension shall have no
 184.35 effect on the firefighter's previous service pension.

185.1 **EFFECTIVE DATE.** This section is effective the day after the Eden Prairie city council
185.2 and its chief clerical officer timely complete their compliance with Minnesota Statutes,
185.3 section 645.021, subdivisions 2 and 3.

185.4 Sec. 28. **CLEARBROOK FIRE DEPARTMENT RELIEF ASSOCIATION;**
185.5 **DEADLINE EXTENSION.**

185.6 Notwithstanding Minnesota Statutes, section 69.051, subdivision 1b, the deadline for
185.7 reports submitted by the Clearbrook Fire Department Relief Association under Minnesota
185.8 Statutes, section 69.051, subdivisions 1 and 1a, for 2016 is extended to May 30, 2018. The
185.9 Clearbrook Fire Department Relief Association does not forfeit its 2017 state aid if 2016
185.10 reports are received by the state auditor on or before May 30, 2018.

185.11 **EFFECTIVE DATE.** This section is effective May 27, 2018.

185.12 Sec. 29. **REPEALER.**

185.13 Minnesota Statutes 2016, section 424A.02, subdivision 13, is repealed.

185.14 **EFFECTIVE DATE.** This section is effective January 1, 2019.

185.15 **ARTICLE 15**

185.16 **MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

185.17 Section 1. Minnesota Statutes 2016, section 352.113, subdivision 2, is amended to read:

185.18 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total
185.19 and permanent disability benefit, or someone acting on behalf of the employee upon proof
185.20 of authority satisfactory to the director, shall file a written application for benefits in the
185.21 office of the system on or before the deadline specified in subdivision 4, paragraph (g).

185.22 (b) The application must be in a form and manner prescribed by the executive director.

185.23 (c) The benefit shall begin to accrue the day following the start of disability or the day
185.24 following the last day paid, whichever is later, but not earlier than 180 days before the date
185.25 the application is filed with the director.

185.26 Sec. 2. Minnesota Statutes 2016, section 352.91, subdivision 3f, is amended to read:

185.27 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
185.28 correctional service" means service by a state employee in one of the employment positions
185.29 specified in paragraph (b) in the state-operated forensic services program or the Minnesota
185.30 sex offender program if at least 75 percent of the employee's working time is spent in direct

186.1 contact with patients and the determination of this direct contact is certified to the executive
186.2 director by the commissioner of human services.

186.3 (b) The employment positions are:

186.4 (1) behavior analyst 2;

186.5 (2) behavior analyst 3;

186.6 (3) certified occupational therapy assistant 1;

186.7 (4) certified occupational therapy assistant 2;

186.8 (5) chemical dependency counselor senior;

186.9 (6) client advocate;

186.10 (7) clinical program therapist 2;

186.11 (8) clinical program therapist 3;

186.12 (9) clinical program therapist 4;

186.13 (10) customer services specialist principal;

186.14 (11) dental assistant registered;

186.15 (12) group supervisor;

186.16 (13) group supervisor assistant;

186.17 (14) human services support specialist;

186.18 (15) licensed alcohol and drug counselor;

186.19 (16) licensed practical nurse;

186.20 (17) management analyst 3;

186.21 (18) occupational therapist;

186.22 (19) occupational therapist, senior;

186.23 (20) physical therapist;

186.24 ~~(20)~~ (21) psychologist 1;

186.25 ~~(21)~~ (22) psychologist 2;

186.26 ~~(22)~~ (23) psychologist 3;

186.27 ~~(23)~~ (24) recreation program assistant;

- 187.1 ~~(24)~~ (25) recreation therapist lead;
- 187.2 ~~(25)~~ (26) recreation therapist senior;
- 187.3 ~~(26)~~ (27) rehabilitation counselor senior;
- 187.4 ~~(27)~~ (28) security supervisor;
- 187.5 ~~(28)~~ (29) skills development specialist;
- 187.6 ~~(29)~~ (30) social worker senior;
- 187.7 ~~(30)~~ (31) social worker specialist;
- 187.8 ~~(31)~~ (32) social worker specialist, senior;
- 187.9 ~~(32)~~ (33) special education program assistant;
- 187.10 ~~(33)~~ (34) speech pathology clinician;
- 187.11 ~~(34)~~ (35) work therapy assistant; and
- 187.12 ~~(35)~~ (36) work therapy program coordinator.

187.13 Sec. 3. Minnesota Statutes 2016, section 352.91, subdivision 3g, is amended to read:

187.14 Subd. 3g. **Additional Corrections Department personnel.** (a) "Covered correctional
187.15 service" means service by a state employee in one of the employment positions specified
187.16 in paragraph (b) if at least 75 percent of the employee's working time is spent in direct
187.17 contact with inmates and the determination of this direct contact is certified to the executive
187.18 director by the commissioner of corrections.

187.19 (b) The qualifying employment positions are:

- 187.20 (1) corrections discipline unit supervisor;
- 187.21 (2) dental assistant registered;
- 187.22 (3) dental hygienist;
- 187.23 (4) food service supervisor;
- 187.24 (5) medical assistant, certified;
- 187.25 (6) psychologist 2; and
- 187.26 ~~(5)~~ (7) sentencing to service crew leader involved with the inmate community work
187.27 crew program.

188.1 Sec. 4. Minnesota Statutes 2016, section 352.91, is amended by adding a subdivision to
188.2 read:

188.3 Subd. 4c. **Department of Human Services; procedure for coverage change**
188.4 **considerations.** (a) The commissioner of human services shall appoint a standing review
188.5 committee to review and determine classifications or positions that may be included in
188.6 legislative requests for correctional state employees retirement plan coverage under
188.7 subdivision 4a.

188.8 (b) The department's human resources director shall convene a meeting of the review
188.9 committee only at the request of a labor organization or a member of the department's
188.10 management team.

188.11 (c) The review committee must review all requests and the supporting documentation
188.12 for coverage by the correctional state employees retirement plan and must make a
188.13 recommendation to the commissioner regarding which classifications or positions meet the
188.14 statutory requirements for coverage. The review committee must also make a
188.15 recommendation to the commissioner regarding classifications or positions that no longer
188.16 meet the statutory requirement for coverage by the correctional state employees retirement
188.17 plan and removal of the classification or position from the applicable statute.

188.18 (d) The department's human resources director must provide a notice of each
188.19 determination and of the employee's right to appeal the determination. Appeals must be
188.20 filed with the department's human resources director within 30 days of the date of the notice
188.21 of determination.

188.22 (e) The commissioner of human services shall review appeals of determinations for
188.23 coverage. The commissioner's determinations are final.

188.24 (f) All classifications or positions recommended by the review committee for inclusion
188.25 in or exclusion from the correctional state employees retirement plan must be forwarded to
188.26 the commissioner of human services for the preparation of legislation to implement the
188.27 coverage change and submission. If the commissioner determines that the employment
188.28 position is appropriate for inclusion in or exclusion from the correctional state employees
188.29 retirement plan, the commissioner shall submit a written recommendation documenting
188.30 classifications or positions that should or should not be covered by the correctional state
188.31 employees retirement plan. The department's human resources director must retain the
188.32 documentation of each request and the final determination.

189.1 Sec. 5. Minnesota Statutes 2016, section 352F.04, subdivision 1, is amended to read:

189.2 Subdivision 1. **Enhanced augmentation rates.** ~~(a) The deferred annuity of a terminated~~
189.3 ~~hospital employee who attained that status before June 2, 2006, is subject to augmentation~~
189.4 ~~under Minnesota Statutes 1994, section 352.72, subdivision 2, except that the rate of~~
189.5 ~~augmentation is 5.5 percent compounded annually until to be applied each January 1 is the~~
189.6 ~~following the year in which the person attains age 55.:~~

189.7 January 1, 2019 4.5 percent

189.8 January 1, 2020 3.75 percent

189.9 January 1, 2021 3.0 percent

189.10 January 1, 2022 2.25 percent

189.11 January 1, 2023 1.5 percent

189.12 January 1, 2024 0.75 percent

189.13 After December 31, 2024, the deferred annuity must not be augmented.

189.14 Augmentation for each year is effective as of January 1 of that year.

189.15 ~~From that date to the effective date of retirement, the augmentation rate is 7.5 percent~~
189.16 ~~compounded annually.~~

189.17 ~~(b) If a terminated hospital employee attained that status on or after June 2, 2006, the~~
189.18 ~~augmentation rate is four percent compounded annually until January 1, following the year~~
189.19 ~~in which the person attains age 55. From that date to the effective date of retirement, the~~
189.20 ~~augmentation rate is six percent compounded annually.~~

189.21 Sec. 6. Minnesota Statutes 2016, section 352F.04, subdivision 2, is amended to read:

189.22 Subd. 2. **Exceptions Exception.** The ~~increased~~ enhanced augmentation rates specified
189.23 in subdivision 1 do not apply if the terminated hospital employee:

189.24 (1) becomes covered again by a retirement plan enumerated in section 356.30, subdivision
189.25 3, on or before June 30, 2015; or

189.26 (2) begins receipt of a retirement annuity under chapter 352 before age 62 while employed
189.27 by the employer which assumed operations of the medical facility or other public employing
189.28 unit or purchased the medical facility or other public employing unit.

189.29 Sec. 7. Minnesota Statutes 2016, section 352F.04, is amended by adding a subdivision to
189.30 read:

189.31 Subd. 3. **Return to covered employment.** (a) If a terminated hospital employee becomes
189.32 covered by a retirement plan enumerated in section 356.30, subdivision 3, the employee

190.1 shall be entitled to whichever of the following annuities produces the highest monthly
190.2 payment:

190.3 (1) the deferred annuity and augmentation to which the employee would have been
190.4 entitled under subdivision 1 reduced by the dollar amount of any annuity earned under any
190.5 enumerated retirement plan after the effective date defined in section 352F.02, subdivision
190.6 3;

190.7 (2) a combined service annuity calculated under section 356.30; or

190.8 (3) an annuity calculated under section 352.72 for coverage by more than one retirement
190.9 system using the augmentation rates in section 352.72, subdivision 2, paragraph (a).

190.10 (b) This subdivision applies to any terminated hospital employee who begins to receive
190.11 a retirement annuity under chapter 352 on or after July 1, 2015.

190.12 Sec. 8. Minnesota Statutes 2016, section 356.645, is amended to read:

190.13 **356.645 INVESTMENT OF VARIOUS DEFINED CONTRIBUTION PLAN**
190.14 **ASSETS.**

190.15 The State Board of Investment shall determine the investments to be made available to
190.16 plan participants in plans defined in sections 352.965 ~~and~~ 352.98, and 383B.46 and chapters
190.17 352D and 353D. Investments made available to plan participants must include at least one
190.18 or more of the following:

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

190.20 (2) savings accounts in federally insured financial institutions;

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

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

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

190.28 (6) investment options of a bank as defined in United States Code, title 15, section 80b-2,
190.29 subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding
190.30 Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph
190.31 (1).

191.1 Sec. 9. Minnesota Statutes 2016, section 383B.47, is amended to read:

191.2 **383B.47 INVESTMENT OF RETIREMENT MONEY FOR STATE**
191.3 **SUPPLEMENTAL FUND SHARES.**

191.4 ~~With the~~ When moneys are deposited to the credit of the supplemental retirement account,
191.5 the Minnesota State Retirement System shall ~~purchase shares on behalf of Hennepin County~~
191.6 ~~in the accounts of the Minnesota supplemental investment fund~~ make available those
191.7 investments chosen by the State Board of Investment under section 356.645 in the manner
191.8 as provided in section 383B.48.

191.9 Sec. 10. Minnesota Statutes 2016, section 383B.48, is amended to read:

191.10 **383B.48 BUYING STATE SUPPLEMENTAL INVESTMENT FUND SHARES.**

191.11 (a) A participant in the Hennepin County supplemental retirement program shall indicate
191.12 ~~the account of the Minnesota supplemental investment fund~~ investments, from those made
191.13 available pursuant to section 383B.47, in which the ~~participant wishes~~ participant's salary
191.14 deductions and county matching contributions attributable to salary deductions are to be
191.15 invested for such time as allowed by the Minnesota State Retirement System. The Minnesota
191.16 State Retirement System shall purchase with the salary deductions and county matching
191.17 funds attributable to the salary deductions shares in the appropriate ~~account of the Minnesota~~
191.18 ~~supplemental investment fund~~ in accordance with the indicated preferences of the participant.
191.19 ~~However,~~

191.20 (b) The county of Hennepin has the authority to determine which ~~accounts of the~~
191.21 ~~Minnesota supplemental investment fund~~ investments made available pursuant to section
191.22 383B.47 will be available for participant investment. The shares purchased must stand in
191.23 the name of the county of Hennepin.

191.24 (c) A record must be kept by the Minnesota State Retirement System indicating the
191.25 number of shares in each ~~account of the Minnesota supplemental investment fund~~ purchased
191.26 with the salary deductions and county matching funds attributable to the salary deductions
191.27 of each participant. The record must be known as the "participant's share account record."
191.28 The participant's share account record must show, in addition to the number of shares in
191.29 the account, any cash balance of salary deductions or county matching funds attributable
191.30 to those deductions which stand uninvested in shares.

191.31 (d) At the option of the county of Hennepin, and subject to any terms and conditions
191.32 established and communicated in writing by the county to a participant, the participant may
191.33 designate no more often than once each month that prior salary deductions and county

192.1 matching contributions attributable to the salary deductions, together with any interest
192.2 earned, be reinvested in another ~~account of the Minnesota supplemental investment fund~~
192.3 made available ~~by the county of Hennepin~~ under this section.

192.4 Sec. 11. Minnesota Statutes 2016, section 383B.49, is amended to read:

192.5 **383B.49 SUPPLEMENTAL RETIREMENT BENEFITS; REDEMPTION OF**
192.6 **SHARES.**

192.7 When requested to do so, in writing, on forms provided by the Minnesota State Retirement
192.8 System, by a participant, surviving spouse, a guardian of a surviving child or a personal
192.9 representative, whichever is applicable, the Minnesota State Retirement System shall on
192.10 behalf of Hennepin County redeem shares in the ~~accounts of the Minnesota supplemental~~
192.11 ~~investment fund~~ investments standing in a participant's share account record under the
192.12 following circumstances and in accordance with the laws and regulations governing the
192.13 ~~Minnesota supplemental~~ applicable investment fund:

192.14 (1) A participant who is no longer employed by the county of Hennepin is entitled to
192.15 receive the cash realized on the redemption of the shares to the credit of the participant's
192.16 share account record of the person. The participant may request the redemption of all or a
192.17 portion of the shares in the participant's share account record of the person, but may not
192.18 request more than one redemption in any one calendar year. If only a portion of the shares
192.19 in the participant's share account record is requested to be redeemed the person may request
192.20 to redeem not less than 20 percent of the shares in any one calendar year and the redemption
192.21 must be completed in no more than five years. The person may select annual redemption
192.22 in a single lump sum or in monthly payments. An election is irrevocable except that a
192.23 participant may request an amendment of the election to redeem all of the person's remaining
192.24 shares. All requests under this paragraph are subject to application to and approval of the
192.25 Minnesota State Retirement System upon verification by Hennepin County through the
192.26 county administrator of the recipient's eligibility to redeem funds.

192.27 (2) In the event of the death of a participant leaving a surviving spouse, the surviving
192.28 spouse is entitled to receive the cash realized on the redemption of all or a portion of the
192.29 shares in the participant's share account record of the deceased spouse, but in no event may
192.30 the spouse request more than one redemption in each calendar year. If only a portion of the
192.31 shares in the participant's share account record is requested to be redeemed, the surviving
192.32 spouse may request the redemption of not less than 20 percent of the shares in any one
192.33 calendar year. The surviving spouse may elect annual redemption in a single lump-sum
192.34 payment or in monthly payments. Redemption must be completed in no more than five

years. An election is irrevocable except that the surviving spouse may request an amendment of the election to redeem all of the participant's remaining shares. All requests under this paragraph are subject to application to and approval of the Minnesota State Retirement System upon verification by Hennepin County through the county administrator of the recipient's eligibility to redeem funds. Upon the death of the surviving spouse, any shares remaining in the participant's share account record must be redeemed on behalf of Hennepin County by the Minnesota State Retirement System and the cash realized from the redemption distributed to the estate of the surviving spouse.

(3) In the event of the death of a participant leaving no surviving spouse, but leaving a minor surviving child or minor surviving children, the guardianship estate of the minor child is, or the guardianship estates of the minor children are, entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant. In the event of minor surviving children, the cash realized must be paid in equal shares to the guardianship estates of the minor surviving children.

(4) In the event of the death of a participant leaving no surviving spouse and no minor surviving children, the estate of the deceased participant is entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant.

Sec. 12. Minnesota Statutes 2016, section 383B.50, is amended to read:

383B.50 PROSPECTUS.

The county of Hennepin shall distribute or otherwise make available to each participant a prospectus ~~of the Minnesota supplemental investment fund when received from the fund~~ or other applicable information with respect to the investments authorized pursuant to sections 383B.47 and 383B.48.

Sec. 13. **ANNUITY ADJUSTMENT.**

Under Minnesota Statutes, section 352F.04, subdivision 3, if any terminated hospital employee began to receive a retirement annuity under Minnesota Statutes, chapter 352, as adjusted under Minnesota Statutes, chapter 352F, on or after July 1, 2015, but prior to the effective date of this section, the terminated hospital employee's annuity must be recalculated under Minnesota Statutes, section 352F.04, subdivision 3, and, if the monthly amount as recalculated exceeds the monthly amount being received by the terminated hospital employee, the Minnesota State Retirement System shall:

194.1 (1) begin paying the recalculated monthly amount as of the first payment date after the
194.2 effective date of this section; and

194.3 (2) pay the sum of the difference between the amount the terminated hospital employee
194.4 received each month since commencement of the annuity and the amount the terminated
194.5 hospital employee would have received under Minnesota Statutes, section 352F.04,
194.6 subdivision 3, for that month. The sum of the difference each month shall be paid in a lump
194.7 sum to the terminated hospital employee along with the first payment of the recalculated
194.8 amount under clause (1).

194.9 Sec. 14. **COVERAGE TRANSFER DATES.**

194.10 (a) The coverage transfer under Minnesota Statutes, section 352.91, subdivision 3g,
194.11 paragraph (b), clause (4), also covers employment in that position on or after April 18, 2016,
194.12 for purposes of Minnesota Statutes, section 352.955, subdivisions 1, 3, 4, 5, and 6.

194.13 (b) The coverage change under Minnesota Statutes, section 352.91, subdivision 3g,
194.14 paragraph (b), clause (5), is prospective only.

194.15 Sec. 15. **EFFECTIVE DATE.**

194.16 (a) Sections 1 and 3 to 14 are effective June 30, 2018.

194.17 (b) Section 2 is effective on the first day of the first payroll period occurring after June
194.18 30, 2018, and applies to prospective service only.

194.19 **ARTICLE 16**

194.20 **PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

194.21 Section 1. Minnesota Statutes 2016, section 353.01, subdivision 2b, is amended to read:

194.22 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible to
194.23 participate as members of the association with retirement coverage by the general employees
194.24 retirement plan, the local government correctional employees retirement plan under chapter
194.25 353E, or the public employees police and fire retirement plan:

194.26 (1) persons whose annual salary from one governmental subdivision never exceeds an
194.27 amount, stipulated in writing in advance, of \$5,100 if the person is not a school district
194.28 employee or \$3,800 if the person is a school year employee. If annual compensation from
194.29 one governmental subdivision to an employee exceeds the stipulated amount in a calendar
194.30 year or a school year, whichever applies, after being stipulated in advance not to exceed the
194.31 applicable amount, the stipulation is no longer valid and contributions must be made on

195.1 behalf of the employee under section 353.27, subdivision 12, from the first month in which
195.2 the employee received salary exceeding \$425 in a month;

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

195.7 (3) election judges and persons employed solely to administer elections;

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

195.9 (5) except as otherwise specified in subdivision 12a, employees who are employed solely
195.10 in a temporary position as defined under subdivision 12a, and employees who resign from
195.11 a nontemporary position and accept a temporary position within 30 days of that resignation
195.12 in the same governmental subdivision;

195.13 (6) employees who are employed by reason of work emergency caused by fire, flood,
195.14 storm, or similar disaster, but if the person becomes a probationary or provisional employee
195.15 within the same pay period, other than on a temporary basis, the person is a "public
195.16 employee" retroactively to the beginning of the pay period;

195.17 (7) employees who by virtue of their employment in one governmental subdivision are
195.18 required by law to be a member of and to contribute to any of the plans or funds administered
195.19 by the Minnesota State Retirement System, the Teachers Retirement Association, or the St.
195.20 Paul Teachers Retirement Fund Association, but this exclusion must not be construed to
195.21 prevent a person from being a member of and contributing to the Public Employees
195.22 Retirement Association and also belonging to and contributing to another public pension
195.23 plan or fund for other service occurring during the same period of time, and a person who
195.24 meets the definition of "public employee" in subdivision 2 by virtue of other service occurring
195.25 during the same period of time becomes a member of the association unless contributions
195.26 are made to another public retirement plan on the salary based on the other service or to the
195.27 Teachers Retirement Association by a teacher as defined in section 354.05, subdivision 2;

195.28 (8) persons who are members of a religious order and are excluded from coverage under
195.29 the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance
195.30 of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if
195.31 no irrevocable election of coverage has been made under section 3121(r) of the Internal
195.32 Revenue Code of 1954, as amended;

195.33 (9) persons who are:

196.1 (i) employed by a governmental subdivision who have not reached the age of 23 and
196.2 who are enrolled on a full-time basis to attend or are attending classes on a full-time basis
196.3 at an accredited school, college, or university in an undergraduate, graduate, or
196.4 professional-technical program, or at a public or charter high school;

196.5 (ii) employed as resident physicians, medical interns, pharmacist residents, or pharmacist
196.6 interns and are serving in a degree or residency program in a public hospital or in a public
196.7 clinic; or

196.8 (iii) students who are serving for a period not to exceed five years in an internship or a
196.9 residency program that is sponsored by a governmental subdivision, including an accredited
196.10 educational institution;

196.11 (10) persons who hold a part-time adult supplementary technical college license who
196.12 render part-time teaching service in a technical college;

196.13 (11) except for employees of Hennepin County or employees of Hennepin Healthcare
196.14 System, Inc., foreign citizens who are employed by a governmental subdivision under a
196.15 work permit or under an H-1b visa initially issued or extended for a combined period of
196.16 less than three years of employment but upon extension of the employment of the visa
196.17 beyond the three-year period, the foreign citizen must be reported for membership beginning
196.18 on the first of the month following the extension if the monthly earnings threshold as provided
196.19 under subdivision 2a, paragraph (a), is met;

196.20 (12) public hospital employees who elected not to participate as members of the
196.21 association before 1972 and who did not elect to participate from July 1, 1988, to October
196.22 1, 1988;

196.23 (13) except as provided in section 353.86, volunteer ambulance service personnel, as
196.24 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
196.25 may still qualify as public employees under subdivision 2 and may be members of the Public
196.26 Employees Retirement Association and participants in the general employees retirement
196.27 plan or the public employees police and fire plan, whichever applies, on the basis of
196.28 compensation received from public employment service other than service as volunteer
196.29 ambulance service personnel;

196.30 (14) except as provided in section 353.87, volunteer firefighters, as defined in subdivision
196.31 36, engaging in activities undertaken as part of volunteer firefighter duties, but a person
196.32 who is a volunteer firefighter may still qualify as a public employee under subdivision 2
196.33 and may be a member of the Public Employees Retirement Association and a participant
196.34 in the general employees retirement plan or the public employees police and fire plan,

197.1 whichever applies, on the basis of compensation received from public employment activities
197.2 other than those as a volunteer firefighter;

197.3 (15) pipefitters and associated trades personnel employed by Independent School District
197.4 No. 625, St. Paul, with coverage under a collective bargaining agreement by the pipefitters
197.5 local 455 pension plan who were either first employed after May 1, 1997, or, if first employed
197.6 before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section
197.7 12;

197.8 (16) electrical workers, plumbers, carpenters, and associated trades personnel who are
197.9 employed by Independent School District No. 625, St. Paul, or the city of St. Paul, who
197.10 have retirement coverage under a collective bargaining agreement by the Electrical Workers
197.11 Local 110 pension plan, the United Association Plumbers Local 34 pension plan, or the
197.12 pension plan applicable to Carpenters Local 322 who were either first employed after May
197.13 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
197.14 chapter 461, article 7, section 5;

197.15 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers, painters,
197.16 allied tradesworkers, and plasterers who are employed by the city of St. Paul or Independent
197.17 School District No. 625, St. Paul, with coverage under a collective bargaining agreement
197.18 by the Bricklayers and Allied Craftworkers Local 1 pension plan, the Cement Masons Local
197.19 633 pension plan, the Glaziers and Glassworkers Local L-1324 pension plan, the Painters
197.20 and Allied Trades Local 61 pension plan, or the Twin Cities Plasterers Local 265 pension
197.21 plan who were either first employed after May 1, 2001, or if first employed before May 2,
197.22 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article 10,
197.23 section 6;

197.24 (18) plumbers who are employed by the Metropolitan Airports Commission, with
197.25 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
197.26 who either were first employed after May 1, 2001, or if first employed before May 2, 2001,
197.27 elected to be excluded under Laws 2001, First Special Session chapter 10, article 10, section
197.28 6;

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

197.32 (20) persons who are provided supported employment or work-study positions by a
197.33 governmental subdivision and who participate in an employment or industries program
197.34 maintained for the benefit of these persons where the governmental subdivision limits the

198.1 position's duration to up to five years, including persons participating in a federal or state
198.2 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
198.3 relief program where the training or work experience is not provided as a part of, or for,
198.4 future permanent public employment;

198.5 (21) independent contractors and the employees of independent contractors;

198.6 (22) reemployed annuitants of the association during the course of that reemployment;

198.7 (23) persons appointed to serve on a board or commission of a governmental subdivision
198.8 or an instrumentality thereof;

198.9 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud Metropolitan
198.10 Transit Commission who are members of the International Brotherhood of Teamsters Local
198.11 638 and who are, by virtue of that employment, members of the International Brotherhood
198.12 of Teamsters Central States pension plan; ~~and~~

198.13 (25) electricians or pipefitters employed by the Minneapolis Park and Recreation Board,
198.14 with coverage under a collective bargaining agreement by the IBEW local 292, or pipefitters
198.15 local 539 pension plan, who were first employed before May 2, 2015, and who elected to
198.16 be excluded under Laws 2015, chapter 68, article 11, section 5-; and

198.17 (26) laborers and associated trades personnel employed by the city of St. Paul or
198.18 Independent School District No. 625, St. Paul, who are designated as temporary employees
198.19 under a collective bargaining agreement and have retirement coverage by the Minnesota
198.20 Laborers Pension Fund, who were either first employed on or after June 1, 2018, or, if first
198.21 employed before June 1, 2018, who elected to be excluded under section 2.

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

198.25 Sec. 2. Minnesota Statutes 2016, section 353.01, subdivision 43, is amended to read:

198.26 Subd. 43. **Line of duty death.** "Line of duty death" means:

198.27 (1) a death that occurs while performing or as a direct result of performing normal or
198.28 less frequent duties which are specific to protecting the property and personal safety of
198.29 others and that present inherent dangers that are specific to the positions covered by the
198.30 public employees police and fire plan-; or

198.31 (2) a death that is determined by the commissioner of public safety to meet the
198.32 requirements of section 299A.41, subdivision 3.

199.1 Sec. 3. Minnesota Statutes 2016, section 353D.07, is amended to read:

199.2 **353D.07 BENEFITS.**

199.3 Subdivision 1. **Type of plan; uniformity.** (a) The plan is a defined contribution plan
199.4 ~~the benefits from which are payable upon termination of service, retirement, disability, or~~
199.5 ~~death. The amount of benefits is determined by the value of accumulated.~~ A participant's
199.6 benefit is equal to the value of the individual account established for the participant under
199.7 section 353D.04, taking into account all contributions credited to the account plus a
199.8 proportionate share of investment income of the fund credited to each individual the account.

199.9 (b) In the case of ambulance service personnel, eligibility standards must be uniform
199.10 among all ambulance service personnel of an ambulance service electing to participate.

199.11 Subd. 2. **Payment of benefits.** ~~Withdrawal of a benefit based on individual participant~~
199.12 ~~contributions and employer contributions plus accrued investment income is payable upon~~
199.13 ~~the death or termination of a participant but not at the time an individual revokes membership~~
199.14 ~~in the defined contribution plan under section 353D.02. An application by or on behalf of~~
199.15 ~~the participant must be filed before any payment of benefits may be made.~~ (a) A participant
199.16 is entitled to receive a distribution of the participant's benefit after termination of service
199.17 for any reason, disability, death, or on or after attaining age 65 if still employed by a public
199.18 employer.

199.19 (b) Unless the distribution is required under section 353D.071, no distribution shall be
199.20 made unless the participant has submitted an application requesting a distribution; a direct
199.21 rollover; a transfer as permitted under subdivision 3, paragraph (b); or installments as
199.22 permitted under subdivision 4. If the distribution is an eligible rollover distribution as defined
199.23 in section 356.635, subdivision 4, the executive director shall provide notice to the participant
199.24 or beneficiary, as applicable, of the right to elect a direct rollover.

199.25 Subd. 3. **Form of benefit.** ~~A retirement~~ (a) Except as provided in subdivision 4 or 6,
199.26 distribution of a participant's benefit is payable shall be available in the form of a lump sum
199.27 equal to the value of a the participant's account at the date of withdrawal. As an alternative
199.28 ~~to a lump sum distribution, the participant may choose to have the association transfer the~~
199.29 ~~total account value~~ distribution.

199.30 (b) The participant may elect to (1) receive the lump sum directly, (2) have the lump
199.31 sum distributed in a direct rollover as described in section 356.635, subdivision 3, or (3)
199.32 have the lump sum transferred for the purchase of an annuity payable at a designated age
199.33 to an insurance company of the participant's choice that is licensed to do business in the
199.34 state.

Subd. 4. **Disability of participant.** ~~If an active~~ a participant becomes permanently and totally disabled as defined in section 353.01, subdivision 19, ~~that the~~ participant may ~~withdraw from the~~ elect distribution of the participant's benefit in a lump sum equal to the value of the participant's account or in equal monthly installments in an amount, designated by the participant in increments of \$100 but not to exceed ten times the joint employer and employee contribution for the month preceding disability. The option must be exercised by filing an application on a form prescribed by the executive director. Payments may begin on as early as the first day of the month following the month in which the disability occurred or on a later date if elected by the participant. Payments end when the participant's disabled status ends or the account balance is exhausted, whichever occurs first.

Subd. 5. **Death of a participant.** ~~If an active~~ a participant dies while employed or before the participant's account is distributed in its entirety, the total value of the account must be paid in a lump sum to the designated beneficiary or, if none, the heirs at law of the decedent. If the distribution is an eligible rollover distribution as defined in section 356.635, subdivision 4, the executive director shall provide an election form and notice of the right to elect a direct rollover.

Subd. 6. **Distributions while employed.** If a participant is employed by a public employer and is at least age 65, the participant may elect a distribution of all or a portion of the participant's account, subject to the application and notice requirements in subdivision 2, paragraph (b). The participant may elect a distribution under this subdivision no more frequently than once each calendar year. The minimum amount of a distribution under this subdivision is \$5,000.

Sec. 4. Minnesota Statutes 2016, section 353G.01, subdivision 9, is amended to read:

Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5); a city or township that has entered into a contract with an independent nonprofit firefighting corporation, or a city or township that has entered into a contract with a joint powers entity established under section 471.59.

Sec. 5. Minnesota Statutes 2016, section 353G.01, is amended by adding a subdivision to read:

Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief association established under chapter 424A to which records, assets, and liabilities related

201.1 to lump-sum or monthly benefits for active and former firefighters will be transferred from
201.2 the retirement fund upon satisfaction of the requirements of section 353G.17.

201.3 Sec. 6. Minnesota Statutes 2016, section 353G.02, subdivision 6, is amended to read:

201.4 Subd. 6. **Initial administrative expenses of the monthly benefit retirement division;**
201.5 **allocation of reimbursement.** (a) The administration expenses incurred by the Public
201.6 Employees Retirement Association in the establishment of the monthly benefit retirement
201.7 division of the voluntary statewide volunteer firefighter retirement plan, including any
201.8 computer programming expenses and any actuarial consultant expenses, are payable from
201.9 the assets of the initial monthly benefit volunteer firefighter relief association that elects to
201.10 transfer its administration to the voluntary statewide volunteer firefighter retirement plan,
201.11 following the transfer of assets.

201.12 ~~(b) The administrative expenses in excess of \$33,600 paid under paragraph (a) must be~~
201.13 ~~reimbursed by the next nine monthly benefit volunteer firefighter relief associations that~~
201.14 ~~transfer plan administration to the voluntary statewide volunteer firefighter retirement plan.~~
201.15 ~~The reimbursement charge for each of the nine is three-tenths of one percent of the market~~
201.16 ~~value of assets of the volunteer firefighter relief association as of December 31, 2012. The~~
201.17 ~~reimbursement amounts, up to the amount of administrative expenses actually incurred~~
201.18 ~~under paragraph (a) in excess of \$33,600, must be credited to the account of the fire~~
201.19 ~~department associated with the former monthly benefit volunteer firefighter relief association~~
201.20 ~~that first transferred plan administration to the volunteer firefighter retirement plan.~~

201.21 Sec. 7. Minnesota Statutes 2016, section 353G.03, subdivision 3, is amended to read:

201.22 Subd. 3. **Composition.** (a) The advisory board consists of ~~eight~~ ten members.

201.23 (b) The advisory board members are:

201.24 (1) one representative of Minnesota townships, appointed by the Minnesota Association
201.25 of Townships;

201.26 (2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

201.27 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the
201.28 Minnesota State Fire Chiefs Association;

201.29 (4) two representatives of Minnesota volunteer firefighters, all who are active volunteer
201.30 firefighters, one of whom is covered by the lump-sum retirement division and one of whom
201.31 is covered by the monthly benefit retirement division, appointed by the Minnesota State
201.32 Fire Chiefs Association;

202.1 (5) ~~one representative~~ three representatives of Minnesota volunteer firefighters who ~~is~~
202.2 are covered by the lump-sum retirement division, appointed by the Minnesota State Fire
202.3 Departments Association; and

202.4 (6) one representative of the Office of the State Auditor, designated by the state auditor.

202.5 Sec. 8. Minnesota Statutes 2016, section 353G.08, subdivision 3, is amended to read:

202.6 Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement
202.7 account or of a monthly benefit retirement account of the retirement fund may only be
202.8 disbursed for:

202.9 (1) the administrative expenses of the retirement plan;

202.10 (2) the investment expenses of the retirement fund;

202.11 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.15;

202.12 (4) the survivor benefits payable under section 353G.12; ~~and~~

202.13 (5) the disability benefit coverage insurance premiums under section 353G.115; and

202.14 (6) a transfer of assets under section 353G.17.

202.15 Sec. 9. Minnesota Statutes 2016, section 353G.11, subdivision 1, is amended to read:

202.16 Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as
202.17 provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides
202.18 the following levels of service pension amounts per full year of good time service credit to
202.19 be selected at the election of coverage:

202.20 (1) a minimum service pension level of \$500 per year;

202.21 (2) a maximum service pension level ~~of \$7,500 per year~~ equal to the largest amount
202.22 permitted under section 424A.02, subdivision 3, paragraph (d), as a maximum lump-sum
202.23 service pension amount payable for each year of service; and

202.24 (3) ~~69~~ service pension levels between the minimum level and the maximum level in
202.25 \$100 increments.

202.26 Sec. 10. **[353G.17] TRANSFER AUTHORIZED.**

202.27 Subdivision 1. **Entity to initiate transfer.** (a) An entity operating a fire department with
202.28 firefighters who are covered by the retirement plan may initiate the transfer of records,
202.29 assets, and liabilities related to the firefighters' lump-sum or monthly benefits under the

203.1 retirement plan to a relief association that, at the time of the transfer, will be associated with
203.2 the entity. The entity may be a municipality, an independent nonprofit firefighting
203.3 corporation, or a joint powers entity.

203.4 (b) A transfer is initiated by filing with the executive director the following:

203.5 (1) a notice of intent to initiate a transfer;

203.6 (2) a copy of the resolutions of the entity approving the transfer of records, assets, and
203.7 liabilities from the retirement plan to a relief association; and

203.8 (3) for each firefighter, the firefighter's name, address, telephone number, and e-mail
203.9 address, if any.

203.10 (c) The notice shall inform the executive director of the following:

203.11 (1) the transfer effective date, which shall comply with paragraph (d);

203.12 (2) the name of the relief association and the municipality, independent nonprofit
203.13 firefighting corporation, or joint powers entity with which the relief association is associated;
203.14 and

203.15 (3) a summary of the type and level of pension or retirement benefits, including any
203.16 ancillary benefits, provided by the relief association or, in the case of a new relief association,
203.17 to be provided, and related terms and conditions.

203.18 (d) If the notice of intent to transfer is filed with the executive director before September
203.19 1, the transfer takes effect on the next January 1. If the notice of intent to transfer is filed
203.20 after August 31, the transfer takes effect on the January 1 following the one-year anniversary
203.21 of the filing of the notice.

203.22 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,
203.23 and liabilities from the retirement plan to a relief association may occur, the board of trustees
203.24 of the relief association shall adopt resolutions as follows:

203.25 (1) approving and accepting the transfer of records, assets, and liabilities from the
203.26 retirement plan; and

203.27 (2) amending the bylaws of the relief association as necessary to add the firefighters
203.28 whose benefits are being transferred from the retirement plan and to provide that each benefit
203.29 being transferred retains vesting, distribution, and other rights to which the firefighter, for
203.30 whom the benefit is being transferred, is entitled under the terms of the retirement plan to
203.31 the date of the transfer.

203.32 The board of trustees shall file a copy of the resolutions with the executive director.

204.1 (b) The board of trustees of the relief association shall file with the state auditor the
204.2 following:

204.3 (1) a copy of the resolutions required under paragraph (a);

204.4 (2) a copy of the bylaws of the relief association and any bylaw amendments;

204.5 (3) a copy of the relief association's investment policy;

204.6 (4) a statement that a board of trustees has been duly elected and each trustee's name,
204.7 address, telephone number, and e-mail address, if any;

204.8 (5) a copy of the most recent annual financial, investment, and plan administration report
204.9 filed under section 69.051, unless the due date for the first report has not yet occurred; and

204.10 (6) a copy of the documentation indicating that a special fund has been established with
204.11 a financial institution to receive a transfer of assets from the retirement plan.

204.12 (c) Upon receipt of the information and documents required under paragraph (b), the
204.13 state auditor shall issue to the relief association and the executive director written
204.14 confirmation of receipt of all required information and documents.

204.15 Subd. 3. **Approval by the firefighters.** (a) A transfer under subdivision 1 shall not occur
204.16 unless the active firefighters whose benefits are to be transferred from the retirement plan
204.17 to a relief association approve the transfer by a vote of the firefighters conducted by the
204.18 executive director.

204.19 (b) The approval of the firefighters shall be determined by a vote of all active firefighters
204.20 whose benefits are to be transferred. An affirmative vote of a majority of the firefighters
204.21 voting shall constitute approval.

204.22 (c) The executive director shall provide a voting ballot and the following to each active
204.23 firefighter:

204.24 (1) a summary of the benefits currently provided to the firefighters under the retirement
204.25 plan;

204.26 (2) a copy of the resolutions of the municipality approving the transfer;

204.27 (3) a copy of the resolutions of the board of trustees approving the transfer;

204.28 (4) a copy of the notice of intent to transfer required under subdivision 1;

204.29 (5) a copy of the state auditor's confirmation required under subdivision 2, paragraph
204.30 (c); and

205.1 (6) the instructions and time frame for voting. Firefighters shall be given no less than
205.2 30 days in which to vote.

205.3 (d) The vote of any firefighter, including whether or not the firefighter voted, shall not
205.4 be disclosed to any officer or member of the staff of the municipality or to any officer,
205.5 trustee, or member of the staff of the relief association.

205.6 (e) The executive director shall tally the votes and report the results to the relief
205.7 association and the municipality.

205.8 Subd. 4. **Transfer process.** (a) Upon completion of the actions required under
205.9 subdivisions 1 to 3, the retirement plan shall transfer to the relief association as of the
205.10 effective date identified in the notice under subdivision 1, the records, assets, and liabilities
205.11 related to the former and current firefighters with benefits under the retirement plan, along
205.12 with any assets in excess of liabilities credited to the lump-sum account or the monthly
205.13 benefit retirement account attributable to the firefighters and the municipality.

205.14 (b) The executive director:

205.15 (1) shall transfer the assets in cash;

205.16 (2) shall transfer any accounts receivable associated with the lump-sum account or
205.17 monthly benefit retirement account;

205.18 (3) shall settle any accounts payable from the account before the transfer; and

205.19 (4) may deduct from the assets to be transferred reasonable costs incurred by the
205.20 retirement plan to conduct the voting process and complete the transfer.

205.21 Subd. 5. **Relief association obligations and rights upon transfer from the retirement**
205.22 **plan.** (a) Upon transfer of the assets of the lump-sum account or monthly benefit retirement
205.23 account, the pension liabilities attributable to the benefits for the former and current
205.24 firefighters shall become the obligation of the special fund of the relief association.

205.25 (b) Upon the transfer of the assets of the lump-sum account or monthly benefit retirement
205.26 account, the board of trustees of the relief association has legal title to and management
205.27 responsibility for the transferred assets as trustees for persons having a beneficial interest
205.28 in those assets arising out of the benefit coverage provided by the account.

205.29 (c) The relief association is the successor in interest with respect to all claims against
205.30 the retirement plan relating to the transferred lump-sum account or monthly benefit retirement
205.31 account, except for claims alleging any act or acts by the retirement plan or its fiduciaries

206.1 that were not done in good faith or that constituted a breach of fiduciary responsibility under
206.2 chapter 356A.

206.3 (d) The value of each volunteer firefighter's benefit in the retirement plan on the day
206.4 before the asset transfer shall be no less than the value of the volunteer firefighter's benefit
206.5 on the day after the asset transfer. The relief association shall give credit, with respect to
206.6 each firefighter whose benefit is being transferred, for all past service, including service
206.7 credit with the retirement plan and with any predecessor relief association, to the extent
206.8 credit is given for such service in the records of the retirement plan for that firefighter.

206.9 (e) Upon completion of the transfer of records, assets, and liabilities, the executive
206.10 director shall provide written notice to the state auditor, the commissioner of revenue, and
206.11 the secretary of state that the transfer is complete.

206.12 Subd. 6. **Failure to obtain approval, certification, or verification.** If the municipality,
206.13 board of trustees, or firefighters fail to approve the transfer under subdivision 1, 2, or 3 or
206.14 the requirements of subdivision 2, paragraph (b), are not met, the transfer of records, assets,
206.15 and liabilities from the retirement plan to the relief association shall not occur.

206.16 Sec. 11. Laws 1992, chapter 534, section 10, subdivision 3, is amended to read:

206.17 Subd. 3. **Powers.** (a) The hospital district shall have all the powers necessary and
206.18 convenient to provide for the acquisition, betterment, operation, maintenance, and
206.19 administration for the hospital, including nursing home, other facilities for the residential
206.20 occupancy of ambulatory elderly citizens who do not require nursing home or general
206.21 hospital care and related programs, as the board of directors shall determine to be necessary
206.22 and expedient. The enumeration of specific powers herein does not restrict the power of the
206.23 board to take any lawful action which, in the reasonable exercise of its discretion, it deems
206.24 necessary or convenient for the furtherance of the purpose for which the district exists,
206.25 whether or not the power to take the action is implied from any of the powers expressly
206.26 granted. These powers shall include, but not be limited to, the power to:

206.27 (1) employ management, administrative, nursing, and other personnel, legal counsel,
206.28 engineers, architects, accountants, and other qualified persons, who may be paid for their
206.29 services by monthly salaries, hourly wages, and pension benefits, or by fees as may be
206.30 agreed on;

206.31 (2) cause reports, plans, studies, and recommendations to be prepared;

206.32 (3) when acquiring real and personal property as authorized in subdivision 1, contract
206.33 for the acquisition by option, contract for deed, conditional sales contract, or otherwise;

- 207.1 (4) construct, equip, and furnish necessary buildings and grounds and maintain the same;
- 207.2 (5) adopt bylaws and rules and regulations to govern the operation and administration
- 207.3 of any and all hospital, nursing home, and other facilities under its control, and for the
- 207.4 admission of persons thereto;
- 207.5 (6) impose and collect charges for all services and facilities provided and made available
- 207.6 by it;
- 207.7 (7) borrow money and issue bonds as prescribed in sections 6 to 20;
- 207.8 (8) procure insurance against liability of the district or its officers and employees, or
- 207.9 both, for torts committed within the scope of their official duties, whether governmental or
- 207.10 proprietary, or for errors and omissions, and against damage to or destruction of any of its
- 207.11 facilities, equipment or other property;
- 207.12 (9) subject to subdivision 4, sell or lease any of its facilities or equipment as may be
- 207.13 expedient;
- 207.14 (10) cause annual audits to be made of its accounts, books, vouchers, and funds by
- 207.15 competent public accountants; this provision shall be construed to be mandatory;
- 207.16 (11) require a corporate surety bond from officers and employees of the district, and in
- 207.17 the amount the board shall determine, and authorize payment of the premiums therefor; or
- 207.18 (12) provide loans to students as provided in Minnesota Statutes, section 447.331.
- 207.19 ~~(b) If the Swift county or Benson hospital is sold or leased to a private organization, the~~
- 207.20 ~~successor employer shall provide hospital employees who were members of the public~~
- 207.21 ~~employees retirement association immediately before the lease or sale a pension program~~
- 207.22 ~~and benefits comparable to those provided by the public employees retirement association.~~
- 207.23 Sec. 12. **BROOK PARK; LOWERING SERVICE PENSION LEVEL.**
- 207.24 (a) Notwithstanding any law to the contrary, the Public Employees Retirement Association
- 207.25 must lower the annual service pension level for the Brook Park lump-sum account benefits
- 207.26 payable to its volunteer firefighters under Minnesota Statutes, section 353G.11, subdivision
- 207.27 2, from \$1,200 to \$600, retroactively from January 1, 2016.
- 207.28 (b) The city of Brook Park must annually review the service pension level to determine
- 207.29 if the level is appropriate, taking into account the city's need to recruit and retain volunteer
- 207.30 firefighters.

208.1 Sec. 13. CERTAIN ST. PAUL LABORERS AND ASSOCIATED TRADES
208.2 PERSONNEL; COVERAGE EXCLUSION ELECTION.

208.3 (a) A laborer or an associated trades person who is employed by the city of St. Paul or
208.4 Independent School District No. 625, St. Paul, before June 1, 2018, and is designated as a
208.5 temporary employee under a collective bargaining agreement and who has pension coverage
208.6 by the Minnesota Laborers Pension Fund may elect to be excluded from pension coverage
208.7 by the general employees retirement plan. The exclusion election under this section must
208.8 be made in writing on a form prescribed by the executive director and must be filed with
208.9 the executive director. The exclusion election is irrevocable.

208.10 (b) Authority to make the coverage exclusion under this section expires June 1, 2019.

208.11 **Sec. 14. EFFECTIVE DATE.**

208.12 (a) Sections 2 to 11, section 12, paragraph (a), are effective June 30, 2018.

208.13 (b) Sections 1 and 13 are effective May 30, 2018.

208.14 (c) Section 12, paragraph (b), is effective the day after the governing body of the city
208.15 of Brook Park and its chief clerical officer timely complete their compliance with Minnesota
208.16 Statutes, section 645.021, subdivisions 2 and 3.

208.17 ARTICLE 17

208.18 **GENERALLY APPLICABLE RETIREMENT CHANGES**

208.19 Section 1. Minnesota Statutes 2016, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

209.1 (5) for employees other than personnel employed by the Board of Trustees of the
209.2 Minnesota State Colleges and Universities and covered under the Higher Education
209.3 Supplemental Retirement Plan under chapter 354C, but including city managers covered
209.4 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph
209.5 (a), or by the defined contribution plan of the Public Employees Retirement Association
209.6 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is
209.7 provided for in a personnel policy of the public employer or in the collective bargaining
209.8 agreement between the public employer and the exclusive representative of public employees
209.9 in an appropriate unit or in the individual employment contract between a city and a city
209.10 manager, and if for each available investment all fees and historic rates of return for the
209.11 prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an easily
209.12 comprehended document not to exceed two pages, in an amount matching employee
209.13 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
209.14 one-half of the available elective deferral permitted per year per employee, under the Internal
209.15 Revenue Code:

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

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

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

209.23 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges
209.24 and Universities and not covered by clause (5), to the supplemental retirement plan under
209.25 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy or in
209.26 the collective bargaining agreement of the public employer with the exclusive representative
209.27 of the covered employees in an appropriate unit, in an amount matching employee
209.28 contributions on a dollar for dollar basis, but not to exceed an employer contribution of
209.29 \$2,700 a year for each employee;

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

210.1 (8) to the laborers national industrial pension fund or to a laborers local pension fund
210.2 for the employees of a governmental subdivision who are covered by a collective bargaining
210.3 agreement that provides for coverage by that fund and that sets forth a fund contribution
210.4 rate, but not to exceed an employer contribution of ~~\$5,000~~ \$7,000 per year per employee;

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

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

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

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

210.21 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota
210.22 deferred compensation program, if the employee makes a contribution, in an amount that
210.23 does not exceed the total percentage of covered salary under section 353.27, subdivisions
210.24 3 and 3a;

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

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

210.31 Sec. 2. **[356.631] ADDITIONAL SOURCES OF FUNDING.**

210.32 Notwithstanding any other provision of law to the contrary, in addition to all sources of
210.33 funding described in Minnesota Statutes, section 356.63, any public retirement plan described

211.1 in Minnesota Statutes, section 356.63, paragraph (b), is authorized to accept, at its discretion,
211.2 for deposit in its fund the following:

211.3 (1) gifts;

211.4 (2) donations;

211.5 (3) bequests; and

211.6 (4) life insurance death benefits.

211.7 Sec. 3. **REPEALER.**

211.8 Minnesota Statutes 2016, sections 352.04, subdivision 11; and 353.34, subdivision 6,
211.9 are repealed.

211.10 Sec. 4. **EFFECTIVE DATE.**

211.11 Sections 1 to 3 are effective June 30, 2018.

211.12 **ARTICLE 18**

211.13 **SMALL GROUP RETIREMENT CHANGES**

211.14 Section 1. **MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION;**
211.15 **SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.**

211.16 (a) Notwithstanding any provision of law to the contrary, an eligible person described
211.17 in paragraph (b) is entitled to purchase prior uncredited service credit under paragraph (c)
211.18 and, if the service credit purchase is made, to have an effective start date for active retirement
211.19 plan membership of June 1, 1989, and to retire under Minnesota Statutes, section 352.116,
211.20 subdivision 1.

211.21 (b) An eligible person is a person who:

211.22 (1) was born on the dates as follows:

211.23	<u>employee</u>	<u>birth date</u>
211.24	<u>A</u>	<u>October 2, 1968</u>
211.25	<u>B</u>	<u>June 12, 1965</u>
211.26	<u>C</u>	<u>August 10, 1958</u>
211.27	<u>D</u>	<u>April 29, 1963</u>
211.28	<u>E</u>	<u>April 11, 1955</u>
211.29	<u>F</u>	<u>August 13, 1966</u>
211.30	<u>G</u>	<u>April 22, 1961</u>

212.1	<u>H</u>	<u>December 31, 1958</u>
212.2	<u>I</u>	<u>October 10, 1966</u>
212.3	<u>J</u>	<u>February 4, 1961</u>
212.4	<u>K</u>	<u>August 21, 1963</u>
212.5	<u>L</u>	<u>January 23, 1960</u>
212.6	<u>M</u>	<u>September 19, 1966</u>
212.7	<u>N</u>	<u>November 3, 1961</u>
212.8	<u>O</u>	<u>June 13, 1958</u>
212.9	<u>P</u>	<u>June 23, 1954</u>
212.10	<u>Q</u>	<u>October 20, 1956</u>
212.11	<u>R</u>	<u>July 28, 1955</u>
212.12	<u>S</u>	<u>May 6, 1960</u>
212.13	<u>T</u>	<u>March 19, 1966</u>
212.14	<u>U</u>	<u>August 19, 1966</u>
212.15	<u>V</u>	<u>March 14, 1959</u>

212.16 (2) became an employee of the Minnesota Department of Transportation prior to July
212.17 1, 1989, in a position which was not covered by the general state employees retirement plan
212.18 of the Minnesota State Retirement System;

212.19 (3) was eventually employed as a permanent employee after June 30, 1989, and covered
212.20 by the general state employees retirement plan of the Minnesota State Retirement System
212.21 on the dates as follows:

212.22	<u>employee</u>	<u>membership record date</u>
212.23	<u>A</u>	<u>September 27, 1989</u>
212.24	<u>B</u>	<u>September 27, 1989</u>
212.25	<u>C</u>	<u>September 26, 1989</u>
212.26	<u>D</u>	<u>September 27, 1989</u>
212.27	<u>E</u>	<u>September 26, 1989</u>
212.28	<u>F</u>	<u>September 13, 1989</u>
212.29	<u>G</u>	<u>September 1, 1989</u>
212.30	<u>H</u>	<u>September 27, 1989</u>
212.31	<u>I</u>	<u>September 27, 1989</u>
212.32	<u>J</u>	<u>September 13, 1989</u>
212.33	<u>K</u>	<u>September 13, 1989</u>
212.34	<u>L</u>	<u>September 26, 1989</u>
212.35	<u>M</u>	<u>August 30, 1989</u>
212.36	<u>N</u>	<u>September 26, 1989</u>
212.37	<u>O</u>	<u>September 13, 1989</u>

213.1	<u>P</u>	<u>September 27, 1989</u>
213.2	<u>Q</u>	<u>September 27, 1989</u>
213.3	<u>R</u>	<u>September 27, 1989</u>
213.4	<u>S</u>	<u>September 13, 1989</u>
213.5	<u>T</u>	<u>September 13, 1989</u>
213.6	<u>U</u>	<u>September 27, 1989</u>
213.7	<u>V</u>	<u>September 26, 1989</u>

213.8 (4) was sent annual statements by the Minnesota State Retirement System between July
213.9 1, 2005, and July 1, 2015, indicating eligibility for a retirement benefit under Minnesota
213.10 Statutes, section 352.116, subdivision 1; and

213.11 (5) was sent notification from the Minnesota State Retirement System revising the start
213.12 date for general state employees retirement plan membership from a date before July 1,
213.13 1989, to a date after June 30, 1989, and indicating consequent inapplicability of Minnesota
213.14 Statutes, section 352.116, subdivision 1.

213.15 (c) An eligible person may purchase allowable service credit in the general state
213.16 employees retirement plan of the Minnesota State Retirement System by paying an amount
213.17 equal to the employer contributions and employee contributions that would have been paid
213.18 from June 1, 1989, to the end of the month prior to the date the employee entered covered
213.19 service plus interest at the applicable annual rate or rates specified in Minnesota Statutes,
213.20 section 356.59, subdivision 2, compounded annually on the combined employer and
213.21 employee contribution amount from the date the contributions would have been paid to the
213.22 date the Minnesota State Retirement System receives payment for this service credit purchase.
213.23 The payment must be made in a lump sum.

213.24 (d) An eligible person who purchases allowable service credit under paragraph (c) has
213.25 a June 1, 1989, start date for the purpose of allowable service credited by the general state
213.26 employees retirement plan of the Minnesota State Retirement System and is eligible for a
213.27 retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

213.28 (e) The ongoing annuity benefit of an eligible person who is retired and who purchases
213.29 allowable service credit under paragraph (c) shall be adjusted consistent with paragraph (d).
213.30 The difference between the ongoing annuity benefit and the adjusted ongoing annuity benefit
213.31 for all benefit payments made before the adjustment shall be paid as a lump sum.

213.32 (f) Authority to purchase prior uncredited service credit under this section expires one
213.33 year from the effective date of this section.

214.1 Sec. 2. **PERA-GENERAL; PURCHASE OF SERVICE CREDIT FOR ST. CLOUD**
214.2 **STATE UNIVERSITY EMPLOYEE.**

214.3 (a) Notwithstanding any provision of law to the contrary, an eligible person described
214.4 in paragraph (b) is entitled to purchase from the general employees retirement plan of the
214.5 Public Employees Retirement Association allowable service credit under Minnesota Statutes,
214.6 section 353.01, subdivision 16, for the period of service described in paragraph (c).

214.7 (b) An eligible person is a person who:

214.8 (1) was born on September 1, 1960;

214.9 (2) was an employee of St. Cloud State University on March 14, 2016;

214.10 (3) was a member of the general employees retirement plan of the Public Employees
214.11 Retirement Association on March 14, 2016;

214.12 (4) was employed by St. Cloud Technical College on April 1, 1993, and was a member
214.13 of the general employees retirement plan of the Public Employees Retirement Association;
214.14 and

214.15 (5) changed employment within St. Cloud State University on February 22, 2006, and
214.16 was erroneously placed into the higher education individual retirement account plan from
214.17 February 22, 2006, until May 10, 2011, by the Minnesota State Colleges and Universities
214.18 system.

214.19 (c) The period of uncredited service authorized for purchase is the period of February
214.20 22, 2006, until May 10, 2011, during which time the eligible person was erroneously placed
214.21 into and contributed to the higher education individual retirement account plan.

214.22 (d) The eligible person's member contributions to the higher education individual
214.23 retirement account plan must be transferred to the Public Employees Retirement Association
214.24 with any earned investment returns on those contributions. The eligible person must pay
214.25 the member contributions that the eligible person would have made to the Public Employees
214.26 Retirement Association on the eligible person's compensation from the Minnesota State
214.27 Colleges and Universities system for the period of service described in paragraph (c) as if
214.28 the person had been covered by the Public Employees Retirement Association during the
214.29 period, plus annual compound interest on that amount at the applicable annual rate or rates
214.30 specified in Minnesota Statutes, section 356.59, subdivision 3, until the date on which
214.31 payment is made to the Public Employees Retirement Association, less the transferred
214.32 member contributions and investment earnings.

215.1 (e) Upon transfer of the equivalent member contribution amount and any additional
215.2 payments under paragraph (d), the balance of the eligible person's higher education individual
215.3 retirement account plan account must be transferred to the Public Employees Retirement
215.4 Association within 60 days following the receipt of the eligible person's payment under
215.5 paragraph (d).

215.6 (f) Upon the transfer of the amounts under paragraphs (d) and (e), the Minnesota State
215.7 Colleges and Universities system shall pay the prior service credit purchase payment amount
215.8 calculated under Minnesota Statutes, section 356.551, less any amounts received under
215.9 paragraphs (d) and (e), within 60 days following the receipt of the eligible person's payment
215.10 under paragraph (d).

215.11 (g) Upon the transfers and payments under paragraph (f), the eligible person must be
215.12 credited by the Public Employees Retirement Association with allowable service credit for
215.13 Minnesota State Colleges and Universities System employment from February 22, 2006,
215.14 until May 10, 2011.

215.15 (h) Authority to make a service credit purchase under this section expires one year from
215.16 the effective date of this section.

215.17 **Sec. 3. TRA COVERAGE ELECTION AND PERA REFUND REPAYMENT**
215.18 **AUTHORITY FOR CERTAIN MNSCU EMPLOYEE.**

215.19 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 354B, to the
215.20 contrary, an eligible person described in paragraph (b) is eligible to become a coordinated
215.21 member of the Teachers Retirement Association and to purchase service and salary credit
215.22 in the Teachers Retirement Association coordinated plan retroactively from July 1, 2001,
215.23 upon repaying a member contribution refund taken from the general employees retirement
215.24 plan of the Public Employees Retirement Association under paragraph (c), upon making
215.25 an election under paragraph (e), and upon making all required payments under paragraphs
215.26 (f) and (g).

215.27 (b) An eligible person is a person who:

215.28 (1) was born April 4, 1956;

215.29 (2) was employed by a governmental subdivision in 1995, with retirement coverage in
215.30 the general employees retirement plan of the Public Employees Retirement Association,
215.31 for which a refund of member contributions and interest was taken before 2001;

216.1 (3) was employed by St. Cloud State University in the late 1990s, with retirement
216.2 coverage in the general state employees retirement plan of the Minnesota State Retirement
216.3 System;

216.4 (4) was hired as an academic advisor by St. Cloud State University on July 1, 2001, with
216.5 retirement coverage in the higher education individual retirement account plan; and

216.6 (5) was not informed of the option to elect Teachers Retirement Association coverage
216.7 in the coverage election authorized by Minnesota Statutes 2001, section 354B.21, so remained
216.8 in the higher education individual retirement account plan.

216.9 (c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision
216.10 1, paragraph (c), must be calculated under Minnesota Statutes, section 353.35, subdivision
216.11 1, paragraph (c).

216.12 (d) Authority to repay a refund under this section expires one year from the effective
216.13 date of this section.

216.14 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
216.15 person must submit a written application to the executive director of the Teachers Retirement
216.16 Association on a form provided by the Teachers Retirement Association. The application
216.17 must include all documentation of the applicability of this section and any other relevant
216.18 information that the executive director may require. Teachers Retirement Association plan
216.19 membership commences after the date of the retirement coverage election under this section
216.20 and past salary and service credit is granted for past Minnesota State Colleges and
216.21 Universities system employment from July 1, 2001, until the executive director receives
216.22 the written application specified in this paragraph and receipts of the payments specified in
216.23 paragraphs (c), (f), and (g). Coverage by the Teachers Retirement Association is in lieu of
216.24 coverage by the individual retirement account plan.

216.25 (f) If the eligible person makes the retirement coverage election under paragraph (e),
216.26 the eligible person's member contributions to the higher education individual retirement
216.27 account plan must be transferred to the Teachers Retirement Association with any earned
216.28 investment returns on those contributions. If the transferred member contributions and
216.29 investment earnings are less than the calculated amount of the member contributions that
216.30 the eligible person would have made to the Teachers Retirement Association on the eligible
216.31 person's compensation from the Minnesota State Colleges and Universities system for the
216.32 period from July 1, 2001, to the date of the retirement coverage election if the person had
216.33 been covered by the Teachers Retirement Association during the period, plus annual
216.34 compound interest at the applicable rate or rates specified in Minnesota Statutes, section

217.1 356.59, subdivision 4, then the eligible person shall pay the balance of that calculated
217.2 member contribution obligation within 30 days of the retirement coverage election.

217.3 (g) Upon the transfer of the equivalent member contribution amount and any additional
217.4 payment under paragraph (f), the balance of the eligible person's higher education individual
217.5 retirement account plan account must be transferred to the Teachers Retirement Association.
217.6 If the amounts under paragraph (f) and the individual retirement account plan balance under
217.7 this paragraph are less than the prior service credit purchase payment amount calculated
217.8 under Minnesota Statutes, section 356.551, the Minnesota State Colleges and Universities
217.9 system shall pay the difference within 60 days of the retirement election date.

217.10 (h) The authority to make a retirement coverage election under this section expires one
217.11 year from the effective date of this section.

217.12 **Sec. 4. TRA COVERAGE FOR CERTAIN MESABI RANGE COMMUNITY AND**
217.13 **TECHNICAL COLLEGE FACULTY MEMBERS.**

217.14 (a) Notwithstanding any provision of law to the contrary, an eligible person described
217.15 in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement
217.16 Association and to purchase service and salary credit in the Teachers Retirement Association
217.17 coordinated plan retroactive from July 19, 2000, or September 15, 2000, whichever is
217.18 applicable, upon making an election under paragraph (c) and upon making all required
217.19 payments under paragraphs (d) and (e).

217.20 (b) An eligible person is a person who:

217.21 (1) either:

217.22 (i) was born on September 25, 1964, and has been employed at Mesabi Range Community
217.23 and Technical College and a contributing member of the higher education individual
217.24 retirement account plan since July 19, 2000; or

217.25 (ii) was born on October 15, 1963, and has been employed at Mesabi Range Community
217.26 and Technical College and a contributing member of the higher education individual
217.27 retirement account plan since September 15, 2000;

217.28 (2) was classified in the unlimited full-time category on August 21, 2012;

217.29 (3) became eligible for an election of Teachers Retirement Association coverage under
217.30 Laws 2009, chapter 169, article 6, section 1; and

217.31 (4) was not offered an election of Teachers Retirement Association coverage by the
217.32 Minnesota State Colleges and Universities system.

218.1 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible
218.2 person must submit a written application to the executive director of the Teachers Retirement
218.3 Association on a form provided by the Teachers Retirement Association. The application
218.4 must include all documentation of the applicability of this section and any other relevant
218.5 information that the executive director may require. Teachers Retirement Association plan
218.6 membership commences after the date of the retirement coverage election under this section
218.7 and past salary and service credit is granted for past Minnesota State Colleges and
218.8 Universities system employment from July 19, 2000, or September 15, 2000, whichever is
218.9 applicable, until the executive director receives the written application specified in this
218.10 paragraph and receipts of the payments specified in paragraphs (d) and (e). Coverage by
218.11 the Teachers Retirement Association is in lieu of coverage by the individual retirement
218.12 account plan.

218.13 (d) If the eligible person makes the retirement coverage election under paragraph (c),
218.14 the eligible person shall make a contribution to the Teachers Retirement Association equal
218.15 to the excess, if any, of the employee contributions that the eligible person would have made
218.16 if the Teachers Retirement Association had provided coverage from July 19, 2000, or
218.17 September 15, 2000, whichever is applicable, rather than the individual retirement account
218.18 plan. These additional contribution amounts shall include annual compound interest at the
218.19 applicable annual rate or rates specified in Minnesota Statutes, section 356.59, subdivision
218.20 4, computed from the date the contribution would have been made if deducted from salary
218.21 until paid. The total amount to be paid under this paragraph shall be determined by the
218.22 executive director of the Teachers Retirement Association and written notification of the
218.23 amount required under this paragraph must be transmitted to the eligible person.

218.24 (e) If payment is made under paragraph (d), the value of the applicable eligible person's
218.25 higher education individual retirement account plan account shall be transferred to the
218.26 Teachers Retirement Association.

218.27 (f) The Teachers Retirement Association shall determine the required purchase payment
218.28 amount calculated under Minnesota Statutes, section 356.551, imposed upon the Teachers
218.29 Retirement Association under this section due to the salary and service credit purchase.

218.30 (g) From the total amount computed under paragraph (f), the executive director of the
218.31 Teachers Retirement Association shall subtract the amounts received under paragraphs (d)
218.32 and (e). The Minnesota State Colleges and Universities system must transmit the remaining
218.33 amount, if any, to the executive director of the Teachers Retirement Association within 60
218.34 days following the receipt of the payments under paragraphs (d) and (e).

219.1 (h) The authority to make a retirement coverage election under this section expires one
219.2 year from the effective date of this section.

219.3 **Sec. 5. TEACHERS RETIREMENT ASSOCIATION COVERAGE ELECTION**
219.4 **AND MINNESOTA STATE RETIREMENT SYSTEM REFUND REPAYMENT**
219.5 **AUTHORITY FOR CERTAIN WINONA STATE UNIVERSITY EMPLOYEE.**

219.6 (a) Notwithstanding any provision of Minnesota Statutes, chapter 352 or 354B, to the
219.7 contrary, an eligible person described in paragraph (b) is eligible to become a coordinated
219.8 member of the Teachers Retirement Association and to purchase service and salary credit
219.9 in the Teachers Retirement Association coordinated plan retroactively from January 1, 1995,
219.10 upon repaying a member contribution refund taken from the general employees retirement
219.11 plan of the Minnesota State Retirement System under paragraph (c), upon making an election
219.12 under paragraph (e), and upon making all required payments under paragraphs (f), (g), and
219.13 (h).

219.14 (b) An eligible person is a person who:

219.15 (1) was born November 11, 1957;

219.16 (2) began state employment in 1981, with retirement coverage in the general employees
219.17 retirement plan of the Minnesota State Retirement System for which a refund of member
219.18 contributions and interest was taken;

219.19 (3) was employed by Winona State University on September 11, 1989, with retirement
219.20 coverage in the higher education individual retirement account plan; and

219.21 (4) was not informed of the option to elect Teachers Retirement Association coverage
219.22 in the coverage election authorized under Laws 1994, chapter 508, article 1, section 10, so
219.23 remained in the higher education individual retirement account plan.

219.24 (c) The refund repayment required by Minnesota Statutes, section 356.551, subdivision
219.25 1, paragraph (c), must be calculated under Minnesota Statutes, section 352.23.

219.26 (d) Authority to repay a refund under this section expires one year from the effective
219.27 date of this section.

219.28 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible
219.29 person must submit a written application to the executive director of the Teachers Retirement
219.30 Association on a form provided by the Teachers Retirement Association. The application
219.31 must include all relevant documentation and information that the executive director may
219.32 require. Teachers Retirement Association plan membership commences after the date of

220.1 the retirement coverage election under this section and past salary and service credit is
220.2 granted for past Minnesota State Colleges and Universities system employment from January
220.3 1, 1995, until the executive director receives the written application specified in this
220.4 paragraph and receipts of the payments specified in paragraphs (c), (f), (g), and (h). Coverage
220.5 by the Teachers Retirement Association is in lieu of coverage by the individual retirement
220.6 account plan.

220.7 (f) If the eligible person makes the retirement coverage election under paragraph (e),
220.8 the eligible person's member contributions to the higher education individual retirement
220.9 account plan account from January 1, 1995, to the date of the retirement coverage election
220.10 must be transferred to the Teachers Retirement Association, with any earned investment
220.11 returns on those contributions. If the transferred member contributions and investment
220.12 earnings are less than the calculated amount of the member contributions that the eligible
220.13 person would have made to the Teachers Retirement Association on the eligible person's
220.14 compensation from the Minnesota State Colleges and Universities system for the period
220.15 from January 1, 1995, to the date of the retirement coverage election, if the person had been
220.16 covered by the Teachers Retirement Association during the period, plus annual compound
220.17 interest at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59,
220.18 subdivision 4, then the eligible person shall pay the balance of that calculated member
220.19 contribution obligation within 30 days of the retirement coverage election.

220.20 (g) Upon the transfer of the equivalent member contribution amount and any additional
220.21 payment under paragraph (f), the employer contributions made on behalf of the eligible
220.22 member to the higher education individual retirement account plan account from January
220.23 1, 1995, to the date of the retirement coverage election must be transferred to the Teachers
220.24 Retirement Association, with any earned investment returns on those contributions.

220.25 (h) If the amounts under paragraphs (f) and (g) are less than the prior service credit
220.26 purchase payment amount under Minnesota Statutes, section 356.551, the Minnesota State
220.27 Colleges and Universities system shall pay the difference within 60 days following receipt
220.28 of the amounts transmitted under paragraphs (f) and (g).

220.29 (i) The authority to make a retirement coverage election under this section expires one
220.30 year from the effective date of this section.

220.31 **Sec. 6. PERA COVERAGE ELECTION AND SERVICE CREDIT PURCHASE;**
220.32 **DULUTH TOWNSHIP CLERK.**

220.33 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 353D, to the
220.34 contrary, an eligible person described in paragraph (b) is eligible to purchase from the

221.1 general employees retirement plan of the Public Employees Retirement Association allowable
221.2 service credit under Minnesota Statutes, section 353.01, subdivision 16, for the period of
221.3 service described in paragraph (c).

221.4 (b) An eligible person is a person who:

221.5 (1) was born on July 19, 1953;

221.6 (2) became a member of the public employees defined contribution plan of the Public
221.7 Employees Retirement Association on January 7, 1997, as the elected clerk for Duluth
221.8 township;

221.9 (3) should have become a member of the public employees general plan of the Public
221.10 Employees Retirement Association on April 12, 2001, when the elected clerk position
221.11 became an appointed position;

221.12 (4) erroneously remained in the public employees defined contribution plan until February
221.13 2017; and

221.14 (5) retroactively joined the public employees general plan to January 1, 2014, pursuant
221.15 to Minnesota Statutes, section 353.27, subdivision 12.

221.16 (c) The period of uncredited service authorized for purchase is the period of April 12,
221.17 2001, until December 31, 2013.

221.18 (d) Any member contributions made to the public employees defined contribution plan,
221.19 plus any earned investments returns on those contributions, remaining after the transfer
221.20 associated with the cost of omitted salary deductions pursuant to Minnesota Statutes, section
221.21 353.27, subdivision 12, may be transferred to the public employees general plan of the
221.22 Public Employees Retirement Association upon request from the eligible person. The transfer
221.23 must occur within 60 days of the request. Authority to request a transfer under this section
221.24 expires December 31, 2018.

221.25 (e) Any employer contributions made to the public employees defined contribution plan,
221.26 plus any earned investment returns on those contributions, remaining after the transfer
221.27 associated with the cost of omitted salary deductions pursuant to Minnesota Statutes, section
221.28 353.27, subdivision 12, must be transferred to the public employees general plan of the
221.29 Public Employees Retirement Association at the same time as the transfer that occurs under
221.30 paragraph (d).

221.31 (f) If the eligible person requests a transfer under paragraph (d), the eligible person must
221.32 pay the member contributions that the eligible person would have made to the Public
221.33 Employees Retirement Association on the eligible person's compensation from the Duluth

222.1 township for the period of service described in paragraph (c) as if the person had been
222.2 covered by the public employees general plan, plus annual compound interest on that amount
222.3 at the applicable annual rate or rates specified in Minnesota Statutes, section 356.59,
222.4 subdivision 3, until the date payment is made to the Public Employees Retirement
222.5 Association, less the transferred member contributions and investment earnings.

222.6 (g) Upon the transfer of the amounts under paragraphs (d), (e), and (f), Duluth township
222.7 shall pay the prior service credit purchase payment amount calculated under Minnesota
222.8 Statutes, section 356.551, less any amounts received under paragraphs (d), (e), and (f),
222.9 within 60 days following the receipt of the eligible person's payment under paragraph (f).

222.10 (h) Upon the transfer and payment under paragraph (g), the eligible person must be
222.11 credited by the Public Employees Retirement Association with allowable service credit for
222.12 Duluth township employment from April 12, 2001, until December 31, 2013.

222.13 (i) Authority to make a service credit purchase under this section expires one year from
222.14 the effective date of this section.

222.15 **Sec. 7. TRA COVERAGE ELECTION AUTHORITY FOR CERTAIN MINNESOTA**
222.16 **STATE EMPLOYEE.**

222.17 (a) Notwithstanding any provision of law to the contrary, an eligible person described
222.18 in paragraph (b) is authorized to become a coordinated member of the Teachers Retirement
222.19 Association and to purchase service and salary credit in the Teachers Retirement Association
222.20 coordinated plan retroactively from August 5, 2009, upon making an election under paragraph
222.21 (c) and upon making all required payments under paragraphs (d) and (e).

222.22 (b) An eligible person is one who:

222.23 (1) was born on June 3, 1966;

222.24 (2) was employed as a state program administrator coordinator on December 2, 2002,
222.25 with Minnesota State Retirement System retirement plan coverage;

222.26 (3) was employed as an administrator with the Minnesota State Personnel Plan for
222.27 Administrators on August 5, 2009, with retirement coverage in the higher education
222.28 individual retirement account plan; and

222.29 (4) was not offered an election of Teachers Retirement Association coverage as authorized
222.30 by section 354B.21, so remained in the higher education individual retirement account plan.

222.31 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible
222.32 person must submit a written application to the executive director of the Teachers Retirement

223.1 Association on a form provided by the Teachers Retirement Association. The application
223.2 must include all documentation of the applicability of this section and any other relevant
223.3 information that the executive director may require. Teachers Retirement Association plan
223.4 membership commences after the date of the retirement coverage election under this section
223.5 and past salary and service credit is granted for past Minnesota State system employment
223.6 from August 5, 2009, until the executive director receives the written application specified
223.7 in this paragraph and receipts of payments specified in paragraphs (d) and (e).

223.8 (d) If the eligible person makes the retirement coverage election under paragraph (c),
223.9 the eligible person shall make a contribution to the Teachers Retirement Association equal
223.10 to the excess, if any, of the employee contributions that the eligible person would have made
223.11 if covered by the Teachers Retirement Association from August 5, 2009. These additional
223.12 contribution amounts shall include 8.5 percent annual compound interest computed from
223.13 the date the contribution would have been made if deducted from salary until paid. The total
223.14 amount to be paid under this paragraph shall be determined by the executive director of the
223.15 Teachers Retirement Association and written notification of the amount required under this
223.16 paragraph must be transmitted to the eligible person.

223.17 (e) If payment is made under paragraph (d), the value of the applicable eligible person's
223.18 higher education individual retirement account plan account shall be transferred to the
223.19 Teachers Retirement Association.

223.20 (f) The Teachers Retirement Association shall determine the required purchase payment
223.21 amount calculated under Minnesota Statutes, section 356.551, imposed upon the Teachers
223.22 Retirement Association under this section due to the salary and service credit purchase.

223.23 (g) From the total amount computed under paragraph (f), the executive director of the
223.24 Teachers Retirement Association shall subtract the amounts received under paragraphs (d)
223.25 and (e). The Minnesota State system must transmit the remaining amount, if any, to the
223.26 executive director of the Teachers Retirement Association within 60 days following the
223.27 receipt of payments under paragraphs (d) and (e).

223.28 (h) The authority to make a retirement coverage election under this section expires one
223.29 year from the effective date of this section.

223.30 **Sec. 8. EFFECTIVE DATE.**

223.31 Sections 1 to 7 are effective June 30, 2018.

ARTICLE 19**TECHNICAL CORRECTIONS**

Section 1. Minnesota Statutes 2016, section 353.01, subdivision 16, is amended to read:

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

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

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

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

(4) a period of authorized leave of absence during which the employee receives pay as specified in subdivision 10, paragraph (a), clause (4) or (5), from which deductions for employee contributions are made, deposited, and credited to the fund;

(5) a period of authorized leave of absence without pay, or with pay that is not included in the definition of salary under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are not authorized, and for which a member obtained service credit for up to 12 months of the authorized leave period by payment under section ~~353.0161~~ or 353.0162, to the fund made in place of salary deductions;

(6) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's average salary, excluding overtime pay, that would have been paid if the leave had not been taken. The employer shall pay the employer and additional employer contributions on behalf of the participating member. The employee and the employer are responsible to pay interest on their respective shares at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter, compounded annually, from the end of the normal cycle until full payment is made. An employer shall also make the employer and additional employer contributions, plus 8.5 percent interest until June 30, 2015, and eight percent interest thereafter, compounded annually, on behalf of an employee who makes employee contributions but terminates public service. The employee contributions must be made within one year after the end of the

225.1 annual normal working cycle or within 30 days after termination of public service, whichever
225.2 is sooner. The executive director shall prescribe the manner and forms to be used by a
225.3 governmental subdivision in administering a periodic, repetitive leave. Upon payment, the
225.4 member must be granted allowable service credit for the purchased period;

225.5 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
225.6 months allowable service per authorized temporary or seasonal layoff in one calendar year.
225.7 An employee who has received the maximum service credit allowed for an authorized
225.8 temporary or seasonal layoff must return to public service and must obtain a minimum of
225.9 three months of allowable service subsequent to the layoff in order to receive allowable
225.10 service for a subsequent authorized temporary or seasonal layoff;

225.11 (8) a period during which a member is absent from employment by a governmental
225.12 subdivision by reason of service in the uniformed services, as defined in United States Code,
225.13 title 38, section 4303(13), if the member returns to public service with the same governmental
225.14 subdivision upon discharge from service in the uniformed service within the time frames
225.15 required under United States Code, title 38, section 4312(e), provided that the member did
225.16 not separate from uniformed service with a dishonorable or bad conduct discharge or under
225.17 other than honorable conditions. The service must be credited if the member pays into the
225.18 fund equivalent employee contributions based upon the contribution rate or rates in effect
225.19 at the time that the uniformed service was performed multiplied by the full and fractional
225.20 years being purchased and applied to the annual salary rate. The annual salary rate is the
225.21 average annual salary during the purchase period that the member would have received if
225.22 the member had continued to be employed in covered employment rather than to provide
225.23 uniformed service, or, if the determination of that rate is not reasonably certain, the annual
225.24 salary rate is the member's average salary rate during the 12-month period of covered
225.25 employment rendered immediately preceding the period of the uniformed service. Payment
225.26 of the member equivalent contributions must be made during a period that begins with the
225.27 date on which the individual returns to public employment and that is three times the length
225.28 of the military leave period, or within five years of the date of discharge from the military
225.29 service, whichever is less. If the determined payment period is less than one year, the
225.30 contributions required under this clause to receive service credit may be made within one
225.31 year of the discharge date. Payment may not be accepted following 30 days after termination
225.32 of public service under subdivision 11a. If the member equivalent contributions provided
225.33 for in this clause are not paid in full, the member's allowable service credit must be prorated
225.34 by multiplying the full and fractional number of years of uniformed service eligible for
225.35 purchase by the ratio obtained by dividing the total member contributions received by the

226.1 total member contributions otherwise required under this clause. The equivalent employer
226.2 contribution, and, if applicable, the equivalent additional employer contribution must be
226.3 paid by the governmental subdivision employing the member if the member makes the
226.4 equivalent employee contributions. The employer payments must be made from funds
226.5 available to the employing unit, using the employer and additional employer contribution
226.6 rate or rates in effect at the time that the uniformed service was performed, applied to the
226.7 same annual salary rate or rates used to compute the equivalent member contribution. The
226.8 governmental subdivision involved may appropriate money for those payments. The amount
226.9 of service credit obtainable under this section may not exceed five years unless a longer
226.10 purchase period is required under United States Code, title 38, section 4312. The employing
226.11 unit shall pay interest on all equivalent member and employer contribution amounts payable
226.12 under this clause. Interest must be computed at the rate of 8.5 percent until June 30, 2015,
226.13 and eight percent thereafter, compounded annually, from the end of each fiscal year of the
226.14 leave or the break in service to the end of the month in which the payment is received. Upon
226.15 payment, the employee must be granted allowable service credit for the purchased period;
226.16 or

226.17 (9) a period specified under section 353.0162.

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

226.20 (c) For an active member who was an active member of the former Minneapolis
226.21 Firefighters Relief Association on December 29, 2011, "allowable service" is the period of
226.22 service credited by the Minneapolis Firefighters Relief Association as reflected in the
226.23 transferred records of the association up to December 30, 2011, and the period of service
226.24 credited under paragraph (a), clause (1), after December 30, 2011. For an active member
226.25 who was an active member of the former Minneapolis Police Relief Association on December
226.26 29, 2011, "allowable service" is the period of service credited by the Minneapolis Police
226.27 Relief Association as reflected in the transferred records of the association up to December
226.28 30, 2011, and the period of service credited under paragraph (a), clause (1), after December
226.29 30, 2011.

226.30 Sec. 2. Minnesota Statutes 2016, section 353.012, is amended to read:

226.31 **353.012 UNIVERSITY OF MINNESOTA EMPLOYEES; FURLOUGH SERVICE**
226.32 **AND SALARY CREDIT.**

226.33 A furloughed employee of the University of Minnesota who is a member of the public
226.34 employees police and fire plan may obtain allowable service and salary credit for the furlough

227.1 period. The allowable service and salary credit authorization is a leave of absence
227.2 authorization for purposes of section ~~353.0161~~ and the purchase payment procedure of
227.3 ~~section 353.0161, subdivision 2, applies~~ 353.0162.

227.4 Sec. 3. Minnesota Statutes 2016, section 353.32, subdivision 4, is amended to read:

227.5 Subd. 4. **Lack, or death, of beneficiary.** If a member or former member dies without
227.6 having designated a beneficiary or if the beneficiary should die before making application
227.7 for refund, and if there is no surviving spouse, and if the legal representative of such member
227.8 or former member does not apply for refund within five years from the date of death of the
227.9 member or former member, the accumulated deductions to the member or former member's
227.10 credit at the time of death shall be disposed of in the manner provided in section ~~353.34~~,
227.11 ~~subdivision 6~~ 356.631.

227.12 Sec. 4. Minnesota Statutes 2016, section 354A.011, subdivision 29, is amended to read:

227.13 Subd. 29. **Vesting; vested.** ~~(a) "Vesting" or "vested" means having entitlement to a~~
227.14 ~~nonforfeitable annuity or benefit from a the St. Paul Teachers Retirement Fund Association~~
227.15 ~~coordinated member program administered by a teachers retirement fund association by~~
227.16 ~~having credit for sufficient allowable service under paragraph (b) or (c), whichever applies~~
227.17 when the teacher has accrued credit for at least three years of allowable service.

227.18 ~~(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member~~
227.19 ~~of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher~~
227.20 ~~has accrued credit for at least three years of service.~~

227.21 ~~(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member~~
227.22 ~~of the Duluth Teachers Retirement Fund Association:~~

227.23 ~~(1) a teacher who first became a member of the plan before July 1, 2010, is vested when~~
227.24 ~~the teacher has accrued at least three years of service; and~~

227.25 ~~(2) a teacher who first became a member of the plan after June 30, 2010, is vested when~~
227.26 ~~the teacher has accrued at least five years of service.~~

227.27 Sec. 5. Minnesota Statutes 2016, section 354A.095, is amended to read:

227.28 **354A.095 PARENTAL AND MATERNITY LEAVE.**

227.29 Basic or coordinated members of the St. Paul Teachers Retirement Fund Association
227.30 ~~and new coordinated members of the Duluth Teachers Retirement Fund Association,~~ who
227.31 are granted parental or maternity leave of absence by the employing authority, are entitled

228.1 to obtain service credit not to exceed one year for the period of leave upon payment to the
228.2 applicable fund by the end of the fiscal year following the fiscal year in which the leave of
228.3 absence terminated. The amount of the payment must include the total required employee
228.4 and employer contributions for the period of leave prescribed in section 354A.12. Payment
228.5 must be based on the member's average monthly salary rate upon return to teaching service,
228.6 and is payable without interest. Payment must be accompanied by a certified or otherwise
228.7 adequate copy of the resolution or action of the employing authority granting or approving
228.8 the leave.

228.9 Sec. 6. Minnesota Statutes 2016, section 354A.31, subdivision 3, is amended to read:

228.10 Subd. 3. **Resumption of teaching after commencement of a retirement annuity.** (a)

228.11 Any person who retired and is receiving a coordinated program retirement annuity under
228.12 the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program
228.13 retirement annuity under the governing sections in the articles of incorporation or bylaws
228.14 and who has resumed teaching service for the school district in which the teachers retirement
228.15 fund association exists is entitled to continue to receive retirement annuity payments, except
228.16 that all or a portion of the annuity payments must be deferred during the calendar year
228.17 immediately following the calendar year in which the person's salary from the teaching
228.18 service is in an amount greater than \$46,000. The amount of the annuity deferral is one-third
228.19 the salary amount in excess of \$46,000 and must be deducted from the annuity payable for
228.20 the calendar year immediately following the calendar year in which the excess amount was
228.21 earned.

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

228.25 (c) After a person has reached the Social Security normal retirement age, no deferral
228.26 requirement is applicable regardless of the amount of any compensation received for teaching
228.27 service for the school district in which the teachers retirement fund association exists.

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

228.30 ~~(e) Notwithstanding other paragraphs of this subdivision, for any retired Duluth Teachers~~
228.31 ~~Retirement Fund Association member whose effective date of retirement is after June 30,~~
228.32 ~~2013, amounts specified as deferred under this subdivision must instead be forfeited to the~~
228.33 ~~Duluth Teachers Retirement Fund Association fund.~~

229.1 ~~(f)~~ (e) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul
229.2 Teachers Retirement Fund Association basic or coordinated program member whose effective
229.3 date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision
229.4 must instead be forfeited to the St. Paul Teachers Retirement Fund Association fund.

229.5 ~~(g)~~ (f) For the purpose of this subdivision, salary from teaching service includes: (i) all
229.6 income for services performed as a consultant or independent contractor; or income resulting
229.7 from working with the school district in any capacity; and (ii) the greater of either the income
229.8 received or an amount based on the rate paid with respect to an administrative position,
229.9 consultant, or independent contractor in the school district in which the teachers retirement
229.10 fund association exists and at the same level as the position occupied by the person who
229.11 resumes teaching service.

229.12 ~~(h)~~ (g) On or before February 15 of each year, each applicable employing unit shall
229.13 report to the teachers retirement fund association the amount of postretirement salary as
229.14 defined in this subdivision, earned as a teacher, consultant, or independent contractor during
229.15 the previous calendar year by each retiree of the teachers retirement fund association for
229.16 teaching service performed after retirement. The report must be in a format approved by
229.17 the executive secretary or director.

229.18 Sec. 7. Minnesota Statutes 2016, section 354A.35, subdivision 2, is amended to read:

229.19 Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The
229.20 surviving spouse of a vested coordinated member who dies prior to retirement may elect to
229.21 receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100
229.22 percent joint and survivor annuity the member could have qualified for had the member
229.23 terminated service on the date of death. The surviving spouse eligible for a surviving spouse
229.24 benefit under this paragraph may apply for the annuity at any time after the date on which
229.25 the deceased employee would have attained the required age for retirement based on the
229.26 employee's allowable service. A surviving spouse eligible for surviving spouse benefits
229.27 under paragraph (b) or (c) may apply for an annuity at any time after the member's death.
229.28 The member's surviving spouse shall be paid a joint and survivor annuity under section
229.29 354A.32 and computed under section 354A.31.

229.30 (b) If the member was under age 55 and has credit for at least 30 years of allowable
229.31 service on the date of death, the surviving spouse may elect to receive a 100 percent joint
229.32 and survivor annuity based on the age of the member and surviving spouse on the date of
229.33 death. The annuity is payable using the full early retirement reduction under section 354A.31,

230.1 subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from
230.2 age 55 to the age payment begins.

230.3 ~~(c) If a vested member of the Duluth Teachers Retirement Fund Association was under~~
230.4 ~~age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may~~
230.5 ~~elect to receive the 100 percent joint and survivor annuity based on the age of the member~~
230.6 ~~and the survivor at the time of death. The annuity is payable using the full early retirement~~
230.7 ~~reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early~~
230.8 ~~retirement reduction from age 55 to the date payment begins.~~

230.9 ~~(d)~~ (c) If a vested member of the St. Paul Teachers Retirement Fund Association was
230.10 under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse
230.11 may elect to receive the 100 percent joint and survivor annuity based on the age of the
230.12 member and the survivor at the time of death. The annuity is payable using the full early
230.13 retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of
230.14 the actuarial equivalent reduction from age 55 to the date payment begins. The actuarial
230.15 equivalent reduction is calculated so that the reduced annuity is the actuarial equivalent of
230.16 the annuity that would be payable to the member if the member deferred receipt of the
230.17 annuity and the annuity amount were augmented at an annual rate of 2.5 percent compounded
230.18 annually from the day the annuity begins to accrue until the normal retirement age.

230.19 ~~(e)~~ (d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or
230.20 surviving spouse benefit payable under this section. The benefits are payable for the life of
230.21 the surviving spouse, or upon expiration of the term certain benefit payment under subdivision
230.22 2b.

230.23 Sec. 8. Minnesota Statutes 2016, section 356.47, subdivision 1, is amended to read:

230.24 Subdivision 1. **Application.** (a) This section applies to the balance of annual retirement
230.25 annuities on the amount of retirement annuity reductions after reemployed annuitant earnings
230.26 limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; or
230.27 354.44, subdivision 5.

230.28 ~~(b) This section also applies to the balance of annual retirement annuities on the amount~~
230.29 ~~of retirement annuity reductions under section 354A.31, subdivision 3, for members of the~~
230.30 ~~Duluth Teachers Retirement Fund Association whose effective date of retirement is before~~
230.31 ~~July 1, 2013.~~

230.32 ~~(e)~~ (b) This section also applies to the balance of annual retirement annuities on the
230.33 amount of retirement annuity reductions under section 354A.31, subdivision 3, for members

231.1 of the St. Paul Teachers Retirement Fund Association whose effective date of retirement is
231.2 before July 1, 2013.

231.3 Sec. 9. **REPEALER.**

231.4 Minnesota Statutes 2016, section 354A.12, subdivision 2c, is repealed.

231.5 Sec. 10. **EFFECTIVE DATE.**

231.6 Sections 1 to 9 are effective June 30, 2018.

231.7 **ARTICLE 20**

231.8 **E-12 EDUCATION FINANCE**

231.9 Section 1. Minnesota Statutes 2016, section 126C.10, subdivision 37, is amended to read:

231.10 Subd. 37. **Pension adjustment revenue.** (a) A school district's pension adjustment
231.11 revenue equals the sum of:

231.12 (1) the greater of zero or the product of:

231.13 ~~(1)~~ (i) the difference between the district's adjustment under Minnesota Statutes 2012,
231.14 section 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state
231.15 average adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for
231.16 fiscal year 2014 per adjusted pupil unit; and

231.17 ~~(2)~~ (ii) the district's adjusted pupil units for the fiscal year; and

231.18 (2) the product of the salaries paid to district employees who were members of the
231.19 Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association
231.20 for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The
231.21 pension adjustment rate for Independent School District No. 625, St. Paul, equals 0.84
231.22 percent for fiscal year 2019, 1.67 percent for fiscal year 2020, 1.88 percent for fiscal year
231.23 2021, 2.09 percent for fiscal year 2022, 2.3 percent for fiscal year 2023, and 2.5 percent for
231.24 fiscal year 2024 and later. The pension adjustment rate for all other districts equals 0.21
231.25 percent for fiscal year 2019, 0.42 percent for fiscal year 2020, 0.63 percent for fiscal year
231.26 2021, 0.84 percent for fiscal year 2022, 1.05 percent for fiscal year 2023, and 1.25 percent
231.27 for fiscal year 2024 and later.

231.28 (b) For fiscal year 2025 and later, the state total pension adjustment revenue under
231.29 paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause

232.1 (2), for fiscal year 2024. The commissioner must prorate the pension adjustment revenue
232.2 under paragraph (a), clause (2), so as not to exceed the maximum.

232.3 (c) Notwithstanding section 123A.26, subdivision 1, a cooperative unit, as defined in
232.4 section 123A.24, subdivision 2, qualifies for pension adjustment revenue under paragraph
232.5 (a), clause (2), as if it was a district, and the aid generated by the cooperative unit shall be
232.6 paid to the cooperative unit.

232.7 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2019 and later.

232.8 **ARTICLE 21**

232.9 **APPROPRIATIONS**

232.10 Section 1. **APPROPRIATIONS; GENERAL FUND PENSION CONTRIBUTION**
232.11 **INCREASES.**

232.12 (a) \$7,142,000 in fiscal year 2019 is appropriated from the general fund to the entities
232.13 specified in paragraph (b) to offset employer pension contribution increases required of
232.14 executive branch agencies, boards, commissions, constitutional offices, and the judicial
232.15 branch required under this act. These appropriations are for increases in employer
232.16 contributions to the Minnesota State Retirement System general employees, correctional
232.17 employees, state patrol, and unclassified retirement plans. The base for fiscal year 2020 is
232.18 \$14,071,000, the base for fiscal year 2021 is \$18,007,000, and the base for fiscal year 2022
232.19 and later is \$21,943,000.

232.20 (b) Except as provided in paragraph (c), the commissioner of management and budget
232.21 must determine an allocation of the amount appropriated in paragraph (a) for each executive
232.22 branch state agency, board, commission, constitutional office, and the judicial branch. Each
232.23 allocation is directly appropriated to each of these entities as specified by the commissioner.
232.24 The commissioner of management and budget must report the amounts appropriated under
232.25 this section to the chairs and ranking minority members of the house of representatives
232.26 Ways and Means Committee and the senate Finance Committee by August 15, 2018.

232.27 (c) This appropriation may not be used to offset contribution increases to the University
232.28 of Minnesota, Minnesota State Colleges and Universities, the Metropolitan Council, or the
232.29 Minnesota Historical Society.

233.1 Sec. 2. **APPROPRIATIONS; NONGENERAL FUND PENSION CONTRIBUTION**
233.2 **INCREASES.**

233.3 (a) The amounts necessary to pay increased nongeneral fund employer contribution
233.4 increases in this act in fiscal year 2019 are appropriated from any nongeneral fund that is
233.5 specified by the commissioner of management and budget under paragraph (b). These
233.6 appropriations shall offset employer pension contribution increases required of executive
233.7 branch state agencies, boards, and commissions, and the judicial branch required under this
233.8 act. These appropriations are for increases in employer contributions to the Minnesota State
233.9 Retirement System general employees, correctional employees, state patrol, and unclassified
233.10 retirement plans.

233.11 (b) The commissioner of management and budget must determine the appropriate fund
233.12 and amount required under paragraph (a) for each executive branch state agency, board,
233.13 and commission; and the judicial branch for each fiscal year. The amounts are added to the
233.14 base, as defined in Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b), of
233.15 each executive branch, state agency, board, and commission, and the judicial branch. The
233.16 base of each executive branch, state agency, board, and commission, and the judiciary is
233.17 increased in each fiscal year until fiscal year 2023 to reflect the percentage increase in
233.18 employer contributions under this act. The commissioner of management and budget must
233.19 report the amounts appropriated under this section to the chairs and ranking minority
233.20 members of the house of representatives Ways and Means Committee and the senate Finance
233.21 Committee by August 15, 2018.

233.22 Sec. 3. **APPROPRIATIONS; TEACHERS RETIREMENT ASSOCIATION.**

233.23 (a) \$20,000 in fiscal year 2019 is appropriated from the general fund to the Department
233.24 of Education for increased employer pension contributions to the Teachers Retirement
233.25 Association. The base for fiscal year 2020 is \$40,000, the base for fiscal year 2021 is \$60,000,
233.26 the base for fiscal year 2022 is \$80,000, the base for fiscal year 2023 is \$100,000, and the
233.27 base for fiscal year 2024 and later is \$118,000.

233.28 (b) \$7,000 in fiscal year 2019 is appropriated from the general fund to the Minnesota
233.29 State Academies for increased employer pension contributions to the Teachers Retirement
233.30 Association. The base for fiscal year 2020 is \$14,000, the base for fiscal year 2021 is \$20,000,
233.31 the base for fiscal year 2022 is \$27,000, the base for fiscal year 2023 is \$34,000, and the
233.32 base for fiscal year 2024 and later is \$40,000.

233.33 (c) \$6,000 in fiscal year 2019 is appropriated from the general fund to the Perpich Center
233.34 for the Arts for increased employer pension contributions to the Teachers Retirement

234.1 Association. The base for fiscal year 2020 is \$11,000, the base for fiscal year 2021 is \$17,000,
234.2 the base for fiscal year 2022 is \$22,000, the base for fiscal year 2023 is \$28,000, and the
234.3 base for fiscal year 2024 and later is \$33,000.

234.4 Sec. 4. **EDUCATION APPROPRIATIONS.**

234.5 Subdivision 1. **Department of Education.** The sums indicated are appropriated from
234.6 the general fund to the Department of Education for the fiscal years designated. These sums
234.7 are in addition to appropriations made for the same purpose in any other law.

234.8 Subd. 2. **General education aid.** For general education aid under Minnesota Statutes,
234.9 section 126C.13, subdivision 4:

234.10 \$ 10,863,000 2019

234.11 The 2019 appropriation includes \$0 for 2018 and \$10,863,000 for 2019.

234.12 Sec. 5. **EFFECTIVE DATE.**

234.13 Sections 1 to 4 are effective June 30, 2018."

234.14 Delete the title and insert:

234.15 "A bill for an act
234.16 relating to retirement; benefit and contribution changes for Minnesota statewide
234.17 and major local public employee retirement plans; increasing contribution rates;
234.18 reducing certain postretirement adjustment rates; modifying investment return
234.19 assumptions; extending amortization target dates; reducing deferred annuities
234.20 augmentation; requiring a study on postretirement adjustments; making
234.21 administrative changes to the Minnesota State Retirement System, Teachers
234.22 Retirement Association, Public Employees Retirement Association, and St. Paul
234.23 Teachers Retirement Fund Association; clarifying refund repayment procedures;
234.24 modifying executive director credentials; clarifying service requirements; revising
234.25 appeal procedures; modifying service credit purchase procedures; establishing
234.26 new procedures for disability applications due to private disability insurance
234.27 requirements; clarifying disability benefit payment provisions; modifying annual
234.28 benefit limitations for federal tax code compliance; authorizing use of IRS
234.29 correction procedures; clarifying benefit offsets for certain refund payments;
234.30 clarifying police and fire plan coverage for certain Hennepin Healthcare System
234.31 supervisors; modifying various economic actuarial assumptions; authorizing the
234.32 transfer of assets and members from the voluntary statewide volunteer firefighter
234.33 retirement plan to a volunteer firefighter relief association; adopting
234.34 recommendations of the Volunteer Firefighter Relief Association working group;
234.35 increasing the lump-sum service pension maximum and lowering certain vesting
234.36 requirements for the Eden Prairie Volunteer Firefighters Relief Association;
234.37 modifying the Brook Park volunteer firefighters service pension level; permitting
234.38 alternative allocation of fire state aid for the city of Austin; establishing a fire state
234.39 aid work group; extending a reporting deadline for the Clearbrook Fire Department
234.40 Relief Association; clarifying a 1992 session law for the Swift County-Benson
234.41 Hospital; modifying various Department of Human Services and Department of
234.42 Corrections employment classifications eligible for correctional retirement
234.43 coverage; revising augmentation interest rates for certain terminated privatized

235.1 employees; adopting definition of the Hometown Heroes Act related to public
 235.2 safety officer death benefits; modifying defined contribution plans to allow certain
 235.3 distributions; allowing service credit purchase and rule of 90 eligibility for certain
 235.4 Minnesota Department of Transportation employees; expanding investment
 235.5 authority for the Hennepin County Supplemental Retirement Plan; authorizing
 235.6 certain MnSCU employees to elect retroactive and prospective TRA coverage;
 235.7 authorizing a MnSCU employee to transfer past service from IRAP to PERA;
 235.8 increasing maximum employer contribution to a supplemental laborers pension
 235.9 fund; exempting certain laborers groups from coverage; authorizing certain
 235.10 additional sources of retirement plan funding; making technical and conforming
 235.11 changes; authorizing direct state aid to the public employees police and fire
 235.12 retirement plan and the St. Paul Teachers Retirement Fund Association; modifying
 235.13 pension adjustment revenue provisions; appropriating money; amending Minnesota
 235.14 Statutes 2016, sections 3A.02, subdivision 4; 3A.03, subdivisions 2, 3; 16A.14,
 235.15 subdivision 2a; 126C.10, subdivision 37; 352.01, subdivisions 2a, 13a; 352.017,
 235.16 subdivision 2; 352.03, subdivisions 5, 6; 352.04, subdivisions 2, 3, 8, 9; 352.113,
 235.17 subdivisions 2, 4, 14; 352.116, subdivision 1a; 352.22, subdivisions 2, 3, by adding
 235.18 subdivisions; 352.23; 352.27; 352.91, subdivisions 3f, 3g, by adding a subdivision;
 235.19 352.92, subdivisions 1, 2, by adding a subdivision; 352.955, subdivision 3;
 235.20 352B.013, subdivision 2; 352B.02, subdivisions 1a, 1c; 352B.08, by adding a
 235.21 subdivision; 352B.085; 352B.086; 352B.11, subdivision 4; 352D.02, subdivisions
 235.22 1, 3; 352D.04, subdivision 2; 352D.05, subdivision 4; 352D.085, subdivision 1;
 235.23 352D.11, subdivision 2; 352D.12; 352F.04, subdivisions 1, 2, by adding a
 235.24 subdivision; 353.01, subdivisions 2b, 10, 16, 43, 47; 353.012; 353.0162; 353.03,
 235.25 subdivision 3; 353.27, subdivisions 7a, 12, 12a, 12b; 353.28, subdivision 5; 353.29,
 235.26 subdivisions 4, 7; 353.30, subdivisions 3c, 5; 353.32, subdivisions 1, 4; 353.34,
 235.27 subdivisions 2, 3; 353.35, subdivision 1; 353.37, subdivision 1; 353.64, subdivision
 235.28 10; 353.65, subdivisions 2, 3, by adding a subdivision; 353D.07; 353F.02,
 235.29 subdivision 5a; 353F.025, subdivision 2; 353F.04, subdivision 2; 353F.05;
 235.30 353F.057; 353F.06; 353F.07; 353G.01, subdivision 9, by adding a subdivision;
 235.31 353G.02, subdivision 6; 353G.03, subdivision 3; 353G.08, subdivision 3; 353G.11,
 235.32 subdivision 1; 354.05, subdivision 2, by adding a subdivision; 354.06, subdivisions
 235.33 2, 2a; 354.095; 354.42, subdivisions 2, 3; 354.435, subdivision 4; 354.436,
 235.34 subdivision 3; 354.44, subdivisions 3, 6, 9; 354.45, by adding a subdivision; 354.46,
 235.35 subdivision 6; 354.48, subdivision 1; 354.49, subdivision 2; 354.50, subdivision
 235.36 2; 354.51, subdivision 5; 354.512; 354.52, subdivisions 4, 4d; 354.53, subdivision
 235.37 5; 354.55, subdivision 11; 354.66, subdivision 2; 354.72, subdivisions 1, 2;
 235.38 354A.011, subdivisions 3a, 29; 354A.093, subdivisions 4, 6; 354A.095; 354A.096;
 235.39 354A.12, subdivisions 1, 1a, 2a, 3a, 3c, 7; 354A.29, subdivision 7; 354A.31,
 235.40 subdivisions 3, 5, 6, 7; 354A.34; 354A.35, subdivision 2; 354A.36, subdivision
 235.41 4; 354A.37, subdivisions 2, 3; 354A.38; 356.195, subdivision 2; 356.215,
 235.42 subdivisions 9, 11; 356.24, subdivision 1; 356.30, subdivision 1; 356.32, subdivision
 235.43 2; 356.415, subdivisions 1, 1a, 1b, 1c, 1d, 1e, 1f, by adding a subdivision; 356.44;
 235.44 356.47, subdivisions 1, 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.635,
 235.45 subdivision 10, by adding subdivisions; 356.645; 356.96, subdivisions 1, 2, 3, 4,
 235.46 5, 6, 7, 8, 9, 10, 11, 12, 13; 356A.06, subdivision 7; 383B.47; 383B.48; 383B.49;
 235.47 383B.50; 423A.02, subdivisions 3, 5; 423A.022, subdivision 5; 424A.001,
 235.48 subdivisions 2, 3, 10, by adding a subdivision; 424A.002, subdivision 1; 424A.01,
 235.49 subdivisions 1, 5, 6, by adding subdivisions; 424A.015, subdivision 1, by adding
 235.50 a subdivision; 424A.016, subdivision 2; 424A.02, subdivisions 1, 3a, 7; 424A.04,
 235.51 subdivision 1; 424A.07; 424A.091, subdivision 3; 424A.094, subdivision 3;
 235.52 424A.10, subdivision 1; 424B.20, subdivision 4; 490.121, subdivisions 4, 25, 26;
 235.53 490.1211; 490.123, by adding a subdivision; 490.124, subdivision 12; Minnesota
 235.54 Statutes 2017 Supplement, sections 353.27, subdivision 3c; 356.215, subdivision
 235.55 8; Laws 1992, chapter 534, section 10, subdivision 3; proposing coding for new
 235.56 law in Minnesota Statutes, chapters 353F; 353G; 356; 424A; repealing Minnesota
 235.57 Statutes 2016, sections 3A.12; 352.04, subdivision 11; 352.045; 352.72; 352B.30;
 235.58 353.0161; 353.27, subdivision 3b; 353.34, subdivision 6; 353.71; 354.42,

236.1 subdivisions 4a, 4b, 4c, 4d; 354.60; 354A.12, subdivision 2c; 354A.29, subdivisions
236.2 8, 9; 354A.39; 356.611, subdivisions 3, 3a, 4, 5; 356.96, subdivisions 14, 15;
236.3 424A.02, subdivision 13; Laws 2008, chapter 349, article 8, section 4."