

**2016 OMNIBUS RETIREMENT BILL**

**AS OF APRIL 12, 2016**

..... moves to amend H.F. No. 659; S.F. No. 588, as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1**

**MINNESOTA STATE RETIREMENT SYSTEM  
ADMINISTRATIVE PROVISIONS**

Section 1. Minnesota Statutes 2015 Supplement, 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.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

2.1 Sec. 2. Minnesota Statutes 2014, section 3A.03, subdivision 3, is amended to read:

2.2 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special  
2.3 retirement fund, is created within the state treasury. The legislators retirement fund must  
2.4 be credited with any investment proceeds on the assets of the retirement fund.

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

2.7 (c) The legislators retirement fund may receive transfers of general fund proceeds.

2.8 **EFFECTIVE DATE.** This section is effective July 1, 2016.

2.9 Sec. 3. Minnesota Statutes 2014, section 16A.14, subdivision 2a, is amended to read:

2.10 Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

2.11 (1) appropriations for the courts or the legislature;

2.12 (2) payment of unemployment benefits; and

2.13 (3) transactions within the defined contribution funds administered by the Minnesota  
2.14 State Retirement System.

2.15 **EFFECTIVE DATE.** This section is effective July 1, 2016.

2.16 Sec. 4. Minnesota Statutes 2014, section 352.03, subdivision 5, is amended to read:

2.17 Subd. 5. **Executive director, deputy director, and assistant director.** (a) The

2.18 board shall appoint an executive director, in this chapter called the director, of the

2.19 system must be appointed by the board on the basis of fitness education, experience in

2.20 the retirement field, and leadership ability to manage and lead system staff, and ability

2.21 to assist the board in setting a vision for the system. The director must have had at

2.22 least five years' experience on the administrative staff of a major retirement system in

2.23 either an executive level management position or in a position with responsibility for the

2.24 governance, management, or administration of a retirement plan.

2.25 (b) The executive director, deputy director, and assistant director must be in the  
2.26 unclassified service but appointees may be selected from civil service lists if desired. The  
2.27 salary of the executive director must be as provided by section 15A.0815. The salary of  
2.28 the deputy director and assistant director must be set in accordance with section 43A.18,  
2.29 subdivision 3.

2.30 **EFFECTIVE DATE.** This section is effective July 1, 2016.

2.31 Sec. 5. Minnesota Statutes 2014, section 352.03, subdivision 6, is amended to read:

3.1 Subd. 6. **Duties and powers of executive director.** The management of the system  
3.2 is vested in the director, who is the executive and administrative head of the system. The  
3.3 director may appoint a deputy director and an assistant director with the approval of the  
3.4 board. The director shall be advisor to the board on matters pertaining to the system and  
3.5 shall also act as the secretary of the board. The director shall:

3.6 (1) attend meetings of the board;

3.7 (2) prepare and recommend to the board appropriate rules to carry out this chapter;

3.8 (3) establish and maintain an adequate system of records and accounts following  
3.9 recognized accounting principles and controls;

3.10 ~~(4) designate an assistant director with the approval of the board;~~

3.11 ~~(5)~~ (4) appoint any employees, both permanent and temporary, that are necessary to  
3.12 carry out the provisions of this chapter;

3.13 ~~(6)~~ (5) organize the work of the system as the director deems necessary to fulfill the  
3.14 functions of the system, and define the duties of its employees and delegate to them any  
3.15 powers or duties, subject to the control of the director and under conditions the director  
3.16 may prescribe. Appointments to exercise delegated power must be by written order and  
3.17 shall be filed with the secretary of state;

3.18 ~~(7)~~ (6) with the advice and consent of the board, contract for the services of an  
3.19 approved actuary, professional management services, and any other consulting services as  
3.20 necessary and fix the compensation for those services. The contracts are not subject to  
3.21 competitive bidding under chapter 16C. Any approved actuary retained by the executive  
3.22 director shall function as the actuarial advisor of the board and the executive director, and  
3.23 may perform actuarial valuations and experience studies to supplement those performed  
3.24 by the actuary retained under section 356.214. Any supplemental actuarial valuations or  
3.25 experience studies shall be filed with the executive director of the Legislative Commission  
3.26 on Pensions and Retirement. Professional management services may not be contracted for  
3.27 more often than once in six years. Copies of professional management survey reports must  
3.28 be transmitted to the secretary of the senate, the chief clerk of the house of representatives,  
3.29 and the Legislative Reference Library as provided by section 3.195, and to the executive  
3.30 director of the commission at the time as reports are furnished to the board. Only  
3.31 management firms experienced in conducting management surveys of federal, state, or  
3.32 local public retirement systems are qualified to contract with the director;

3.33 ~~(8)~~ (7) with the advice and consent of the board provide in-service training for the  
3.34 employees of the system;

- 4.1           (9) (8) make refunds of accumulated contributions to former state employees and  
 4.2 to the designated beneficiary, surviving spouse, legal representative, or next of kin of  
 4.3 deceased state employees or deceased former state employees, as provided in this chapter;
- 4.4           (10) (9) determine the amount of the annuities and disability benefits of employees  
 4.5 covered by the system and authorize payment of the annuities and benefits beginning as  
 4.6 of the dates on which the annuities and benefits begin to accrue, in accordance with the  
 4.7 provisions of this chapter;
- 4.8           (11) (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating  
 4.9 expenses of the system;
- 4.10          (12) (11) certify funds available for investment to the State Board of Investment;
- 4.11          (13) (12) with the advice and approval of the board request the State Board of  
 4.12 Investment to sell securities when the director determines that funds are needed for the  
 4.13 system;
- 4.14          (14) (13) prepare and submit to the board and the legislature an annual financial  
 4.15 report covering the operation of the system, as required by section 356.20;
- 4.16          (15) (14) prepare and submit biennial and annual budgets to the board and with  
 4.17 the approval of the board submit the budgets to the Department of Management and  
 4.18 Budget; and
- 4.19          (16) (15) with the approval of the board, perform other duties required to administer  
 4.20 the retirement and other provisions of this chapter and to do its business.

4.21           **EFFECTIVE DATE.** This section is effective July 1, 2016.

4.22          Sec. 6. Minnesota Statutes 2015 Supplement, section 352.23, is amended to read:

4.23           **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

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

4.27          (b) Terminated service credits and rights must not ~~again~~ be restored until the former  
 4.28 employee acquires at least six months of allowable service credit after taking the last  
 4.29 refund. ~~In that event, the employee may repay~~ and repays all refunds previously taken  
 4.30 from the retirement fund with interest as provided in paragraph (d).

4.31          (c) Repayment of refunds entitles the employee only to credit for service covered  
 4.32 by (1) salary deductions; (2) payments previously made in lieu of salary deductions as  
 4.33 permitted under law in effect when the payment in lieu of deductions was made; (3)  
 4.34 payments made to obtain credit for service as permitted by laws in effect when payment was

5.1 made; and (4) allowable service previously credited while receiving temporary workers'  
5.2 compensation as provided in section 352.01, subdivision 11, paragraph (a), clause (3).

5.3 (d) Payments under this section for repayment of refunds are to be paid with interest  
5.4 at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded  
5.5 annually from the date the refund was taken until the date the refund is repaid. ~~They~~  
5.6 Repayment may be paid in a lump sum or by payroll deduction in the manner provided in  
5.7 section 352.04. Payment may be made in partial payments consistent with section 356.44  
5.8 during employment or in a lump sum up to six months after termination from service.

5.9 **EFFECTIVE DATE.** This section is effective July 1, 2016.

5.10 Sec. 7. Minnesota Statutes 2015 Supplement, section 352B.11, subdivision 4, is  
5.11 amended to read:

5.12 Subd. 4. **Reentry into state service.** When a former member, who has become  
5.13 separated from state service that entitled the member to membership and has received  
5.14 a refund of retirement payments, reenters the state service in a position that entitles  
5.15 the member to membership, that member shall receive credit for the period of prior  
5.16 allowable state service if the member repays into the fund the amount of the refund, plus  
5.17 interest on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter  
5.18 compounded annually, ~~at any time before subsequent retirement. Repayment may be~~  
5.19 ~~made in installments or in a lump sum.~~ Repayment must be made as provided in section  
5.20 352.23, paragraph (d).

5.21 **EFFECTIVE DATE.** This section is effective July 1, 2016.

5.22 Sec. 8. Minnesota Statutes 2015 Supplement, section 352D.05, subdivision 4, is  
5.23 amended to read:

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

5.26 (b) A participant in the unclassified program or an employee covered by the general  
5.27 employees retirement plan who has withdrawn the value of the total shares may repay  
5.28 the refund taken and thereupon restore the service credit, rights and benefits forfeited by  
5.29 paying into the fund the amount refunded plus interest at the rate of 8.5 percent until June  
5.30 30, 2015, and eight percent thereafter compounded annually from the date that the refund  
5.31 was taken until the date that the refund is repaid. If the participant had withdrawn only the  
5.32 employee shares as permitted under prior laws, repayment must be pro rata.

6.1 (c) ~~Except as provided in section 356.441, the repayment of a refund under this~~  
 6.2 ~~section must be made in a lump sum. Repayment must be made as provided in section~~  
 6.3 ~~352.23, paragraph (d).~~

6.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

6.5 Sec. 9. Minnesota Statutes 2015 Supplement, section 490.124, subdivision 12, is  
 6.6 amended to read:

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

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

6.12 (c) A person who becomes a judge again after taking a refund under paragraph (a)  
 6.13 may reinstate the previously terminated allowable service credit, rights, and benefits by  
 6.14 repaying the total amount of the previously received refund. The refund repayment must  
 6.15 include interest on the total amount previously received at the annual rate of 8.5 percent  
 6.16 until June 30, 2015, and eight percent thereafter, compounded annually, from the date on  
 6.17 which the refund was received until the date on which the refund is repaid. Repayment  
 6.18 must be made as provided in section 352.23, paragraph (d).

6.19 **EFFECTIVE DATE.** This section is effective July 1, 2016.

## 6.20 ARTICLE 2

### 6.21 TEACHERS RETIREMENT ASSOCIATION 6.22 ADMINISTRATIVE PROVISIONS

6.23 Section 1. Minnesota Statutes 2014, section 354.05, subdivision 2, is amended to read:

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

6.25 (1) a person who renders service as a teacher, supervisor, principal, superintendent,  
 6.26 librarian, nurse, counselor, social worker, therapist, or psychologist in:

6.27 (i) a public school of the state other than in Independent School District No. 625 or  
 6.28 in Independent School District No. 709, or in any;

6.29 (ii) a charter school, irrespective of the location of the school, or in any; or

6.30 (iii) a charitable, penal, or correctional institutions institution of a governmental  
 6.31 subdivision, or;

6.32 (2) a person who is engaged in educational administration in connection with the  
 6.33 state public school system, whether the position be a public office or an as employment;

7.1 (3) a person who renders service as a charter school director or chief administrative  
 7.2 officer, provided, however, that if the charter school director or chief administrative officer  
 7.3 is covered by the Public Employees Retirement Association general employees retirement  
 7.4 plan on July 1, 2016, the charter school director or chief administrative officer shall  
 7.5 continue to be covered by that plan and not by the Teachers Retirement Association;

7.6 ~~(2)~~ (4) an employee of the Teachers Retirement Association;

7.7 ~~(3)~~ (5) a person who renders teaching service on a part-time basis and who also  
 7.8 renders other services for a single employing unit where the teaching service comprises at  
 7.9 least 50 percent of the combined employment salary is a member of the association for  
 7.10 all services with the single employing unit or, if less than 50 percent of the combined  
 7.11 employment salary, the executive director determines all of the combined service is  
 7.12 covered by the association; or

7.13 ~~(4)~~ (6) a person who is not covered by the plans established under chapter 352D,  
 7.14 354A, or 354B and who is employed by the Board of Trustees of the Minnesota State  
 7.15 Colleges and Universities system in an unclassified position as:

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

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

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

7.20 (iv) a teacher or a research assistant.

7.21 (b) "Teacher" does not mean:

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

7.24 ~~(2) a person who renders part-time teaching service or who is a customized trainer~~  
 7.25 ~~as defined by the Minnesota State Colleges and Universities system if (i) the service is~~  
 7.26 ~~incidental to the regular nonteaching occupation of the person; and (ii) the employer~~  
 7.27 ~~stipulates annually in advance that the part-time teaching service or customized training~~  
 7.28 ~~service will not exceed 300 hours in a fiscal year and retains the stipulation in its records;~~  
 7.29 ~~and (iii) the part-time teaching service or customized training service actually does not~~  
 7.30 ~~exceed 300 hours in a fiscal year;~~

7.31 ~~(3) a person exempt from licensure under section 122A.30;~~

7.32 ~~(4)~~ (2) annuitants of the teachers retirement plan who are employed after retirement  
 7.33 by an employing unit that participates in the teachers retirement plan during the course of  
 7.34 that reemployment;

7.35 ~~(5)~~ (3) a person who is employed by the University of Minnesota;

8.1 ~~(6)~~ (4) a member or an officer of any general governing or managing board or body  
8.2 of an employing unit that participates in the teachers retirement plan; or

8.3 ~~(7)~~ (5) a person employed by Independent School District No. 625 ~~or Independent~~  
8.4 ~~School District No. 709~~ as a teacher as defined in section 354A.011, subdivision 27.

8.5 **EFFECTIVE DATE.** This section is effective July 1, 2016.

8.6 Sec. 2. Minnesota Statutes 2014, section 354.05, is amended by adding a subdivision  
8.7 to read:

8.8 Subd. 17a. **Former spouse.** "Former spouse" means a person who is no longer a  
8.9 spouse of a member due to dissolution of the marriage, legal separation, or annulment.

8.10 **EFFECTIVE DATE.** This section is effective July 1, 2016.

8.11 Sec. 3. Minnesota Statutes 2014, section 354.06, subdivision 2, is amended to read:

8.12 Subd. 2. **President; executive director.** The board shall annually elect one of  
8.13 its members as president. It shall elect an executive director, whose salary shall be as  
8.14 provided by section 15A.0815. ~~The salary of the assistant executive director who shall be~~  
8.15 ~~in the unclassified service, shall be set in accordance with section 43A.18, subdivision 3.~~  
8.16 The executive director shall serve during the pleasure of the board and be the executive  
8.17 officer of the board, with such duties as the board shall prescribe. The board shall employ  
8.18 all other clerks and employees necessary to properly administer the association. The  
8.19 cost and expense of administering the provisions of this chapter shall be paid by the  
8.20 association. The board shall appoint an executive director shall be appointed by the  
8.21 board on the basis of fitness education, experience in the retirement field and leadership,  
8.22 ability to manage and lead system staff, and ability to assist the board in setting a vision  
8.23 for the system. The executive director shall have had at least five years of experience  
8.24 on the administrative staff of a major retirement system in either an executive-level  
8.25 management position or in a position with responsibility for the governance, management,  
8.26 or administration of a retirement plan.

8.27 **EFFECTIVE DATE.** This section is effective July 1, 2016.

8.28 Sec. 4. Minnesota Statutes 2014, section 354.06, subdivision 2a, is amended to read:

8.29 Subd. 2a. **Duties of executive director.** The management of the association is  
8.30 vested in the executive director who shall be the executive and administrative head of  
8.31 the association. The executive director shall act as advisor to the board on all matters



9.1 pertaining to the association and shall also act as the secretary of the board. The executive  
9.2 director shall:

9.3 (1) attend all meetings of the board;

9.4 (2) prepare and recommend to the board appropriate rules to carry out the provisions  
9.5 of this chapter;

9.6 (3) establish and maintain an adequate system of records and accounts following  
9.7 recognized accounting principles and controls;

9.8 (4) designate, as necessary, a deputy executive director and an assistant executive  
9.9 director in the unclassified service, as defined in section 43A.08, whose salaries shall  
9.10 be set in accordance with section 43A.18, subdivision 3, and two assistant executive  
9.11 directors in the classified service, as defined in section 43A.07, with the approval of the  
9.12 board, and appoint such employees, both permanent and temporary, as are necessary to  
9.13 carry out the provisions of this chapter;

9.14 (5) organize the work of the association as the director deems necessary to fulfill the  
9.15 functions of the association, and define the duties of its employees and delegate to them  
9.16 any powers or duties, subject to the director's control and under such conditions as the  
9.17 director may prescribe;

9.18 (6) with the approval of the board, contract and set the compensation for the services  
9.19 of an approved actuary, professional management services, and any other consulting  
9.20 services. These contracts are not subject to the competitive bidding procedure prescribed  
9.21 by chapter 16C. An approved actuary retained by the executive director shall function as  
9.22 the actuarial advisor of the board and the executive director and may perform actuarial  
9.23 valuations and experience studies to supplement those performed by the actuary retained  
9.24 under section 356.214. Any supplemental actuarial valuations or experience studies shall  
9.25 be filed with the executive director of the Legislative Commission on Pensions and  
9.26 Retirement. Copies of professional management survey reports must be transmitted to the  
9.27 secretary of the senate, the chief clerk of the house of representatives, and the Legislative  
9.28 Reference Library as provided by section 3.195, and to the executive director of the  
9.29 commission at the same time as reports are furnished to the board. Only management  
9.30 firms experienced in conducting management surveys of federal, state, or local public  
9.31 retirement systems are qualified to contract with the executive director;

9.32 (7) with the approval of the board, provide in-service training for the employees  
9.33 of the association;

9.34 (8) make refunds of accumulated contributions to former members and to the  
9.35 designated beneficiary, surviving spouse, legal representative, or next of kin of deceased  
9.36 members or deceased former members, under this chapter;

10.1 (9) determine the amount of the annuities and disability benefits of members covered  
10.2 by the association and authorize payment of the annuities and benefits beginning as of the  
10.3 dates on which the annuities and benefits begin to accrue, under this chapter;

10.4 (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating  
10.5 expenses of the association;

10.6 (11) prepare and submit to the board and the legislature an annual financial report  
10.7 covering the operation of the association, as required by section 356.20;

10.8 (12) certify funds available for investment to the State Board of Investment;

10.9 (13) with the advice and approval of the board, request the State Board of Investment  
10.10 to sell securities on determining that funds are needed for the purposes of the association;

10.11 (14) prepare and submit biennial and annual budgets to the board and with the  
10.12 approval of the board submit those budgets to the Department of Management and  
10.13 Budget; and

10.14 (15) with the approval of the board, perform such other duties as may be required for  
10.15 the administration of the association and the other provisions of this chapter and for the  
10.16 transaction of its business. The executive director may:

10.17 (i) reduce all or part of the accrued interest and fines payable by an employing  
10.18 unit for reporting requirements under section 354.52, based on an evaluation of any  
10.19 extenuating circumstances of the employing unit;

10.20 (ii) assign association employees to conduct field audits of an employing unit to  
10.21 ensure compliance with the provisions of this chapter; and

10.22 (iii) recover overpayments, if not repaid to the association, by suspending or reducing  
10.23 the payment of a retirement annuity, refund, disability benefit, survivor benefit, or optional  
10.24 annuity under this chapter until the overpayment, plus interest, has been recovered.

10.25 **EFFECTIVE DATE.** This section is effective July 1, 2016.

10.26 Sec. 5. Minnesota Statutes 2014, section 354.095, is amended to read:

10.27 **354.095 MEDICAL LEAVE.**

10.28 (a) Upon granting a medical leave, an employing unit must certify the leave to the  
10.29 association on a form specified by the executive director. A member of the association  
10.30 who is on an authorized medical leave of absence is entitled to receive allowable service  
10.31 credit, not to exceed ~~one year~~ five years, for the period of leave, upon making the  
10.32 prescribed payment to the fund under section 354.72. A member may not receive more  
10.33 than one year of allowable service credit during any fiscal year by making payment under

11.1 this section. A member may not receive disability benefits under section 354.48 and  
 11.2 receive allowable service credit under this section for the same period of time.

11.3 (b) The executive director shall reject an application for disability benefits under  
 11.4 section 354.48 if the member is applying only because an employer-sponsored provider of  
 11.5 private disability insurance benefits requires such an application and the member would  
 11.6 not have applied for disability benefits in the absence of such requirement. The member  
 11.7 shall submit a copy of the disability insurance policy that requires an application for  
 11.8 disability benefits from the plan if the member wishes to assert that the application is only  
 11.9 being submitted because of the disability insurance policy requirement.

11.10 (c) Notwithstanding the provisions of any agreement to the contrary, employee  
 11.11 and employer contributions may not be made to receive allowable service credit under  
 11.12 this section if the member does not retain the right to full reinstatement both during and  
 11.13 at the end of the medical leave.

11.14 **EFFECTIVE DATE.** This section is effective July 1, 2016.

11.15 Sec. 6. Minnesota Statutes 2015 Supplement, section 354.44, subdivision 9, is  
 11.16 amended to read:

11.17 Subd. 9. **Determining applicable law.** A former teacher who returns to covered  
 11.18 service following a termination and who is not receiving a retirement annuity under this  
 11.19 section must have earned at least ~~85 days~~ one-half year of credited service following the  
 11.20 return to covered service to be eligible for improved benefits resulting from any law  
 11.21 change enacted subsequent to that termination.

11.22 **EFFECTIVE DATE.** This section is effective July 1, 2016.

11.23 Sec. 7. Minnesota Statutes 2014, section 354.45, is amended by adding a subdivision  
 11.24 to read:

11.25 Subd. 3. **Payment upon death of former spouse.** Upon the death of the former  
 11.26 spouse to whom payments are to be made before the end of the specified payment period,  
 11.27 payments shall be made according to the terms of a beneficiary form completed by the  
 11.28 former spouse or, if no beneficiary form, to the estate of the former spouse.

11.29 **EFFECTIVE DATE.** This section is effective July 1, 2016.

11.30 Sec. 8. Minnesota Statutes 2014, section 354.46, subdivision 6, is amended to read:

11.31 Subd. 6. **Application.** (a) A beneficiary designation and an application for benefits  
 11.32 under this section must be in writing on a form prescribed by the executive director.

12.1 (b) Sections 354.55, subdivision 11, and 354.60 apply to a deferred annuity payable  
12.2 under this section.

12.3 (c) Unless otherwise specified, the annuity must be computed under section 354.44,  
12.4 subdivision 2 or 6, whichever is applicable.

12.5 (d) Each designated beneficiary eligible for a lifetime benefit under this subdivision  
12.6 may apply for an annuity any time after the member's death. The benefit may not begin to  
12.7 accrue more than six months before the date the application is filed with the executive  
12.8 director and may not accrue before the member's death.

12.9 **EFFECTIVE DATE.** This section is effective July 1, 2016.

12.10 Sec. 9. Minnesota Statutes 2014, section 354.48, subdivision 1, is amended to read:

12.11 Subdivision 1. **Age, service and salary requirements.** A member who is totally and  
12.12 permanently disabled, who has not reached the normal retirement age as defined in section  
12.13 354.05, subdivision 38, and who has at least three years of credited allowable service at the  
12.14 time that the total and permanent disability begins is entitled to a disability benefit based  
12.15 on this allowable service in an amount provided in subdivision 3. If the disabled member's  
12.16 teaching service has terminated at any time, at least two of the required three years of  
12.17 allowable service must have been rendered after last becoming a member. ~~Any member~~  
12.18 ~~whose average salary is less than \$75 per month is not entitled to disability benefits.~~

12.19 **EFFECTIVE DATE.** This section is effective July 1, 2016.

12.20 Sec. 10. Minnesota Statutes 2014, section 354.52, subdivision 4, is amended to read:

12.21 Subd. 4. **Reporting and remittance requirements.** An employer shall remit all  
12.22 amounts due to the association and furnish a statement indicating the amount due and  
12.23 transmitted with any other information required by the executive director. If an amount  
12.24 due is not received by the association within 14 calendar days of the payroll warrant,  
12.25 the amount accrues interest at an annual rate of 8.5 percent compounded annually from  
12.26 the due date until the amount is received by the association. All amounts due and other  
12.27 employer obligations not remitted ~~within 60 days of notification by the association must~~  
12.28 may be certified to the commissioner of management and budget who shall deduct the  
12.29 amount from any state aid or appropriation amount applicable to the employing unit.

12.30 **EFFECTIVE DATE.** This section is effective July 1, 2016.

12.31 Sec. 11. Minnesota Statutes 2014, section 354.52, subdivision 6, is amended to read:

13.1 Subd. 6. **Noncompliance consequences.** (a) An employing unit that does not  
 13.2 comply with the reporting requirements under subdivision 2a, 4a, 4b, or 4d, clause (1),  
 13.3 must pay a fine of \$5 per calendar day until the association receives the required data.

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

13.7 **EFFECTIVE DATE.** This section is effective July 1, 2016.

13.8 Sec. 12. Minnesota Statutes 2014, section 423A.02, subdivision 3, is amended to read:

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

13.21 (b) In order to receive amortization aid under paragraph (a), before June 30 annually  
 13.22 Independent School District No. 625, St. Paul, must make an additional contribution of  
 13.23 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

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

13.29 **EFFECTIVE DATE.** This section is effective July 1, 2016.

### 13.30 **ARTICLE 3**

#### 13.31 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION** 13.32 **ADMINISTRATIVE PROVISIONS**

13.33 Section 1. Minnesota Statutes 2015 Supplement, section 353.0162, is amended to read:

14.1 **353.0162 ~~REDUCED SALARY PERIODS~~ SALARY CREDIT PURCHASE**  
14.2 **FOR PERIODS OF REDUCED SALARY.**

14.3 (a) A member may purchase additional differential salary credit, as described in  
14.4 paragraph (c), for a period specified in ~~this section~~ paragraph (b).

14.5 (b) The applicable period is a period during which the member is receiving a no or  
14.6 reduced salary from the employer while the member is:

14.7 (1) receiving ~~temporary~~ workers' compensation payments related to the member's  
14.8 service to the public employer;

14.9 (2) on an authorized leave of absence, except that if the authorized leave of absence  
14.10 exceeds 12 months, the period of leave for which differential salary credit may be  
14.11 purchased is limited to 12 months; or

14.12 (3) on an authorized ~~partial paid~~ leave of absence as a result of a budgetary or salary  
14.13 savings program offered or mandated by a governmental subdivision, if certified to the  
14.14 executive director by the governmental subdivision.

14.15 (c) The Differential salary amount credit is the difference between the average  
14.16 monthly salary received by the member during the ~~a period of reduced salary under~~  
14.17 ~~this section~~ specified in paragraph (b) and the ~~average monthly~~ salary of the member,  
14.18 excluding overtime, on which contributions to the applicable plan ~~were~~ would have  
14.19 ~~been made during the period of the last six months of covered employment occurring~~  
14.20 ~~immediately before the period of reduced salary, applied to~~ based on the member's normal  
14.21 employment period, measured in hours or otherwise, as applicable, and rate of pay.

14.22 (d) To receive eligible differential salary credit, the member shall pay the plan, by  
14.23 delivering payment to the executive director, an amount equal to:

14.24 (1) the applicable employee contribution rate under section 353.27, subdivision  
14.25 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the  
14.26 differential salary amount;

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

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

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

15.1 (f) Payment under this section must include interest on the contribution amount or  
 15.2 amounts, whichever applies, at an 8.5 percent annual rate until June 30, 2015, and at an  
 15.3 eight percent annual rate thereafter, prorated for applicable months from the date on which  
 15.4 the period of reduced salary specified ~~under this section~~ in paragraph (b) terminates to the  
 15.5 date on which the payment or payments are received by the executive director. Payment  
 15.6 under this section must be completed ~~within~~ by the earlier earliest of:

15.7 (1) 30 days from after termination of public service by the employee under section  
 15.8 353.01, subdivision 11a, ~~or~~;

15.9 (2) one year after the termination of the period specified in paragraph (b), ~~as further~~  
 15.10 ~~restricted under this section~~; or

15.11 (3) 30 days after the commencement of a disability benefit.

15.12 (g) ~~The period for which additional allowable salary credit may be purchased is~~  
 15.13 ~~limited to the period during which the person receives temporary workers' compensation~~  
 15.14 ~~payments or for those business years in which the governmental subdivision offers or~~  
 15.15 ~~mandates a budget or salary savings program, as certified to the executive director by a~~  
 15.16 ~~resolution of the governing body of the governmental subdivision. For an authorized leave~~  
 15.17 ~~of absence, the period for which allowable salary credit may be purchased may not exceed~~  
 15.18 ~~12 months of authorized leave.~~

15.19 (h) ~~To purchase~~ (g) If the member has purchased 12 months of differential salary  
 15.20 credit for a subsequent period of temporary workers' compensation benefits or subsequent  
 15.21 authorized medical leave of absence, the member must return to public service and render  
 15.22 a minimum of three months of allowable service to purchase differential salary credit for  
 15.23 a subsequent leave of absence.

15.24 **EFFECTIVE DATE.** This section is effective July 1, 2016.

15.25 Sec. 2. Minnesota Statutes 2014, section 353.32, subdivision 1, is amended to read:

15.26 Subdivision 1. **Before retirement.** If a member or former member ~~who terminated~~  
 15.27 ~~public service~~ dies before retirement or before receiving any retirement annuity and no  
 15.28 other payment of any kind is or may become payable to any person, a refund is payable to  
 15.29 the designated beneficiary or, if there be none, to the surviving spouse, or, if none, to the  
 15.30 legal representative of the decedent's estate. The refund must be in an amount equal to  
 15.31 accumulated deductions, less the sum of any disability or survivor benefits that have been  
 15.32 paid by the fund, plus annual compound interest thereon at the rate specified in section  
 15.33 353.34, subdivision 2, ~~and less the sum of any disability or survivor benefits, if any, that~~  
 15.34 ~~may have been paid by the fund~~; provided that a survivor who has a right to benefits under

16.1 section 353.31 may waive such benefits in writing, except such benefits for a dependent  
16.2 child under the age of 18 years may only be waived under an order of the district court.

16.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.

16.4 Sec. 3. Minnesota Statutes 2014, section 353.34, subdivision 2, is amended to read:

16.5 Subd. 2. **Refund with interest.** (a) Except as provided in subdivision 1, any person  
16.6 who ceases to be a public employee is entitled to receive a refund in an amount equal  
16.7 to accumulated deductions ~~with,~~ less the sum of any disability benefits that have been  
16.8 paid by the fund, plus annual compound interest to the first day of the month in which  
16.9 the refund is processed.

16.10 (b) For a person who ceases to be a public employee before July 1, 2011, the refund  
16.11 interest is at the rate of six percent to June 30, 2011, and at the rate of four percent after  
16.12 June 30, 2011. For a person who ceases to be a public employee after July 1, 2011, the  
16.13 refund interest is at the rate of four percent.

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

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

16.20 **EFFECTIVE DATE.** This section is effective July 1, 2016.

16.21 Sec. 4. Minnesota Statutes 2015 Supplement, section 353.64, subdivision 10, is  
16.22 amended to read:

16.23 Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics**  
16.24 **and emergency medical technicians.** An employee of Hennepin Healthcare System,  
16.25 Inc. is a member of the public employees police and fire retirement plan under sections  
16.26 353.63 to 353.68 if the person is:

16.27 (1) certified as a paramedic or emergency medical technician by the state under  
16.28 section 144E.28, subdivision 4;

16.29 (2) employed full time by Hennepin County as:

16.30 (i) a paramedic or;

16.31 (ii) an emergency medical technician by Hennepin County; or

16.32 (iii) a supervisor or manager of paramedics or emergency medical technicians; and



17.1 (3) not eligible for coverage under the agreement signed between the state and the  
17.2 secretary of the federal Department of Health and Human Services making the provisions  
17.3 of the federal Old Age, Survivors, and Disability Insurance Act applicable to paramedics  
17.4 and emergency medical technicians because the person's position is excluded after that  
17.5 date from application under United States Code, title 42, sections 418(d)(5)(A) and  
17.6 418(d)(8)(D), and section 355.07.

17.7 Hennepin Healthcare System, Inc. shall deduct the employee contribution from  
17.8 the salary of each full-time paramedic and emergency medical technician it employs as  
17.9 required by section 353.65, subdivision 2, shall make the employer contribution for each  
17.10 full-time paramedic and emergency medical technician it employs as required by section  
17.11 353.65, subdivision 3, and shall meet the employer recording and reporting requirements  
17.12 in section 353.65, subdivision 4.

17.13 **EFFECTIVE DATE.** This section is effective July 1, 2016.

17.14 Sec. 5. **REPEALER.**

17.15 (a) Minnesota Statutes 2014, section 353.0161, subdivision 1, is repealed.

17.16 (b) Minnesota Statutes 2015 Supplement, section 353.0161, subdivisions 2 and  
17.17 3, are repealed.

17.18 **EFFECTIVE DATE.** This section is effective July 1, 2016.

#### 17.19 **ARTICLE 4**

#### 17.20 **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION** 17.21 **ADMINISTRATIVE PROVISIONS**

17.22 Section 1. Minnesota Statutes 2014, section 354A.093, subdivision 4, is amended to  
17.23 read:

17.24 Subd. 4. **Eligible payment period.** (a) To receive service credit under this section,  
17.25 the contributions specified in this section must be transmitted to the ~~applicable first-class~~  
17.26 ~~city~~ St. Paul Teachers Retirement Fund Association during the period which begins with  
17.27 the date the individual returns to teaching service and which has a duration of three times  
17.28 the length of the uniformed service period, but not to exceed five years.

17.29 (b) Notwithstanding paragraph (a), if the payment period determined under  
17.30 paragraph (a) is less than one year, the contributions required under this section to receive  
17.31 service credit may be made within one year from the discharge date.

17.32 **EFFECTIVE DATE.** This section is effective July 1, 2016.

18.1 Sec. 2. Minnesota Statutes 2015 Supplement, section 354A.093, subdivision 6, is  
18.2 amended to read:

18.3 Subd. 6. **Interest requirements.** The employer shall pay interest on all equivalent  
18.4 employee and employer contribution amounts payable under this section. ~~Interest must~~  
18.5 ~~be computed at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~  
18.6 ~~compounded annually~~ from the end of each fiscal year of the leave or break in service to the  
18.7 end of the month in which payment is received at the annual compound rate of 8.5 percent  
18.8 for any period, or portion thereof, through June 30, 2015, and eight percent thereafter.

18.9 **EFFECTIVE DATE.** This section is effective July 1, 2016.

18.10 Sec. 3. Minnesota Statutes 2015 Supplement, section 354A.096, is amended to read:

18.11 **354A.096 MEDICAL LEAVE.**

18.12 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
18.13 Association who is on an authorized medical leave of absence and subsequently returns to  
18.14 teaching service is entitled to receive allowable service credit, not to exceed one year, for  
18.15 the period of leave, upon making the prescribed payment to the fund. This payment must  
18.16 include the required employee and employer contributions at the rates specified in section  
18.17 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly  
18.18 salary rate on the date the leave of absence commenced plus ~~annual~~ interest compounded  
18.19 annually from the end of the fiscal year during which the leave terminates to the end of  
18.20 the month during which payment is made at the rate of 8.5 percent ~~until~~ for any period,  
18.21 or portion thereof, through June 30, 2015, and eight percent thereafter ~~per year from the~~  
18.22 ~~end of the fiscal year during which the leave terminates to the end of the month during~~  
18.23 ~~which payment is made.~~ The member must pay the total amount required unless the  
18.24 employing unit, at its option, pays the employer contributions. The total amount required  
18.25 must be paid by the end of the fiscal year following the fiscal year in which the leave of  
18.26 absence terminated or before the member retires, whichever is earlier. Payment must be  
18.27 accompanied by a copy of the resolution or action of the employing authority granting the  
18.28 leave and the employing authority, upon granting the leave, must certify the leave to the  
18.29 association in a manner specified by the executive director. A member may not receive  
18.30 more than one year of allowable service credit during any fiscal year by making payment  
18.31 under this section. A member may not receive disability benefits under section 354A.36  
18.32 and receive allowable service credit under this section for the same period of time.

18.33 **EFFECTIVE DATE.** This section is effective July 1, 2016.

19.1 Sec. 4. Minnesota Statutes 2014, section 354A.38, as amended by Laws 2015, chapter  
19.2 68, article 2, section 15, is amended to read:

19.3 **354A.38 EFFECT OF REFUND; REPAYMENT OF REFUND.**

19.4 Subdivision 1. **Effect of refund; termination of service credit.** If a coordinated  
19.5 member or former coordinated member applies for and ~~accepts~~ is issued a refund pursuant  
19.6 to section 354A.37, all allowable service which was credited to the member or former  
19.7 member shall be terminated.

19.8 Subd. 2. **Repayment of refund.** A coordinated member with at least two years of  
19.9 allowable service credited subsequent to the member's last application for and ~~acceptance~~  
19.10 payment of a refund pursuant to section 354A.37 shall be entitled to repay the refund. The  
19.11 amount of the refund repayment shall be calculated pursuant to subdivision 3. If the  
19.12 member has ~~previously applied for and accepted~~ taken more than one refund, ~~and the~~  
19.13 ~~previous refund or all refunds have not been~~ must be repaid pro rata, ~~then the member~~  
19.14 ~~shall be entitled only to repay all outstanding refunds and shall not be entitled to repay~~  
19.15 ~~only the most recent refund.~~

19.16 Subd. 3. **Computation of refund repayment amount.** If the coordinated member  
19.17 elects to repay a refund under subdivision 2, the repayment to the fund must be in an  
19.18 amount equal to the refunds the member has ~~accepted~~ been issued plus interest ~~at the rate~~  
19.19 ~~of 8.5 percent until June 30, 2015, and eight percent thereafter~~ compounded annually  
19.20 from the date that the refund was ~~accepted~~ issued to the date that the refund is repaid at a  
19.21 rate of 8.5 percent for any period, or portion thereof, through June 30, 2015, and eight  
19.22 percent thereafter.

19.23 **EFFECTIVE DATE.** This section is effective July 1, 2016.

19.24 **ARTICLE 5**

19.25 **RETIREMENT SYSTEMS, GENERALLY, ADMINISTRATIVE PROVISIONS**

19.26 Section 1. Minnesota Statutes 2014, section 356.30, subdivision 1, is amended to read:

19.27 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any  
19.28 provisions of the laws governing the retirement plans enumerated in subdivision 3, a  
19.29 person who has met the qualifications of paragraph (b) may elect to receive:

19.30 (1) a retirement annuity from each enumerated retirement plan in which the person  
19.31 has at least one-half year of allowable service, based on the allowable service in each plan;  
19.32 and subject to the provisions of paragraph (c); and

19.33 (2) augmentation of a deferred annuity calculated at the appropriate rate under the  
19.34 laws governing the applicable enumerated retirement plan.

20.1 (b) A person may receive, upon retirement, a retirement annuity from each  
20.2 enumerated retirement plan in which the person has at least one-half year of allowable  
20.3 service annuities as described in paragraph (a), clause (1), and augmentation of a any  
20.4 deferred annuity calculated at the appropriate rate under the laws governing each public  
20.5 pension plan or fund named in subdivision 3, based on the date of the person's initial  
20.6 entry into public employment from the date the person terminated all public service as  
20.7 described in paragraph (a), clause (2), if:

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

20.9 (2) the person has sufficient allowable service in total that equals or exceeds the  
20.10 applicable service credit vesting requirement of the retirement plan with the longest  
20.11 applicable service credit vesting requirement; and

20.12 (3) the person has not begun to receive an annuity from any enumerated plan ~~or the~~  
20.13 ~~person has made application for benefits from each applicable plan~~ before terminating all  
20.14 public service; and

20.15 (4) the effective dates of the retirement annuity with each plan under which the  
20.16 person chooses to receive an annuity are within a one-year period.

20.17 (c) The retirement annuity from each plan must be based upon the allowable service,  
20.18 accrual rates, and average salary in the applicable plan except as further specified or  
20.19 modified in the following clauses:

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

20.23 (2) the "average salary" on which the annuity from each covered plan in which  
20.24 the employee has credit in a formula plan must be based on the employee's highest five  
20.25 successive years of covered salary during the entire service in covered plans;

20.26 (3) the accrual rates to be used by each plan must be those percentages prescribed by  
20.27 each plan's formula as continued for the respective years of allowable service from one  
20.28 plan to the next, recognizing all previous allowable service with the other covered plans;

20.29 (4) the allowable service in all the plans must be combined in determining eligibility  
20.30 for and the application of each plan's provisions in respect to reduction in the annuity  
20.31 amount for retirement prior to normal retirement age; and

20.32 (5) the annuity amount payable for any allowable service under a nonformula plan  
20.33 of a covered plan must not be affected, but such service and covered salary must be used  
20.34 in the above calculation.

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

21.1 (e) For the purpose of computing annuities under this section, the accrual rates  
21.2 used by any covered plan, except the public employees police and fire plan, the judges  
21.3 retirement fund, and the State Patrol retirement plan, must not exceed 2.7 percent per year  
21.4 of service for any year of service or fraction thereof. The formula percentage used by the  
21.5 judges retirement fund must not exceed 3.2 percent per year of service for any year of  
21.6 service or fraction thereof. The accrual rate used by the public employees police and fire  
21.7 plan and the State Patrol retirement plan must not exceed 3.0 percent per year of service  
21.8 for any year of service or fraction thereof. The accrual rate or rates used by the legislators  
21.9 retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment  
21.10 provided under section 3A.02, subdivision 1, paragraph (c).

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

21.13 (g) If the period of duplicated service credit is more than one-half year, or the person  
21.14 has credit for more than one-half year, with each of the plans, each plan must apply its  
21.15 formula to a prorated service credit for the period of duplicated service based on a fraction  
21.16 of the salary on which deductions were paid to that fund for the period divided by the total  
21.17 salary on which deductions were paid to all plans for the period.

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

21.22 **EFFECTIVE DATE.** This section is effective July 1, 2016.

21.23 Sec. 2. Minnesota Statutes 2015 Supplement, section 356.50, subdivision 2, is  
21.24 amended to read:

21.25 Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan  
21.26 allowable service credit, the eligible person under subdivision 1 shall pay the required  
21.27 member contribution amount. The required member contribution amount is the member  
21.28 contribution rate or rates in effect for the pension plan during the period of service covered  
21.29 by the back pay award, applied to the unpaid gross salary amounts of the back pay award  
21.30 including unemployment insurance, workers' compensation, or wages from other sources  
21.31 which reduced the back award. No contributions may be made under this clause for  
21.32 compensation covered by a public pension plan listed in section 356.30, subdivision 3,  
21.33 for employment during the removal period. The person shall pay the required member  
21.34 contribution amount within 60 days of the date of receipt of the back pay award or within  
21.35 60 days of a billing from the retirement fund, whichever is later.

22.1 (b) The public employer who wrongfully discharged the public employee must pay  
 22.2 an employer contribution on the back pay award. The employer contribution must be  
 22.3 based on the employer contribution rate or rates in effect for the pension plan during the  
 22.4 period of service covered by the back pay award, applied to the salary amount on which  
 22.5 the member contribution amount was determined under paragraph (a). The employer must  
 22.6 pay the interest on both the required member and employer contribution amount must be  
 22.7 paid by the employer amounts from the date the contribution amount would have been paid  
 22.8 to the date of actual payment at the annual compound rate of 8.5 percent for any period  
 22.9 for the Teachers Retirement Association and 8.5 percent until for any period, or portion  
 22.10 thereof, through June 30, 2015, and eight percent thereafter, for any other retirement plan  
 22.11 listed in section 356.30, subdivision 3, per year, expressed monthly, between the date the  
 22.12 contribution amount would have been paid to the date of actual payment. The employer  
 22.13 payment must be made within 30 days of the payment under paragraph (a).

22.14 **EFFECTIVE DATE.** This section is effective July 1, 2016.

22.15 Sec. 3. Minnesota Statutes 2015 Supplement, section 356.551, subdivision 2, is  
 22.16 amended to read:

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

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

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

23.1 contribution rate, if any, applicable during that period, to the person's annual salary during  
23.2 that period, or fractional portion of a year's salary, if applicable, plus interest ~~at the annual~~  
23.3 ~~rate of 8.5 percent until June 30, 2015, and eight percent thereafter~~ compounded annually  
23.4 from the end of the year in which contributions would otherwise have been made to  
23.5 the date on which the payment is received at the rate of 8.5 percent for any period for  
23.6 the Teachers Retirement Association and 8.5 percent for any period, or portion thereof,  
23.7 through June 30, 2015, and eight percent thereafter, for any other retirement plan listed  
23.8 in section 356.30, subdivision 3.

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

23.13 (e) However, the current employer or the prior employer may, at its discretion, pay  
23.14 all or any portion of the payment amount that exceeds an amount equal to the employee  
23.15 contribution rates in effect during the period or periods of prior service applied to the  
23.16 actual salary rates in effect during the period or periods of prior service, plus interest ~~at the~~  
23.17 ~~rate of 8.5 percent a year~~ compounded annually from the date on which the contributions  
23.18 would otherwise have been made to the date on which the payment is made at the rate of  
23.19 8.5 percent for any period for the Teachers Retirement Association and 8.5 percent for any  
23.20 period, or portion thereof, through June 30, 2015, and eight percent thereafter, for any other  
23.21 retirement plan listed in section 356.30, subdivision 3. If the employer agrees to payments  
23.22 under this subdivision, the purchaser must make the employee payments required under  
23.23 this subdivision within 90 days of the prior service credit authorization. If that employee  
23.24 payment is made, the employer payment under this subdivision must be remitted to the  
23.25 chief administrative officer of the public pension plan within 60 days of receipt by the  
23.26 chief administrative officer of the employee payments specified under this subdivision.

23.27 **EFFECTIVE DATE.** This section is effective July 1, 2016.

23.28 Sec. 4. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision  
23.29 to read:

23.30 **Subd. 9a. Definitions.** (a) The following definitions apply for purposes of this  
23.31 subdivision and subdivisions 10 to 12.

23.32 (b) "Annual addition" means the sum for the limitation year of all pretax and after-tax  
23.33 contributions made by the member or the member's employer and credited to an account  
23.34 in the name of the member in any defined contribution plan maintained by the employer.

24.1 (c) "Compensation" means the compensation actually paid or made available to  
24.2 a member for any limitation year, including all items of remuneration described in  
24.3 Code of Federal Regulations, title 26, section 1.415(c)-2(b), and excluding all items of  
24.4 remuneration described in Code of Federal Regulations, title 26, section 1.415(c)-2(c).  
24.5 Compensation for pension plan purposes for any limitation year shall not exceed the  
24.6 applicable federal compensation limit described in section 356.611, subdivision 2.

24.7 (d) "Limitation year" means the calendar year or fiscal year, whichever is applicable  
24.8 to the particular pension plan.

24.9 (e) "Maximum permissible benefit" means an annual benefit of \$160,000,  
24.10 automatically adjusted under section 415(d) of the Internal Revenue Code for each  
24.11 limitation year ending after December 31, 2001, payable in the form of a single life  
24.12 annuity. The new limitation shall apply to limitation years ending with or within the  
24.13 calendar year of the date of the adjustment, but a member's benefits shall not reflect the  
24.14 adjusted limit prior to January 1 of that calendar year. The maximum permissible benefit  
24.15 amount shall be further adjusted as follows:

24.16 (1) if the member has less than ten years of participation, the maximum permissible  
24.17 benefit shall be multiplied by a fraction, the numerator of which is the number of years (or  
24.18 part thereof, but not less than one year) of participation in the plan, and the denominator of  
24.19 which is ten;

24.20 (2) if the annual benefit begins before the member has attained age 62, the  
24.21 determination as to whether the maximum permissible benefit limit has been satisfied shall  
24.22 be made, in accordance with regulations prescribed by the United States secretary of the  
24.23 treasury, by reducing the limit so that the limit, as so reduced, equals an annual benefit,  
24.24 beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as  
24.25 adjusted, annual benefit beginning at age 62; and

24.26 (3) if the annual benefit begins after the member has attained age 65, the  
24.27 determination as to whether the maximum permissible benefit limit has been satisfied shall  
24.28 be made, in accordance with regulations prescribed by the United States secretary of the  
24.29 treasury, by increasing the limit so that the limit, as so increased, equals an annual benefit,  
24.30 beginning when the annual benefit actually begins, which is equivalent to a \$160,000, as  
24.31 adjusted, annual benefit beginning at age 65.

24.32 **EFFECTIVE DATE.** This section is effective July 1, 2016.

24.33 Sec. 5. Minnesota Statutes 2015 Supplement, section 356.635, subdivision 10, is  
24.34 amended to read:



25.1 Subd. 10. **Annual benefit limitations; defined benefit plans.** (a) The annual benefit  
 25.2 payable to a member shall not exceed the maximum permissible benefit. If the benefit the  
 25.3 member would otherwise receive for a limitation year would result in the payment of an  
 25.4 annual benefit in excess of the maximum permissible benefit, the benefit shall be reduced  
 25.5 to the extent necessary so the benefit does not exceed the maximum permissible benefit.

25.6 (b) ~~For purposes of applying the limits of section 415(b) of the Internal Revenue~~  
 25.7 ~~Code, a retirement~~ limitation in paragraph (a), an annual benefit that is payable in any  
 25.8 form other than a single life annuity and that is subject to section 417(e)(3) of the Internal  
 25.9 ~~Revenue Code must~~ shall be adjusted to an actuarially equivalent single life annuity  
 25.10 that equals, if the annuity starting date is in a plan year beginning after 2005, the annual  
 25.11 amount of the single life annuity commencing at the same annuity starting date that has  
 25.12 the same actuarial present value as the participant's member's form of benefit, using  
 25.13 whichever of the following produces the greatest annual amount:

25.14 (1) the interest rate and the mortality table or other tabular factor specified in the  
 25.15 plan for adjusting benefits in the same form;

25.16 (2) a 5.5 percent interest rate assumption and the applicable mortality table; or

25.17 (3) the applicable interest rate under section 417(e)(3) of the Internal Revenue Code  
 25.18 and the applicable mortality table, divided by 1.05.

25.19 (c) If a member participated in more than one pension plan in which the employer  
 25.20 participates, the benefits under each plan must be reduced proportionately to satisfy the  
 25.21 limitation in paragraph (a).

25.22 **EFFECTIVE DATE.** This section is effective July 1, 2016.

25.23 Sec. 6. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision  
 25.24 to read:

25.25 Subd. 11. **Annual addition limitation; defined contribution plans.** The annual  
 25.26 additions by or on behalf of a member to a defined contribution plan for any limitation  
 25.27 year shall not exceed the lesser of (1) 100 percent of the member's compensation for  
 25.28 the limitation year or (2) the dollar limit in effect for the limitation year under section  
 25.29 415(c)(1)(A) of the Internal Revenue Code, as adjusted by the United States secretary of  
 25.30 the treasury under section 415(d)(1)(C) of the Internal Revenue Code.

25.31 **EFFECTIVE DATE.** This section is effective July 1, 2016.

25.32 Sec. 7. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision  
 25.33 to read:

26.1 Subd. 12. **Incorporation by reference.** Any requirements of section 415(b) and (c)  
 26.2 of the Internal Revenue Code and related regulations and agency guidance not addressed  
 26.3 by subdivisions 10 and 11 shall be considered incorporated by reference, including  
 26.4 provisions applicable to qualified police and firefighters and to survivor and disability  
 26.5 benefits. Subdivisions 10 to 12 shall be interpreted in a manner that is consistent with the  
 26.6 requirements of section 415(b) and (c) of the Internal Revenue Code and the related  
 26.7 regulations.

26.8 **EFFECTIVE DATE.** This section is effective July 1, 2016.

26.9 Sec. 8. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision  
 26.10 to read:

26.11 Subd. 13. **Correction of errors.** The executive director of each plan may correct an  
 26.12 operational, demographic, employer eligibility, or plan document error as the executive  
 26.13 director deems necessary or appropriate to preserve and protect the plan's tax qualification  
 26.14 under section 401(a) of the Internal Revenue Code, including as provided in the Internal  
 26.15 Revenue Service's Employee Plans Compliance Resolution System (EPCRS) or any  
 26.16 successor thereto. To the extent deemed necessary by the executive director to implement  
 26.17 correction, the executive director may:

26.18 (1) make distributions;

26.19 (2) transfer assets; or

26.20 (3) recover an overpayment by reducing future benefit payments or designating  
 26.21 appropriate revenue or source of funding that will restore to the plan the amount of the  
 26.22 overpayment.

26.23 **EFFECTIVE DATE.** This section is effective July 1, 2016.

26.24 Sec. 9. Minnesota Statutes 2014, section 356.96, subdivision 1, is amended to read:

26.25 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that  
 26.26 a different meaning is intended, for the purpose of this section, the terms in paragraphs  
 26.27 ~~(b) to (e)~~ this subdivision have the meanings given them.

26.28 (b) ~~"Chief administrative officer"~~ "Executive director" means the executive director  
 26.29 of a covered pension plan or the executive director's designee or representative.

26.30 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision  
 26.31 2, clauses (1) to (4), (8), and (11) to (14), but does not mean the deferred compensation  
 26.32 plan administered under sections 352.965 and 352.97 or ~~to~~ the postretirement health care  
 26.33 savings plan administered under section 352.98.

27.1 (d) "Governing board" means the Board of Trustees of the Public Employees  
 27.2 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or  
 27.3 the Board of Directors of the Minnesota State Retirement System.

27.4 (e) "Person" ~~includes~~ means an active, retired, deferred, or nonvested inactive  
 27.5 participant in a covered pension plan or a beneficiary of a participant, or an individual  
 27.6 who has applied to be a participant or who is or may be a survivor of a participant,  
 27.7 or the representative of a state agency or other governmental unit that employs active  
 27.8 participants in a covered pension plan.

27.9 (f) "Petitioner" means a person who has filed a petition for review of an executive  
 27.10 director's determination under this section.

27.11 **EFFECTIVE DATE.** This section is effective July 1, 2016.

27.12 Sec. 10. Minnesota Statutes 2014, section 356.96, subdivision 2, is amended to read:

27.13 Subd. 2. **Right to review appeal to executive director; determination.** A  
 27.14 ~~determination made by the chief administrative officer~~ person may appeal a decision by  
 27.15 the staff of a covered pension plan regarding a the person's eligibility, benefits, or other  
 27.16 rights under the plan with which the person does not agree to the executive director of  
 27.17 the plan. The appeal must be in writing and be delivered to the executive director. The  
 27.18 executive director may overturn, modify, or affirm the staff's decision. The executive  
 27.19 director's determination is subject to review under this section.

27.20 **EFFECTIVE DATE.** This section is effective July 1, 2016.

27.21 Sec. 11. Minnesota Statutes 2014, section 356.96, subdivision 3, is amended to read:

27.22 Subd. 3. **Notice of determination.** ~~If the applicable chief administrative officer~~  
 27.23 ~~denies an application or a written request, modifies a benefit, or terminates a benefit~~  
 27.24 ~~of a person claiming a right or potential rights under a covered pension plan, the chief~~  
 27.25 ~~administrative officer shall notify that person through a written notice containing:~~ The  
 27.26 executive director shall issue a written notice of determination to the person who files an  
 27.27 appeal under subdivision 2. The notice of determination must be delivered by certified  
 27.28 mail to the address to which the most recent benefit payment was sent or, if that address  
 27.29 is that of a financial institution, to the last known address of the person. The notice of  
 27.30 determination shall include the following:

27.31 (1) a statement of the reasons for the determination;

27.32 (2) a ~~notice~~ statement that the person may petition the governing board of the  
 27.33 covered pension plan for a review of the determination and that a person's petition for

28.1 review must be filed in the administrative office of the covered pension plan ~~within no~~  
 28.2 later than 60 days of the receipt after the date of the written notice of the determination;

28.3 (3) a statement indicating that a failure to petition for review within 60 days  
 28.4 precludes the person from ~~contesting in any other~~ further administrative or judicial  
 28.5 ~~review or court procedure the issues determined by the chief administrative officer of the~~  
 28.6 executive director's determination;

28.7 (4) a statement indicating that all relevant materials, documents, affidavits, and  
 28.8 other records that the person wishes to be reviewed in support of the petition and a list  
 28.9 of any witnesses who will testify before the governing board, along with a summary of  
 28.10 their testimony, must be filed with and received in the administrative office of the covered  
 28.11 pension plan at least 15 days before the date of the hearing under subdivision 10 or as  
 28.12 directed by the administrative law judge who conducts a fact-finding conference under  
 28.13 subdivision 7, paragraph (b), or a contested case hearing under subdivision 12, paragraph  
 28.14 (b); and

28.15 (5) a summary of this section, including all filing requirements and deadlines; and

28.16 (6) the statement required under subdivision 4, paragraph (a), if applicable.

28.17 **EFFECTIVE DATE.** This section is effective July 1, 2016.

28.18 Sec. 12. Minnesota Statutes 2014, section 356.96, subdivision 4, is amended to read:

28.19 Subd. 4. **Termination of benefits.** (a) ~~If a covered pension plan decides to the~~  
 28.20 executive director's determination will terminate a benefit that is being paid to a person,  
 28.21 ~~before terminating the benefit, the chief administrative officer must, in addition to the~~  
 28.22 ~~other procedures prescribed in this section, provide the individual with written notice of~~  
 28.23 ~~the pending benefit termination by certified mail. The notice must explain the reason for~~  
 28.24 ~~the pending benefit termination. The person must be given an~~ the notice of determination  
 28.25 must also state that the person has the opportunity to explain, in writing, in person, by  
 28.26 telephone, or by e-mail, the reasons that the benefit should not be terminated.

28.27 (b) ~~If the chief administrative officer is unable to contact the person and~~ notice of  
 28.28 determination is returned as undeliverable, and the person cannot be reached by any other  
 28.29 reasonable means of communication, and the executive director determines that a failure  
 28.30 to terminate the benefit will result in unauthorized payment by a covered pension plan,  
 28.31 ~~the chief administrative officer~~ executive director may terminate the benefit immediately  
 28.32 ~~upon mailing a written notice containing the information required by subdivision 3 to the~~  
 28.33 ~~address to which the most recent benefit payment was sent and, if that address is that of a~~  
 28.34 ~~financial institution, to the last known address of the person.~~

29.1 **EFFECTIVE DATE.** This section is effective July 1, 2016.

29.2 Sec. 13. Minnesota Statutes 2014, section 356.96, subdivision 5, is amended to read:

29.3 Subd. 5. **Petition for review.** (a) Upon receipt of the notice of determination  
 29.4 required in subdivision 3, a person who claims a right under subdivision 2 may petition  
 29.5 the governing board of the covered pension plan for a review of that decision by the  
 29.6 governing board of the covered pension plan the executive director's determination.

29.7 (b) ~~A petition under this section must be sent to the chief administrative officer~~  
 29.8 ~~by mail and must be postmarked~~ The petitioner must file the petition for review with  
 29.9 the administrative office of the covered pension plan no later than 60 days after the  
 29.10 person received date of the notice of determination required by subdivision 3. Filing of  
 29.11 the petition is effective upon mailing or personal delivery. The petition must include  
 29.12 the ~~person's~~ petitioner's statement of the reason or reasons that the ~~person believes the~~  
 29.13 ~~decision of the chief administrative officer~~ determination of the executive director  
 29.14 should be reversed or modified. ~~The petition may include all documentation and written~~  
 29.15 ~~materials that the petitioner deems to be relevant. In developing a record for review by~~  
 29.16 ~~the board when a decision is appealed, the chief administrative officer may direct that the~~  
 29.17 ~~applicant participate in a fact-finding session conducted by an administrative law judge~~  
 29.18 ~~assigned by the Office of Administrative Hearings and, as applicable, participate in a~~  
 29.19 ~~vocational assessment conducted by a qualified rehabilitation counselor on contract with~~  
 29.20 ~~the applicable retirement system.~~

29.21 **EFFECTIVE DATE.** This section is effective July 1, 2016.

29.22 Sec. 14. Minnesota Statutes 2014, section 356.96, subdivision 6, is amended to read:

29.23 Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is  
 29.24 not filed with the ~~chief administrative officer,~~ office of the covered pension plan's plan,  
 29.25 the executive director's determination is final and is not subject to further administrative  
 29.26 or judicial review.

29.27 **EFFECTIVE DATE.** This section is effective July 1, 2016.

29.28 Sec. 15. Minnesota Statutes 2014, section 356.96, subdivision 7, is amended to read:

29.29 Subd. 7. **Notice of hearing; fact-finding; filing and timing requirements.** (a)  
 29.30 After receiving a petition, the ~~chief administrative officer~~ executive director must schedule  
 29.31 a timely hearing to review of the petition before the governing board of the covered  
 29.32 pension plan or the executive director may defer the scheduling of a hearing until after

30.1 ~~a fact-finding conference under paragraph (b). The review must be scheduled to take~~  
30.2 ~~into consideration any necessary accommodations to allow the petitioner to participate~~  
30.3 ~~in the governing board's review.~~

30.4 (b) The executive director may direct the petitioner to participate in a fact-finding  
30.5 conference conducted by an administrative law judge assigned by the Office of  
30.6 Administrative Hearings. The fact-finding conference is an informal proceeding not  
30.7 subject to the provisions of Minnesota Rules, chapter 1400, except that part 1400.7300  
30.8 shall govern the admissibility of evidence and part 1400.8603 shall govern how the  
30.9 fact-finding conference is conducted. The administrative law judge must issue a report  
30.10 and a recommendation to the governing board.

30.11 (c) If the petitioner's claim relates to disability benefits, the executive director may  
30.12 direct the petitioner to participate in a vocational assessment conducted by a qualified  
30.13 rehabilitation counselor under contract with the covered pension plan. The counselor must  
30.14 issue a report regarding the assessment to the governing board.

30.15 ~~(b)~~ (d) Not less than 30 calendar days before the date scheduled for the hearing  
30.16 date before the governing board, the chief administrative officer executive director must  
30.17 provide by mail to notify the petitioner an acknowledgment of the receipt of the person's  
30.18 petition and a follow-up notice of the time and place of the meeting at which the governing  
30.19 board is scheduled to consider the petition and conduct the hearing. If there has been  
30.20 no fact-finding conference under paragraph (b), not less than 15 days before the date  
30.21 scheduled for the hearing, the petitioner and the executive director must provide a copy to  
30.22 the governing board and the other party copies of all relevant documents, documentary  
30.23 evidence, summaries, and recommendations assembled by or on behalf of the plan  
30.24 administration to be considered by the governing board that will be presented and a list of  
30.25 witnesses who will testify, along with a summary of their testimony.

30.26 ~~(e) all documents and materials that the petitioner wishes to be part of the record~~  
30.27 ~~for review must be filed with the chief administrative officer and must be received in the~~  
30.28 ~~offices of the covered pension plan at least 15 days before the date of the meeting at~~  
30.29 ~~which the petition is scheduled to be heard.~~

30.30 ~~(d)~~ (e) The petitioner may request a continuance postponement of a the date  
30.31 scheduled for the hearing if the request is received by the chief administrative officer within  
30.32 before the governing board within a reasonable time, but no later than ten calendar days of  
30.33 before the scheduled hearing date of the applicable board meeting. The chief administrative  
30.34 officer must reschedule the review within a reasonable time. only one continuance may be  
30.35 granted to any petitioner. A petitioner shall be granted only one postponement unless the  
30.36 applicable covered pension plan agrees to additional postponements.

31.1 **EFFECTIVE DATE.** This section is effective July 1, 2016.

31.2 Sec. 16. Minnesota Statutes 2014, section 356.96, subdivision 8, is amended to read:

31.3 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and  
 31.4 affidavits in the possession of the covered pension plan of which the covered pension plan  
 31.5 desires to avail itself and be considered by the governing board, and all evidence which the  
 31.6 petitioner wishes to present to the governing board, including any evidence which would  
 31.7 otherwise be classified by law as "private," must be made part of the hearing record.

31.8 (b) ~~The chief administrative officer~~ executive director must provide a copy of  
 31.9 the record to each member of the governing board at least ~~seven~~ five days before the  
 31.10 scheduled hearing date.

31.11 (c) ~~Any additional document, affidavit, or other relevant information that the~~  
 31.12 ~~petitioner requests be part of the record may be admitted with the consent of the governing~~  
 31.13 ~~board.~~ If a fact-finding conference under subdivision 7, paragraph (b), is not conducted,  
 31.14 the record is limited to those materials provided to the petitioner in accordance with  
 31.15 subdivision 7, paragraph (d), those filed by the petitioner with the covered pension plan  
 31.16 in a timely manner in accordance with subdivision 7, paragraph (e), any vocational  
 31.17 assessment report under subdivision 7, paragraph (c), and any testimony at the hearing  
 31.18 before the governing board. Any additional evidence may be placed in the record pursuant  
 31.19 to subdivision 10, paragraph (b).

31.20 (d) If a fact-finding conference under subdivision 7, paragraph (b), or a contested  
 31.21 case hearing under subdivision 12, paragraph (b), is conducted, the record before the  
 31.22 governing board must be limited to the following:

31.23 (1) the record from the Office of Administrative Hearings;

31.24 (2) seven-page submissions by the petitioner and a representative of the covered  
 31.25 pension plan commenting on the administrative law judge's recommendation; and

31.26 (3) any vocational assessment report under subdivision 7, paragraph (c).

31.27 **EFFECTIVE DATE.** This section is effective July 1, 2016.

31.28 Sec. 17. Minnesota Statutes 2014, section 356.96, subdivision 9, is amended to read:

31.29 Subd. 9. **Amended determination.** At any time before the hearing before the  
 31.30 governing board, for good cause shown and made part of the records of the plan, the ~~chief~~  
 31.31 ~~administrative officer~~ executive director may reverse, alter, amend, or modify the prior  
 31.32 decision which is subject to review under this section by issuing an amended ~~decision~~  
 31.33 determination to the petitioner. Upon doing so, the ~~chief administrative officer~~ executive

32.1 director may cancel the governing board's scheduled review of the person's petition and  
 32.2 ~~shall so~~ notify the petitioner.

32.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.

32.4 Sec. 18. Minnesota Statutes 2014, section 356.96, subdivision 10, is amended to read:

32.5 Subd. 10. **Board hearing.** (a) The governing board shall hold a timely hearing  
 32.6 on a petition for review as part of a regularly scheduled board meeting, or as part of  
 32.7 a special meeting if so scheduled. All governing board members who participate in the  
 32.8 decision-making process must be familiar with the record. The governing board shall  
 32.9 make its decision on a petition solely on the record as submitted and on the proceedings  
 32.10 of the hearing.

32.11 (b) At the hearing, the petitioner, the petitioner's attorney representative, if any, and  
 32.12 the chief administrative officer executive director and a representative of the covered  
 32.13 pension plan who does not also serve as the governing board's legal advisor during the  
 32.14 board's decision-making process, may state and discuss with the governing board their  
 32.15 positions with respect to the petition. If no fact-finding conference under subdivision  
 32.16 7, paragraph (b), or contested case hearing under subdivision 12, paragraph (b), was  
 32.17 conducted, additional evidence may be received in the form of testimony from previously  
 32.18 disclosed witnesses. The governing board may allow further documentation to be placed  
 32.19 in the record at the board meeting only with the agreement of both the chief administrative  
 32.20 officer executive director and the petitioner. The chief administrative officer executive  
 32.21 director may not otherwise participate in the board's decision-making process.

32.22 ~~(b) When a petition presents a contested issue of law, an assistant attorney general~~  
 32.23 ~~may participate and may argue on behalf of the legal position taken by the chief~~  
 32.24 ~~administrative officer if that assistant attorney general does not also serve as the governing~~  
 32.25 ~~board's legal advisor during the board's decision-making process.~~

32.26 ~~(c) A motion by a board member, supported by a summary of the relevant facts,~~  
 32.27 ~~conclusions and reasons, as properly amended and approved by a majority of the~~  
 32.28 ~~governing board, constitutes the board's final decision. A verbatim statement of the~~  
 32.29 ~~board's final decision must be served upon the petitioner. If the decision is contrary to the~~  
 32.30 ~~petitioner's desired outcome, the notice shall inform the petitioner of the appeal rights set~~  
 32.31 ~~forth in subdivision 13.~~

32.32 ~~(d) (c)~~ If a petitioner who received timely notice of a scheduled hearing fails to  
 32.33 appear, the governing board may nevertheless hear the petition and issue a decision.

32.34 (d) The governing board's decision shall be made upon a motion by a board member  
 32.35 and approval by a majority of the governing board. The governing board must issue



33.1 its decision as a written order containing findings of fact, conclusions of law, and the  
33.2 board's decision no later than 30 days after the hearing. If the decision is contrary to the  
33.3 petitioner's desired outcome, the notice must inform the petitioner of the appeal rights set  
33.4 forth in subdivision 13.

33.5 **EFFECTIVE DATE.** This section is effective July 1, 2016.

33.6 Sec. 19. Minnesota Statutes 2014, section 356.96, subdivision 11, is amended to read:

33.7 Subd. 11. **Disability medical issues.** (a) ~~If a person petitions the governing board~~  
33.8 ~~the petitioner seeks to reverse or modify a determination which found by the executive~~  
33.9 ~~director that there exists no~~ was insufficient medical data supporting to support an  
33.10 application for disability benefits, the governing board may reverse that determination  
33.11 only if there is in fact medical evidence supporting the application. The governing board  
33.12 has the discretion to resubmit a disability benefit application at any time to a medical  
33.13 advisor for reconsideration, and the resubmission may include an instruction that further  
33.14 medical examinations be obtained.

33.15 ~~(b) The governing board may make a determination contrary to the recommendation~~  
33.16 ~~of the medical advisor only if there is expert medical evidence in the record to support~~  
33.17 ~~its contrary decision. If there is no medical evidence contrary to the opinion of the~~  
33.18 ~~medical advisor in the record and the medical advisor attests that the decision was made in~~  
33.19 ~~accordance with the applicable disability standard, the board must follow the decision of~~  
33.20 ~~the medical advisor regarding the cause of the disability.~~

33.21 ~~(c) The obligation of the governing board to follow the decision of the medical~~  
33.22 ~~advisor under paragraph (b) does not apply to instances when the governing board makes~~  
33.23 ~~a determination different from the recommendation of the medical advisor on issues~~  
33.24 ~~that do not involve medical issues.~~

33.25 **EFFECTIVE DATE.** This section is effective July 1, 2016.

33.26 Sec. 20. Minnesota Statutes 2014, section 356.96, subdivision 12, is amended to read:

33.27 Subd. 12. **Referral for administrative hearing.** (a) ~~Notwithstanding any provision~~  
33.28 ~~of sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination~~  
33.29 ~~of the chief administrative officer of a covered pension plan~~ A fact-finding conference  
33.30 under subdivision 7, paragraph (b), must be conducted exclusively under the procedures  
33.31 set forth in this section and is not as a contested case under chapter 14.

34.1 (b) ~~Notwithstanding the provisions of paragraph (a),~~ A governing board, in its sole  
 34.2 discretion, may refer a petition brought under this section to the Office of Administrative  
 34.3 Hearings for a contested case hearing under sections 14.57 to 14.69.

34.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

34.5 Sec. 21. Minnesota Statutes 2014, section 356.96, subdivision 13, is amended to read:

34.6 Subd. 13. **Appeal of the governing board's decision; judicial review.** ~~Within~~ No  
 34.7 later than 60 days ~~of~~ after the date of the mailing of the notice of the governing board's  
 34.8 decision, the petitioner may appeal the decision by filing a writ of certiorari with the  
 34.9 Court of Appeals under section 606.01 and Rule 115 of the Minnesota Rules of Civil  
 34.10 Appellate Procedure. Failure by a person to appeal to the Court of Appeals within the  
 34.11 60-day period precludes the person from later raising, in any subsequent administrative  
 34.12 hearing or court proceeding, ~~those~~ substantive and procedural issues that reasonably  
 34.13 should have been raised upon a timely appeal.

34.14 Sec. 22. **REPEALER.**

34.15 Minnesota Statutes 2014, sections 356.611, subdivisions 3, 3a, 4, and 5; and 356.96,  
 34.16 subdivisions 14 and 15, are repealed.

34.17 **EFFECTIVE DATE.** This section is effective July 1, 2016.

34.18 **ARTICLE 6**

34.19 **ACTUARIAL ASSUMPTION CHANGES**

34.20 Section 1. Minnesota Statutes 2015 Supplement, section 356.215, subdivision 8,  
 34.21 is amended to read:

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

34.24	<del>(1) select and ultimate interest rate assumption</del>	
34.25		<del>ultimate interest</del>
34.26	plan	rate assumption
34.27	teachers retirement plan	8.5%

34.28 ~~The select preretirement interest rate assumption for the period through June 30,~~  
 34.29 ~~2017, is eight percent.~~

34.30	<del>(2) single rate interest rate assumption</del>	
34.31		interest rate
34.32	plan	assumption
34.33	general state employees retirement plan	8%

35.1	correctional state employees retirement plan	8
35.2	State Patrol retirement plan	8
35.3	legislators retirement plan, and for the	0
35.4	constitutional officers calculation of total plan	
35.5	liabilities	
35.6	judges retirement plan	8
35.7	general public employees retirement plan	8
35.8	public employees police and fire retirement plan	8
35.9	local government correctional service retirement	8
35.10	plan	
35.11	<u>teachers retirement plan</u>	<u>8</u>
35.12	St. Paul teachers retirement plan	8
35.13	Bloomington Fire Department Relief Association	6
35.14	local monthly benefit volunteer firefighter relief	5
35.15	associations	
35.16	monthly benefit retirement plans in the statewide	6
35.17	volunteer firefighter retirement plan	

35.18 (b)(1) If funding stability has been attained, the valuation must use a postretirement  
 35.19 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified  
 35.20 in section ~~354A.27, subdivision 7~~; 354A.29, subdivision 9<sup>2</sup>; or 356.415, subdivision 1,  
 35.21 whichever applies.

35.22 (2) If funding stability has not been attained, the valuation must use a select  
 35.23 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment  
 35.24 rate specified in section ~~354A.27, subdivision 6a~~; 354A.29, subdivision 8<sup>2</sup>; or 356.415,  
 35.25 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the  
 35.26 approved actuary estimates that the plan will attain the defined funding stability measure,  
 35.27 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal  
 35.28 to the postretirement adjustment rate under section ~~354A.27, subdivision 7~~; 354A.29,  
 35.29 subdivision 9<sup>2</sup>; or 356.415, subdivision 1, for the applicable period or periods beginning  
 35.30 when funding stability is projected to be attained.

35.31 (c) The actuarial valuation must use the applicable following single rate future salary  
 35.32 increase assumption, the applicable following modified single rate future salary increase  
 35.33 assumption, or the applicable following graded rate future salary increase assumption:

35.34	(1) single rate future salary increase assumption	
35.35	plan	future salary increase assumption
35.36	legislators retirement plan	5%
35.37	judges retirement plan	2.75
35.38	Bloomington Fire Department Relief	4
35.39	Association	

36.1 (2) age-related future salary increase ~~age-related select and ultimate future salary~~  
 36.2 ~~increase assumption or graded rate future salary increase assumption~~  
 36.3 plan future salary increase assumption  
 36.4 local government correctional service retirement plan assumption B  
 36.5 St. Paul teachers retirement plan assumption A

36.6 For ~~plans other than~~ the St. Paul Teachers  
 36.7 Retirement ~~plan and the local government~~  
 36.8 ~~correctional service retirement plan, the~~  
 36.9 ~~select calculation is:~~ Fund Association,  
 36.10 during the a designated select period of 15  
 36.11 years, in addition to the age-based rates  
 36.12 shown below, a designated percentage rate  
 36.13 of 0.2 percent is multiplied by the result of  
 36.14 ~~the designated integer 15~~ minus T, where T  
 36.15 is the number of completed years of service,  
 36.16 and is added to the applicable future salary  
 36.17 increase assumption. ~~The designated select~~  
 36.18 ~~period is ten years and the designated integer~~  
 36.19 ~~is ten for the local government correctional~~  
 36.20 ~~service retirement plan and 15 for the St.~~  
 36.21 ~~Paul Teachers Retirement Fund Association.~~  
 36.22 ~~The designated percentage rate is 0.2 percent~~  
 36.23 ~~for the St. Paul Teachers Retirement Fund~~  
 36.24 ~~Association.~~

36.25 The ultimate future salary increase assumption is:

36.26	age	A	B
36.27	16	5.9%	8.75%
36.28	17	5.9	8.75
36.29	18	5.9	8.75
36.30	19	5.9	8.75
36.31	20	5.9	8.75
36.32	21	5.9	8.5
36.33	22	5.9	8.25
36.34	23	5.85	8
36.35	24	5.8	7.75
36.36	25	5.75	7.5
36.37	26	5.7	7.25
36.38	27	5.65	7

37.1	28	5.6	6.75
37.2	29	5.55	6.5
37.3	30	5.5	6.5
37.4	31	5.45	6.25
37.5	32	5.4	6.25
37.6	33	5.35	6.25
37.7	34	5.3	6
37.8	35	5.25	6
37.9	36	5.2	5.75
37.10	37	5.15	5.75
37.11	38	5.1	5.75
37.12	39	5.05	5.5
37.13	40	5	5.5
37.14	41	4.95	5.5
37.15	42	4.9	5.25
37.16	43	4.85	5
37.17	44	4.8	5
37.18	45	4.75	4.75
37.19	46	4.7	4.75
37.20	47	4.65	4.75
37.21	48	4.6	4.75
37.22	49	4.55	4.75
37.23	50	4.5	4.75
37.24	51	4.45	4.75
37.25	52	4.4	4.75
37.26	53	4.35	4.75
37.27	54	4.3	4.75
37.28	55	4.25	4.5
37.29	56	4.2	4.5
37.30	57	4.15	4.25
37.31	58	4.1	4
37.32	59	4.05	4
37.33	60	4	4
37.34	61	4	4
37.35	62	4	4
37.36	63	4	4
37.37	64	4	4
37.38	65	4	3.75
37.39	66	4	3.75
37.40	67	4	3.75
37.41	68	4	3.75
37.42	69	4	3.75
37.43	70	4	3.75

38.1	(3) service-related <del>ultimate</del> future salary increase assumption						
38.2	general state employees retirement plan of the						assumption A
38.3	Minnesota State Retirement System						
38.4	general employees retirement plan of the Public						assumption B
38.5	Employees Retirement Association						
38.6	Teachers Retirement Association						assumption C
38.7	public employees police and fire retirement plan						assumption D
38.8	State Patrol retirement plan						assumption E
38.9	correctional state employees retirement plan of the						assumption F
38.10	Minnesota State Retirement System						
38.11	service						
38.12	length	A	B	C	D	E	F
38.13	1	<del>10.25</del> <u>14%</u>	<del>11.78</del>	<del>12</del> <u>9.5%</u>	12.75%	7.75%	5.75%
38.14			<u>11.5%</u>				
38.15	2	<del>7.85</del> <u>11.5</u>	<del>8.65</del> <u>8.5</u>	<del>9</del> <u>9.5</u>	10.75	7.25	5.6
38.16	3	<del>6.65</del> <u>6.25</u>	<del>7.21</del> <u>7</u>	<del>8</del> <u>7.75</u>	8.75	6.75	5.45
38.17	4	<del>5.95</del> <u>5.5</u>	<del>6.33</del> <u>6</u>	<del>7.5</del> <u>7.25</u>	7.75	6.5	5.3
38.18	5	<del>5.45</del> <u>5.25</u>	<del>5.72</del> <u>5.5</u>	<del>7.25</del> <u>7</u>	6.25	6.25	5.15
38.19	6	<del>5.05</del> <u>5.15</u>	<del>5.27</del> <u>5.2</u>	7	5.85	6	5
38.20	7	<del>4.75</del> <u>5</u>	<del>4.91</del> <u>4.9</u>	6.85	5.55	5.75	4.85
38.21	8	<del>4.45</del> <u>4.75</u>	<del>4.62</del> <u>4.8</u>	6.7	5.35	5.6	4.7
38.22	9	<del>4.25</del> <u>4.5</u>	<del>4.38</del> <u>4.7</u>	6.55	5.15	5.45	4.55
38.23	10	<del>4.15</del> <u>4.25</u>	<del>4.17</del> <u>4.5</u>	6.4	5.05	5.3	4.4
38.24	11	<del>3.95</del> <u>4.2</u>	<del>3.99</del> <u>4.25</u>	6.25	4.95	5.15	4.3
38.25	12	<del>3.85</del> <u>4.15</u>	<del>3.83</del> <u>4.1</u>	6	4.85	5	4.2
38.26	13	<del>3.75</del> <u>4.1</u>	<del>3.69</del> <u>4</u>	5.75	4.75	4.85	4.1
38.27	14	<del>3.55</del> <u>4.05</u>	<del>3.57</del> <u>3.9</u>	5.5	4.65	4.7	4
38.28	15	<del>3.45</del> <u>4</u>	<del>3.45</del> <u>3.9</u>	5.25	4.55	4.55	3.9
38.29	16	<del>3.35</del> <u>3.95</u>	<del>3.35</del> <u>3.85</u>	5	4.55	4.4	3.8
38.30	17	<del>3.25</del> <u>3.9</u>	<del>3.26</del> <u>3.8</u>	4.75	4.55	4.25	3.7
38.31	18	<del>3.25</del> <u>3.85</u>	<del>3.25</del> <u>3.75</u>	4.5	4.55	4.1	3.6
38.32	19	<del>3.25</del> <u>3.8</u>	<del>3.25</del> <u>3.75</u>	<del>4.25</del> <u>4.3</u>	4.55	3.95	3.5
38.33	20	<del>3.25</del> <u>3.75</u>	<del>3.25</del> <u>3.75</u>	<del>4</del> <u>4.2</u>	4.55	3.8	3.5
38.34	21	<del>3.25</del> <u>3.7</u>	<del>3.25</del> <u>3.75</u>	<del>3.9</del> <u>4.1</u>	4.45	3.75	3.5
38.35	22	<del>3.25</del> <u>3.65</u>	<del>3.25</del> <u>3.7</u>	<del>3.8</del> <u>4</u>	4.35	3.75	3.5
38.36	23	<del>3.25</del> <u>3.6</u>	<del>3.25</del> <u>3.6</u>	<del>3.7</del> <u>3.9</u>	4.25	3.75	3.5
38.37	24	<del>3.25</del> <u>3.55</u>	<del>3.25</del> <u>3.6</u>	<del>3.6</del> <u>3.8</u>	4.25	3.75	3.5
38.38	25	<del>3.25</del> <u>3.5</u>	<del>3.25</del> <u>3.6</u>	<del>3.5</del> <u>3.7</u>	4.25	3.75	3.5
38.39	26	<del>3.25</del> <u>3.5</u>	<del>3.25</del> <u>3.5</u>	<del>3.5</del> <u>3.6</u>	4.25	3.75	3.5
38.40	27	<del>3.25</del> <u>3.5</u>	<del>3.25</del> <u>3.5</u>	3.5	4.25	3.75	3.5
38.41	28	<del>3.25</del> <u>3.5</u>	<del>3.25</del> <u>3.5</u>	3.5	4.25	3.75	3.5
38.42	29	<del>3.25</del> <u>3.5</u>	<del>3.25</del> <u>3.5</u>	3.5	4.25	3.75	3.5
38.43	30 or more	<del>3.25</del> <u>3.5</u>	<del>3.25</del> <u>3.5</u>	3.5	4.25	3.75	3.5

39.1 (d) The actuarial valuation must use the applicable following payroll growth  
 39.2 assumption for calculating the amortization requirement for the unfunded actuarial  
 39.3 accrued liability where the amortization retirement is calculated as a level percentage  
 39.4 of an increasing payroll:

39.5	plan	payroll growth assumption
39.6	general state employees retirement plan of the	3.5%
39.7	Minnesota State Retirement System	
39.8	correctional state employees retirement plan	3.5
39.9	State Patrol retirement plan	3.5
39.10	judges retirement plan	2.75
39.11	general employees retirement plan of the Public	3.5
39.12	Employees Retirement Association	
39.13	public employees police and fire retirement plan	3.5
39.14	local government correctional service retirement plan	3.5
39.15	teachers retirement plan	<del>3.75</del> 3.5
39.16	St. Paul teachers retirement plan	4

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

- 39.19 (1) has been proposed by the governing board of the applicable retirement plan;  
 39.20 (2) is accompanied by the concurring recommendation of the actuary retained under  
 39.21 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the  
 39.22 most recent actuarial valuation report if section 356.214 does not apply; and  
 39.23 (3) has been approved or deemed approved under subdivision 18.

39.24 **EFFECTIVE DATE.** This section is effective July 1, 2016, and applies to actuarial  
 39.25 valuations prepared on or after that date.

## 39.26 **ARTICLE 7**

### 39.27 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS MODIFICATIONS**

#### 39.28 Section 1. **[424A.003] CERTIFICATION OF SERVICE CREDIT.**

39.29 (a) When a municipal fire department, a joint powers fire department, or an  
 39.30 independent nonprofit firefighting corporation is directly associated with the volunteer  
 39.31 firefighters relief association, the fire chief shall certify annually by March 31 the service  
 39.32 credit for the previous calendar year of each volunteer firefighter rendering active service  
 39.33 with the fire department.

39.34 (b) The certification shall be made to an officer of the relief association's board  
 39.35 of trustees and to the municipal clerk or clerk-treasurer of the largest municipality in  
 39.36 population served by the associated fire department.

40.1 (c) The fire chief shall notify each volunteer firefighter rendering active service with  
40.2 the fire department of the amount of service credit rendered by the firefighter for the  
40.3 previous calendar year. The service credit notification and a description of the process and  
40.4 deadlines for the firefighter to challenge the fire chief's determination of service credit  
40.5 must be provided to the firefighter 60 days prior to its certification to the relief association  
40.6 and municipality. If the service credit amount is challenged, the fire chief shall accept  
40.7 and consider any additional pertinent information and shall make a final determination of  
40.8 service credit.

40.9 (d) The service credit certification must be expressed as the number of completed  
40.10 months of the previous year during which an active volunteer firefighter rendered at least  
40.11 the minimum level of duties as specified and required by the fire department under the  
40.12 rules, regulations, and policies applicable to the fire department. No more than one year of  
40.13 service credit may be certified for a calendar year.

40.14 (e) If a volunteer firefighter who is a member of the relief association leaves active  
40.15 firefighting service to render active military service that is required to be governed by the  
40.16 federal Uniformed Services Employment and Reemployment Rights Act, as amended,  
40.17 the firefighter must be certified as providing service credit for the period of the military  
40.18 service, up to the applicable limit of the federal Uniformed Services Employment  
40.19 and Reemployment Rights Act. If the volunteer firefighter does not return from the  
40.20 military service in compliance with the federal Uniformed Services Employment and  
40.21 Reemployment Rights Act, the service credits applicable to that military service credit  
40.22 period are forfeited and canceled at the end of the calendar year in which the time limit  
40.23 set by federal law occurs.

40.24 **EFFECTIVE DATE.** This section is effective January 1, 2017.

40.25 Sec. 2. Minnesota Statutes 2014, section 424A.01, is amended by adding a subdivision  
40.26 to read:

40.27 Subd. 4a. **Prohibition on receipt of concurrent service credit.** No firefighter may  
40.28 be credited with service credit in a volunteer firefighters relief association for the same  
40.29 hours of service for which coverage is already provided in a fund operated pursuant to  
40.30 chapter 353.

40.31 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to  
40.32 service rendered on or after that date.



41.1 Sec. 3. Minnesota Statutes 2014, section 424A.01, is amended by adding a subdivision  
41.2 to read:

41.3 Subd. 5a. **Volunteer emergency medical personnel.** Volunteer emergency  
41.4 medical personnel are eligible to be members of the applicable volunteer firefighters  
41.5 relief association and to qualify for service pension or other benefit coverage of the relief  
41.6 association on the same basis as fire department personnel who perform or supervise fire  
41.7 suppression or fire prevention duties, if:

41.8 (1) the fire department employs or otherwise uses the services of persons solely as  
41.9 volunteer emergency medical personnel to perform emergency medical response duties or  
41.10 supervise emergency medical response activities;

41.11 (2) the bylaws of the relief association authorize the eligibility; and

41.12 (3) the eligibility is approved by:

41.13 (i) the municipality, if the fire department is a municipal department;

41.14 (ii) the joint powers board, if the fire department is a joint powers entity; or

41.15 (iii) the contracting municipality or municipalities, if the fire department is an  
41.16 independent nonprofit firefighting corporation.

41.17 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to  
41.18 service rendered on or after that date.

41.19 Sec. 4. Minnesota Statutes 2014, section 424A.015, is amended by adding a  
41.20 subdivision to read:

41.21 Subd. 7. **Combined service pensions.** (a) A volunteer firefighter with credit for  
41.22 service as an active firefighter in more than one volunteer firefighters relief association is  
41.23 entitled to a prorated service pension from each relief association if:

41.24 (1) the articles of incorporation or bylaws of the relief associations provide;

41.25 (2) the applicable requirements of paragraphs (b) and (c) are met; and

41.26 (3) the volunteer firefighter otherwise qualifies.

41.27 (b) A volunteer firefighter receiving a prorated service pension under this subdivision  
41.28 must have a total combined amount of service credit from the two or more relief  
41.29 associations of ten years or more, unless the bylaws of every affected relief association  
41.30 specify less than a ten-year service vesting requirement, in which case, the total amount of  
41.31 required service credit is the longest service vesting requirement of the relief associations.  
41.32 The member must have one year or more of service credit in each relief association. The  
41.33 prorated service pension must be based on:

42.1 (1) for defined benefit relief associations, the service pension amount in effect for  
42.2 the relief association on the date on which active volunteer firefighting services covered  
42.3 by that relief association terminate; and

42.4 (2) for defined contribution relief associations, the member's individual account  
42.5 balance on the date on which active volunteer firefighting services covered by that relief  
42.6 association terminate.

42.7 (c) To receive a prorated service pension under this subdivision, the firefighter  
42.8 must become a member of the second or succeeding association and must give notice of  
42.9 membership to the prior association within two years of the date of termination of active  
42.10 service with the prior association. The second or subsequent relief association secretary  
42.11 must certify the notice.

42.12 **EFFECTIVE DATE.** This section is effective January 1, 2017.

42.13 Sec. 5. Minnesota Statutes 2015 Supplement, section 424A.02, subdivision 3, is  
42.14 amended to read:

42.15 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August  
42.16 1 as part of the certification of the financial requirements and minimum municipal  
42.17 obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5,  
42.18 as applicable, the secretary or some other official of the relief association designated in the  
42.19 bylaws of each defined benefit relief association shall calculate and certify to the governing  
42.20 body of the applicable municipality the average amount of available financing per active  
42.21 covered firefighter for the most recent three-year period. The amount of available financing  
42.22 includes any amounts of fire state aid and police and firefighter retirement supplemental  
42.23 state aid received or receivable by the relief association, any amounts of municipal  
42.24 contributions to the relief association raised from levies on real estate or from other  
42.25 available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in  
42.26 excess of the accrued liabilities of the relief association calculated under section 424A.092,  
42.27 subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

42.28 (b) The maximum service pension which the defined benefit relief association has  
42.29 authority to provide for in its bylaws for payment to a member retiring after the calculation  
42.30 date when the minimum age and service requirements specified in subdivision 1 are met  
42.31 must be determined using the table in paragraph (c) or (d), whichever applies.

42.32 (c) For a defined benefit relief association where the governing bylaws provide for  
42.33 a monthly service pension to a retiring member, the maximum monthly service pension  
42.34 amount per month for each year of service credited that may be provided for in the bylaws  
42.35 is the greater of the service pension amount provided for in the bylaws on the date of the

43.1 calculation of the average amount of the available financing per active covered firefighter  
 43.2 or the maximum service pension figure corresponding to the average amount of available  
 43.3 financing per active covered firefighter:

43.4	Minimum Average Amount of Available	Maximum Service Pension Amount
43.5	Financing per Firefighter	Payable per Month for Each
43.6		Year of Service
43.7	\$ ...	\$ .25
43.8	41	.50
43.9	81	1.00
43.10	122	1.50
43.11	162	2.00
43.12	203	2.50
43.13	243	3.00
43.14	284	3.50
43.15	324	4.00
43.16	365	4.50
43.17	405	5.00
43.18	486	6.00
43.19	567	7.00
43.20	648	8.00
43.21	729	9.00
43.22	810	10.00
43.23	891	11.00
43.24	972	12.00
43.25	1053	13.00
43.26	1134	14.00
43.27	1215	15.00
43.28	1296	16.00
43.29	1377	17.00
43.30	1458	18.00
43.31	1539	19.00
43.32	1620	20.00
43.33	1701	21.00
43.34	1782	22.00
43.35	1823	22.50
43.36	1863	23.00
43.37	1944	24.00
43.38	2025	25.00
43.39	2106	26.00
43.40	2187	27.00
43.41	2268	28.00
43.42	2349	29.00
43.43	2430	30.00

44.1	2511	31.00
44.2	2592	32.00
44.3	2673	33.00
44.4	2754	34.00
44.5	2834	35.00
44.6	2916	36.00
44.7	2997	37.00
44.8	3078	38.00
44.9	3159	39.00
44.10	3240	40.00
44.11	3321	41.00
44.12	3402	42.00
44.13	3483	43.00
44.14	3564	44.00
44.15	3645	45.00
44.16	3726	46.00
44.17	3807	47.00
44.18	3888	48.00
44.19	3969	49.00
44.20	4050	50.00
44.21	4131	51.00
44.22	4212	52.00
44.23	4293	53.00
44.24	4374	54.00
44.25	4455	55.00
44.26	4536	56.00
44.27	4617	57.00
44.28	4698	58.00
44.29	4779	59.00
44.30	4860	60.00
44.31	4941	61.00
44.32	5022	62.00
44.33	5103	63.00
44.34	5184	64.00
44.35	5265	65.00
44.36	5346	66.00
44.37	5427	67.00
44.38	5508	68.00
44.39	5589	69.00
44.40	5670	70.00
44.41	5751	71.00
44.42	5832	72.00
44.43	5913	73.00

45.1	5994	74.00
45.2	6075	75.00
45.3	6156	76.00
45.4	6237	77.00
45.5	6318	78.00
45.6	6399	79.00
45.7	6480	80.00
45.8	6561	81.00
45.9	6642	82.00
45.10	6723	83.00
45.11	6804	84.00
45.12	6885	85.00
45.13	6966	86.00
45.14	7047	87.00
45.15	7128	88.00
45.16	7209	89.00
45.17	7290	90.00
45.18	7371	91.00
45.19	7452	92.00
45.20	7533	93.00
45.21	7614	94.00
45.22	7695	95.00
45.23	7776	96.00
45.24	7857	97.00
45.25	7938	98.00
45.26	8019	99.00
45.27	8100	100.00
45.28	any amount in excess of	
45.29	8100	100.00

45.30 (d) For a defined benefit relief association in which the governing bylaws provide  
 45.31 for a lump-sum service pension to a retiring member, the maximum lump-sum service  
 45.32 pension amount for each year of service credited that may be provided for in the bylaws is  
 45.33 the greater of the service pension amount provided for in the bylaws on the date of the  
 45.34 calculation of the average amount of the available financing per active covered firefighter  
 45.35 or the maximum service pension figure corresponding to the average amount of available  
 45.36 financing per active covered firefighter for the applicable specified period:

45.37	Minimum Average Amount of Available	Maximum Lump-Sum Service
45.38	Financing per Firefighter	Pension Amount Payable for
45.39		Each Year of Service
45.40	\$ ...	\$ 10
45.41	11	20
45.42	16	30

46.1	23	40
46.2	27	50
46.3	32	60
46.4	43	80
46.5	54	100
46.6	65	120
46.7	77	140
46.8	86	160
46.9	97	180
46.10	108	200
46.11	131	240
46.12	151	280
46.13	173	320
46.14	194	360
46.15	216	400
46.16	239	440
46.17	259	480
46.18	281	520
46.19	302	560
46.20	324	600
46.21	347	640
46.22	367	680
46.23	389	720
46.24	410	760
46.25	432	800
46.26	486	900
46.27	540	1000
46.28	594	1100
46.29	648	1200
46.30	702	1300
46.31	756	1400
46.32	810	1500
46.33	864	1600
46.34	918	1700
46.35	972	1800
46.36	1026	1900
46.37	1080	2000
46.38	1134	2100
46.39	1188	2200
46.40	1242	2300
46.41	1296	2400
46.42	1350	2500
46.43	1404	2600

47.1	1458	2700
47.2	1512	2800
47.3	1566	2900
47.4	1620	3000
47.5	1672	3100
47.6	1726	3200
47.7	1753	3250
47.8	1780	3300
47.9	1820	3375
47.10	1834	3400
47.11	1888	3500
47.12	1942	3600
47.13	1996	3700
47.14	2023	3750
47.15	2050	3800
47.16	2104	3900
47.17	2158	4000
47.18	2212	4100
47.19	2265	4200
47.20	2319	4300
47.21	2373	4400
47.22	2427	4500
47.23	2481	4600
47.24	2535	4700
47.25	2589	4800
47.26	2643	4900
47.27	2697	5000
47.28	2751	5100
47.29	2805	5200
47.30	2859	5300
47.31	2913	5400
47.32	2967	5500
47.33	3021	5600
47.34	3075	5700
47.35	3129	5800
47.36	3183	5900
47.37	3237	6000
47.38	3291	6100
47.39	3345	6200
47.40	3399	6300
47.41	3453	6400
47.42	3507	6500
47.43	3561	6600

48.1	3615	6700
48.2	3669	6800
48.3	3723	6900
48.4	3777	7000
48.5	3831	7100
48.6	3885	7200
48.7	3939	7300
48.8	3993	7400
48.9	4047	7500
48.10	4101	7600
48.11	4155	7700
48.12	4209	7800
48.13	4263	7900
48.14	4317	8000
48.15	4371	8100
48.16	4425	8200
48.17	4479	8300
48.18	4533	8400
48.19	4587	8500
48.20	4641	8600
48.21	4695	8700
48.22	4749	8800
48.23	4803	8900
48.24	4857	9000
48.25	4911	9100
48.26	4965	9200
48.27	5019	9300
48.28	5073	9400
48.29	5127	9500
48.30	5181	9600
48.31	5235	9700
48.32	5289	9800
48.33	5343	9900
48.34	5397	10,000
48.35	any amount in excess of <u>5451</u>	<u>10,100</u>
48.36	<del>5397</del> <u>5505</u>	<del>10,000</del> <u>10,200</u>
48.37	<u>5559</u>	<u>10,300</u>
48.38	<u>5613</u>	<u>10,400</u>
48.39	<u>5667</u>	<u>10,500</u>
48.40	<u>5721</u>	<u>10,600</u>
48.41	<u>5775</u>	<u>10,700</u>
48.42	<u>5829</u>	<u>10,800</u>
48.43	<u>5883</u>	<u>10,900</u>



49.1	<u>5937</u>	<u>11,000</u>
49.2	<u>5991</u>	<u>11,100</u>
49.3	<u>6045</u>	<u>11,200</u>
49.4	<u>6099</u>	<u>11,300</u>
49.5	<u>6153</u>	<u>11,400</u>
49.6	<u>6207</u>	<u>11,500</u>
49.7	<u>6261</u>	<u>11,600</u>
49.8	<u>6315</u>	<u>11,700</u>
49.9	<u>6369</u>	<u>11,800</u>
49.10	<u>6423</u>	<u>11,900</u>
49.11	<u>6477</u>	<u>12,000</u>
49.12	<u>6531</u>	<u>12,100</u>
49.13	<u>6585</u>	<u>12,200</u>
49.14	<u>6639</u>	<u>12,300</u>
49.15	<u>6693</u>	<u>12,400</u>
49.16	<u>6747</u>	<u>12,500</u>
49.17	<u>6801</u>	<u>12,600</u>
49.18	<u>6855</u>	<u>12,700</u>
49.19	<u>6909</u>	<u>12,800</u>
49.20	<u>6963</u>	<u>12,900</u>
49.21	<u>7017</u>	<u>13,000</u>
49.22	<u>7071</u>	<u>13,100</u>
49.23	<u>7125</u>	<u>13,200</u>
49.24	<u>7179</u>	<u>13,300</u>
49.25	<u>7233</u>	<u>13,400</u>
49.26	<u>7287</u>	<u>13,500</u>
49.27	<u>7341</u>	<u>13,600</u>
49.28	<u>7395</u>	<u>13,700</u>
49.29	<u>7449</u>	<u>13,800</u>
49.30	<u>7503</u>	<u>13,900</u>
49.31	<u>7557</u>	<u>14,000</u>
49.32	<u>7611</u>	<u>14,100</u>
49.33	<u>7665</u>	<u>14,200</u>
49.34	<u>7719</u>	<u>14,300</u>
49.35	<u>7773</u>	<u>14,400</u>
49.36	<u>7827</u>	<u>14,500</u>
49.37	<u>7881</u>	<u>14,600</u>
49.38	<u>7935</u>	<u>14,700</u>
49.39	<u>7989</u>	<u>14,800</u>
49.40	<u>8043</u>	<u>14,900</u>
49.41	<u>8097</u>	<u>15,000</u>
49.42	<u>any amount in excess of 8097</u>	<u>15,000</u>

50.1 (e) For a defined benefit relief association in which the governing bylaws provide  
50.2 for a monthly benefit service pension as an alternative form of service pension payment  
50.3 to a lump-sum service pension, the maximum service pension amount for each pension  
50.4 payment type must be determined using the applicable table contained in this subdivision.

50.5 (f) If a defined benefit relief association establishes a service pension in compliance  
50.6 with the applicable maximum contained in paragraph (c) or (d) and the minimum average  
50.7 amount of available financing per active covered firefighter is subsequently reduced  
50.8 because of a reduction in fire state aid or because of an increase in the number of active  
50.9 firefighters, the relief association may continue to provide the prior service pension  
50.10 amount specified in its bylaws, but may not increase the service pension amount until  
50.11 the minimum average amount of available financing per firefighter under the table in  
50.12 paragraph (c) or (d), whichever applies, permits.

50.13 (g) No defined benefit relief association is authorized to provide a service pension in  
50.14 an amount greater than the largest applicable flexible service pension maximum amount  
50.15 even if the amount of available financing per firefighter is greater than the financing  
50.16 amount associated with the largest applicable flexible service pension maximum.

50.17 (h) The method of calculating service pensions must be applied uniformly for all  
50.18 years of active service. Credit must be given for all years of active service except for caps  
50.19 on service credit if so provided in the bylaws of the relief association.

50.20 **EFFECTIVE DATE; LOCAL APPROVAL.** (a) For relief associations other than  
50.21 the Eden Prairie volunteer firefighters relief association, this section is effective January  
50.22 1, 2017.

50.23 (b) For the Eden Prairie volunteer firefighters relief association, this section is  
50.24 effective the day after the city council of Eden Prairie and its chief clerical officer timely  
50.25 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

50.26 Sec. 6. Minnesota Statutes 2014, section 424B.20, subdivision 4, is amended to read:

50.27 Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit  
50.28 legal obligations of the special fund of the volunteer firefighters relief association under  
50.29 subdivision 3, the board of the relief association shall transfer the remaining assets of the  
50.30 special fund, as securities or in cash, as applicable, to the chief financial official of the  
50.31 municipality in which the associated fire department was located if the fire department was  
50.32 a municipal fire department or to the chief financial official of the municipality with the  
50.33 largest population served by the fire department if the fire department was an independent  
50.34 nonprofit firefighting corporation. If the fire department was a joint powers entity, the  
50.35 remaining assets of the special fund shall be transferred to the chief financial official of

51.1 the municipality designated as the fiscal agent in the joint powers agreement or, if the  
51.2 agreement does not designate a municipality as the fiscal agent, the remaining assets of  
51.3 the special fund shall be transferred to the chief financial official of the municipality with  
51.4 the largest population served by the joint powers fire department. The board shall also  
51.5 compile a schedule of the relief association members to whom a service pension is or will  
51.6 be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or  
51.7 benefit payable based on the applicable bylaws and state law and the service rendered to  
51.8 the date of the dissolution, and the date on which the pension or benefit would first be  
51.9 payable under the bylaws of the relief association and state law.

51.10 (b) The municipality ~~in which is located~~ receiving the remaining assets of the special  
51.11 fund of a volunteer firefighters relief association that is dissolving under this section shall  
51.12 establish a separate account in the municipal treasury which must function as a trust fund  
51.13 for members of the volunteer firefighters relief association and their beneficiaries to whom  
51.14 the volunteer firefighters relief association owes a service pension or other benefit under  
51.15 the bylaws of the relief association and state law. Upon proper application, on or after the  
51.16 initial date on which the service pension or benefit is payable, the municipal treasurer shall  
51.17 pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the  
51.18 other records of the dissolved relief association. The trust fund under this section must be  
51.19 invested and managed consistent with chapter 356A and section 424A.095. Upon payment  
51.20 of the last service pension or benefit due and owing, any remaining assets in the trust  
51.21 fund cancel to the general fund of the municipality: or, if the fire department was a joint  
51.22 powers entity, any remaining assets in the trust fund cancel to the general fund of each  
51.23 municipality that was a contracting party to the joint powers agreement as specified in the  
51.24 joint powers agreement. If the joint powers agreement does not specify how the remaining  
51.25 assets are to be distributed among the contracting parties, each of the contracting parties  
51.26 shall receive a pro rata share of the remaining assets based on the proportion of total  
51.27 operating contributions each contracting municipality made to the joint powers entity over  
51.28 the most recent ten calendar years. If the special fund of the volunteer firefighters relief  
51.29 association had an unfunded actuarial accrued liability upon dissolution, the municipality  
51.30 is liable for that unfunded actuarial accrued liability. If the fire department was a joint  
51.31 powers entity, the contracting municipalities are liable for their share of the unfunded  
51.32 actuarial accrued liability as specified in the joint powers agreement. If the joint powers  
51.33 agreement does not specify liability for any unfunded actuarial accrued liability, the  
51.34 contracting municipalities are liable for their pro rata share of the unfunded actuarial  
51.35 accrued liability based on the proportion of total operating contributions each contracting  
51.36 municipality made to the joint powers entity over the most recent ten calendar years.

52.1 **EFFECTIVE DATE.** This section is effective January 1, 2017.

52.2 Sec. 7. **EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF**  
52.3 **ASSOCIATION SERVICE PENSIONS; RETURN TO ACTIVE SERVICE.**

52.4 (a) Notwithstanding any provision of Minnesota Statutes, section 424A.01,  
52.5 subdivision 6, section 424A.02, subdivision 2, or any other provision of law to the  
52.6 contrary, if the bylaws of the Eden Prairie volunteer firefighters relief association so  
52.7 provide, a former firefighter who has received a lump-sum service pension or is receiving  
52.8 a monthly benefit service pension and returns to active relief association membership  
52.9 under Minnesota Statutes, section 424A.01, subdivision 6, paragraph (b), is entitled to  
52.10 receive an unreduced lump-sum service pension for the resumption service period if the  
52.11 firefighter completes at least three years of active service as an active member of the fire  
52.12 department during the resumption service period and completes at least three years of  
52.13 active membership with the relief association during the resumption service period.

52.14 (b) A lump-sum service pension must be calculated by applying the service pension  
52.15 amount in effect on the date of the firefighter's termination of the resumption service for  
52.16 all years of the resumption service. No firefighter may be paid a service pension more  
52.17 than once for the same period of service. Payment of a lump-sum service pension shall  
52.18 have no effect on the firefighter's previous service pension.

52.19 **EFFECTIVE DATE.** This section is effective the day after the Eden Prairie city  
52.20 council and its chief clerical officer timely complete their compliance with Minnesota  
52.21 Statutes, section 645.021, subdivisions 2 and 3.

52.22 Sec. 8. **COLERAINE AND BOVEY VOLUNTEER FIREFIGHTERS RELIEF**  
52.23 **ASSOCIATIONS; CONSOLIDATION.**

52.24 Subdivision 1. **Consolidation.** Notwithstanding any provision of Minnesota  
52.25 Statutes, section 424B.02, subdivision 2, paragraph (c), to the contrary, the Coleraine and  
52.26 Bovey volunteer firefighters relief associations are consolidated effective September 1,  
52.27 2016, if all other consolidation requirements are satisfied pursuant to Minnesota Statutes,  
52.28 chapter 424B.

52.29 Subd. 2. **Reporting.** The consolidated relief association created under subdivision  
52.30 1 shall report the number of active firefighter members of the relief association as of  
52.31 September 1, 2016, to the state auditor and to the commissioner of revenue no later  
52.32 than September 7, 2016. The commissioner may use this information to determine and

53.1 calculate any minimum fire state aid payable under Minnesota Statutes, section 69.021,  
53.2 beginning with aid payable in 2016.

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

53.4 Sec. 9. **REPEALER.**

53.5 Minnesota Statutes 2014, section 424A.02, subdivision 13, is repealed.

53.6 **EFFECTIVE DATE.** This section is effective January 1, 2017.

## 53.7 **ARTICLE 8**

### 53.8 **MSRS-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

53.9 Section 1. Minnesota Statutes 2014, section 352.113, subdivision 2, is amended to read:

53.10 Subd. 2. **Application; accrual of benefits.** (a) An employee making claim for a total  
53.11 and permanent disability benefit, or someone acting on behalf of the employee upon proof  
53.12 of authority satisfactory to the director, shall file a written application for benefits in the  
53.13 office of the system on or before the deadline specified in subdivision 4, paragraph (f) or (g).

53.14 (b) The application must be in a form and manner prescribed by the executive director.

53.15 (c) The benefit shall begin to accrue the day following the start of disability or the  
53.16 day following the last day paid, whichever is later, but not earlier than 180 days before the  
53.17 date the application is filed with the director.

53.18 **EFFECTIVE DATE.** This section is effective July 1, 2016.

53.19 Sec. 2. Minnesota Statutes 2014, section 352.113, subdivision 4, is amended to read:

53.20 Subd. 4. **Medical or psychological examinations; authorization for payment of**  
53.21 **benefit.** (a) Any physician, psychologist, chiropractor, or physician assistant providing  
53.22 any service specified in this section must be licensed.

53.23 (b) An applicant shall provide a detailed report signed by a physician, and at least  
53.24 one additional report signed by a physician, chiropractor, psychologist, or physician  
53.25 assistant with evidence to support an application for total and permanent disability. The  
53.26 reports must include an expert opinion regarding whether the employee is permanently  
53.27 and totally disabled within the meaning of section 352.01, subdivision 17, and that the  
53.28 disability arose before the employee was placed on any paid or unpaid leave of absence or  
53.29 terminated public service.

53.30 (c) If there is medical evidence that supports the expectation that at some point  
53.31 the person applying for the disability benefit will no longer be disabled, the decision  
53.32 granting the disability benefit may provide for a termination date upon which the total and

54.1 permanent disability can be expected to no longer exist. When a termination date is part  
54.2 of the decision granting benefits, prior to the benefit termination the executive director  
54.3 shall review any evidence provided by the disabled employee to show that the disabling  
54.4 condition for which benefits were initially granted continues. If the benefits cease, the  
54.5 disabled employee may follow the appeal procedures described in section 356.96 or may  
54.6 reapply for disability benefits using the process described in this subdivision.

54.7 (d) Any claim to disability must be supported by a report from the employer  
54.8 indicating that there is no available work that the employee can perform with the disabling  
54.9 condition and that all reasonable accommodations have been considered. Upon request of  
54.10 the executive director, an employer shall provide evidence of the steps the employer has  
54.11 taken to attempt to provide reasonable accommodations and continued employment to  
54.12 the claimant.

54.13 (e) The director shall also obtain written certification from the employer stating  
54.14 whether the employment has ceased or whether the employee is on sick leave of absence  
54.15 because of a disability that will prevent further service to the employer and that the  
54.16 employee is not entitled to compensation from the employer.

54.17 (f) The medical adviser shall consider the reports of the physicians, physician  
54.18 assistants, psychologists, and chiropractors and any other evidence supplied by the  
54.19 employee or other interested parties. If the medical adviser finds the employee totally and  
54.20 permanently disabled, the adviser shall make appropriate recommendation to the director  
54.21 in writing together with the date from which the employee has been totally disabled. The  
54.22 director shall then determine if the disability occurred within 18 months of filing the  
54.23 application, if the disability occurred while still in the employment of the state, and the  
54.24 propriety of authorizing payment of a disability benefit as provided in this section.

54.25 (g) A terminated employee may apply for a disability benefit within 18 months of  
54.26 termination as long as the disability occurred while in the employment of the state. The  
54.27 fact that an employee is placed on leave of absence without compensation because of  
54.28 disability does not bar that employee from receiving a disability benefit.

54.29 (h) Upon appeal, the board of directors may extend the disability benefit application  
54.30 deadline in paragraph (f) or (g) by an additional 18 months if the terminated employee  
54.31 is determined to have a cognitive impairment that made it unlikely that the terminated  
54.32 employee understood that there was an applicable standard deadline or that the terminated  
54.33 employee was able to meet the standard deadline.

54.34 (i) Unless the payment of a disability benefit has terminated because the employee is  
54.35 no longer totally disabled, or because the employee has reached normal retirement age as  
54.36 provided in this section, the disability benefit must cease with the last payment received

55.1 by the disabled employee or which had accrued during the lifetime of the employee unless  
 55.2 there is a spouse surviving. In that event, the surviving spouse is entitled to the disability  
 55.3 benefit for the calendar month in which the disabled employee died.

55.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

## 55.5 **ARTICLE 9**

### 55.6 **PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

55.7 Section 1. Minnesota Statutes 2014, section 353.01, subdivision 43, is amended to read:

55.8 Subd. 43. **Line of duty death.** "Line of duty death" means:

55.9 (1) a death that occurs while performing or as a direct result of performing normal or  
 55.10 less frequent duties which are specific to protecting the property and personal safety of  
 55.11 others and that present inherent dangers that are specific to the positions covered by the  
 55.12 public employees police and fire plan; or

55.13 (2) a death that is determined by the commissioner of public safety to meet the  
 55.14 requirements of section 299A.41, subdivision 3.

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

## 55.16 **ARTICLE 10**

### 55.17 **GENERALLY APPLICABLE RETIREMENT CHANGES**

55.18 Section 1. Minnesota Statutes 2014, section 356.24, subdivision 1, is amended to read:

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

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

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

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

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

55.31 (5) for employees other than personnel employed by the Board of Trustees of the  
 55.32 Minnesota State Colleges and Universities and covered under the Higher Education  
 55.33 Supplemental Retirement Plan under chapter 354C, but including city managers covered

56.1 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph  
56.2 (a), or by the defined contribution plan of the Public Employees Retirement Association  
56.3 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is  
56.4 provided for in a personnel policy of the public employer or in the collective bargaining  
56.5 agreement between the public employer and the exclusive representative of public  
56.6 employees in an appropriate unit or in the individual employment contract between a city  
56.7 and a city manager, and if for each available investment all fees and historic rates of return  
56.8 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an  
56.9 easily comprehended document not to exceed two pages, in an amount matching employee  
56.10 contributions on a dollar for dollar basis, but not to exceed an employer contribution of  
56.11 one-half of the available elective deferral permitted per year per employee, under the  
56.12 Internal Revenue Code:

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

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

56.18 (iii) any other deferred compensation plan offered by the employer under section  
56.19 457 of the Internal Revenue Code;

56.20 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges  
56.21 and Universities and not covered by clause (5), to the supplemental retirement plan under  
56.22 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy  
56.23 or in the collective bargaining agreement of the public employer with the exclusive  
56.24 representative of the covered employees in an appropriate unit, in an amount matching  
56.25 employee contributions on a dollar for dollar basis, but not to exceed an employer  
56.26 contribution of \$2,700 a year for each employee;

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

56.32 (8) to the laborers national industrial pension fund or to a laborers local pension fund  
56.33 for the employees of a governmental subdivision who are covered by a collective bargaining  
56.34 agreement that provides for coverage by that fund and that sets forth a fund contribution  
56.35 rate, but not to exceed an employer contribution of ~~\$5,000~~ \$7,000 per year per employee;



57.1 (9) to the plumbers and pipefitters national pension fund or to a plumbers and  
57.2 pipefitters local pension fund for the employees of a governmental subdivision who are  
57.3 covered by a collective bargaining agreement that provides for coverage by that fund and  
57.4 that sets forth a fund contribution rate, but not to exceed an employer contribution of  
57.5 \$5,000 per year per employee;

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

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

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

57.17 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota  
57.18 deferred compensation program, if the employee makes a contribution, in an amount that  
57.19 does not exceed the total percentage of covered salary under section 353.27, subdivisions  
57.20 3 and 3a;

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

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

57.27 **Sec. 2. [356.631] ADDITIONAL SOURCES OF FUNDING.**

57.28 Notwithstanding any other provision of law to the contrary, in addition to all sources  
57.29 of funding described in Minnesota Statutes, section 356.63, paragraphs (a) and (b), any  
57.30 public retirement plan described in Minnesota Statutes, section 356.63, paragraph (b), is  
57.31 authorized to accept, at its discretion, for deposit in its fund the following:

57.32 (1) gifts;

57.33 (2) donations;

57.34 (3) bequests; and

57.35 (4) life insurance death benefits.

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

58.2 Sec. 3. **REPEALER.**

58.3 Minnesota Statutes 2014, sections 352.04, subdivision 11; and 353.34, subdivision  
58.4 6, are repealed.

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

58.6 **ARTICLE 11**

58.7 **SMALL GROUP RETIREMENT CHANGES**

58.8 Section 1. **MSRS-GENERAL RETIREMENT ELIGIBILITY CLARIFICATION;**  
58.9 **SERVICE CREDIT PURCHASE IN CERTAIN INSTANCES.**

58.10 (a) Notwithstanding any provision of law to the contrary, an eligible person  
58.11 described in paragraph (b) is entitled to purchase prior uncredited service credit under  
58.12 paragraph (c) and, if the service credit purchase is made, to have an effective start date  
58.13 for active retirement plan membership of June 1, 1989, and to retire under Minnesota  
58.14 Statutes, section 352.116, subdivision 1.

58.15 (b) An eligible person is a person who:

58.16 (1) was born on the dates as follows:

<u>employee</u>	<u>birth date</u>
58.17 <u>A</u>	<u>October 2, 1968</u>
58.18 <u>B</u>	<u>June 12, 1965</u>
58.19 <u>C</u>	<u>August 10, 1958</u>
58.20 <u>D</u>	<u>April 29, 1963</u>
58.21 <u>E</u>	<u>April 11, 1955</u>
58.22 <u>F</u>	<u>August 13, 1966</u>
58.23 <u>G</u>	<u>April 22, 1961</u>
58.24 <u>H</u>	<u>December 31, 1958</u>
58.25 <u>I</u>	<u>October 10, 1966</u>
58.26 <u>J</u>	<u>February 4, 1961</u>
58.27 <u>K</u>	<u>August 21, 1963</u>
58.28 <u>L</u>	<u>January 23, 1960</u>
58.29 <u>M</u>	<u>September 19, 1966</u>
58.30 <u>N</u>	<u>November 3, 1961</u>
58.31 <u>O</u>	<u>June 13, 1958</u>
58.32 <u>P</u>	<u>June 23, 1954</u>
58.33 <u>Q</u>	<u>October 20, 1956</u>
58.34 <u>R</u>	<u>July 28, 1955</u>
58.35 <u>S</u>	<u>May 6, 1960</u>
58.36 <u>T</u>	<u>March 19, 1966</u>

59.1 U August 19, 1966

59.2 V March 14, 1959

59.3 (2) became an employee of the Minnesota Department of Transportation prior  
 59.4 to July 1, 1989, in a position which was not covered by the general state employees  
 59.5 retirement plan of the Minnesota State Retirement System;

59.6 (3) was eventually employed as a permanent employee after June 30, 1989, and  
 59.7 covered by the general state employees retirement plan of the Minnesota State Retirement  
 59.8 System on the dates as follows:

59.9 employee membership record date

59.10 A September 27, 1989

59.11 B September 27, 1989

59.12 C September 26, 1989

59.13 D September 27, 1989

59.14 E September 26, 1989

59.15 F September 13, 1989

59.16 G September 1, 1989

59.17 H September 27, 1989

59.18 I September 27, 1989

59.19 J September 13, 1989

59.20 K September 13, 1989

59.21 L September 26, 1989

59.22 M August 30, 1989

59.23 N September 26, 1989

59.24 O September 13, 1989

59.25 P September 27, 1989

59.26 Q September 27, 1989

59.27 R September 27, 1989

59.28 S September 13, 1989

59.29 T September 13, 1989

59.30 U September 27, 1989

59.31 V September 26, 1989

59.32 (4) was sent annual statements by the Minnesota State Retirement System between  
 59.33 July 1, 2005, and July 1, 2015, indicating eligibility for a retirement benefit under  
 59.34 Minnesota Statutes, section 352.116, subdivision 1; and

59.35 (5) was sent notification from the Minnesota State Retirement System revising the  
 59.36 start date for general state employees retirement plan membership from a date before  
 59.37 July 1, 1989, to a date after June 30, 1989, and indicating consequent inapplicability of  
 59.38 Minnesota Statutes, section 352.116, subdivision 1.

59.39 (c) An eligible person may purchase allowable service credit in the general state  
 59.40 employees retirement plan of the Minnesota State Retirement System by paying an

60.1 amount equal to the employer contributions and employee contributions that would have  
60.2 been paid from June 1, 1989, to the end of the month prior to the date the employee  
60.3 entered covered service plus interest at the rate of 8.5 percent until June 30, 2015, and  
60.4 eight percent thereafter compounded annually on the combined employer and employee  
60.5 contribution amount from the date the contributions would have been paid to the date the  
60.6 Minnesota State Retirement System receives payment for this service credit purchase.  
60.7 The payment must be made in a lump sum.

60.8 (d) An eligible person who purchases allowable service credit under paragraph (c)  
60.9 has a June 1, 1989, start date for the purpose of allowable service credited by the general  
60.10 state employees retirement plan of the Minnesota State Retirement System and is eligible  
60.11 for a retirement annuity under Minnesota Statutes, section 352.116, subdivision 1.

60.12 (e) Authority to purchase prior uncredited service credit under this section expires  
60.13 on July 1, 2017.

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

60.15 Sec. 2. **PERA-GENERAL; PURCHASE OF SERVICE CREDIT FOR ST.**  
60.16 **CLOUD STATE UNIVERSITY EMPLOYEE.**

60.17 (a) Notwithstanding any provision of law to the contrary, an eligible person described  
60.18 in paragraph (b) is entitled to purchase from the general employees retirement plan of the  
60.19 Public Employees Retirement Association allowable service credit under Minnesota  
60.20 Statutes, section 353.01, subdivision 16, for the period of service described in paragraph (c).

60.21 (b) An eligible person is a person who:

60.22 (1) was born on September 1, 1960;

60.23 (2) was an employee of St. Cloud State University on March 14, 2016;

60.24 (3) was a member of the general employees retirement plan of the Public Employees  
60.25 Retirement Association on March 14, 2016;

60.26 (4) was employed by St. Cloud Technical College on April 1, 1993, and was a  
60.27 member of the general employees retirement plan of the Public Employees Retirement  
60.28 Association; and

60.29 (5) changed employment within St. Cloud State University on February 22, 2006,  
60.30 and was erroneously placed into the higher education individual retirement account  
60.31 plan from February 22, 2006, until May 10, 2011, by the Minnesota State Colleges and  
60.32 Universities System.

60.33 (c) The period of uncredited service authorized for purchase is the period of February  
60.34 22, 2006, until May 10, 2011, during which the eligible person was erroneously placed  
60.35 into and contributed to the higher education individual retirement account plan.

61.1 (d) The eligible person's member contributions to the higher education individual  
61.2 retirement account plan must be transferred to the Public Employees Retirement  
61.3 Association with any earned investment returns on those contributions. The eligible  
61.4 person must pay the member contributions that the eligible person would have made to  
61.5 the Public Employees Retirement Association on the eligible person's compensation from  
61.6 the Minnesota State Colleges and Universities System for the period of service described  
61.7 in paragraph (c) as if the person had been covered by the Public Employees Retirement  
61.8 Association during the period, plus annual compound interest on that amount at the rate  
61.9 of 8.5 percent from February 22, 2006, until June 30, 2015, and eight percent from July  
61.10 1, 2015, until the date on which payment is made to the Public Employees Retirement  
61.11 Association, less the transferred member contributions and investment earnings.

61.12 (e) Upon transfer of the equivalent member contribution amount and any additional  
61.13 payments under paragraph (d), the balance of the eligible person's higher education  
61.14 individual retirement account plan account must be transferred to the Public Employees  
61.15 Retirement Association within 60 days following the receipt of the eligible person's  
61.16 payment under paragraph (d).

61.17 (f) Upon the transfer of the amounts under paragraphs (d) and (e), the Minnesota  
61.18 State Colleges and Universities System shall pay the prior service credit purchase payment  
61.19 amount calculated under Minnesota Statutes, section 356.551, less any amounts received  
61.20 under paragraphs (d) and (e), within 60 days following the receipt of the eligible person's  
61.21 payment under paragraph (d).

61.22 (g) Upon the transfers and payments under paragraph (f), the eligible person must be  
61.23 credited by the Public Employees Retirement Association with allowable service credit  
61.24 for Minnesota State Colleges and Universities System employment from February 22,  
61.25 2006, until May 10, 2011.

61.26 (h) Authority to make a service credit purchase under this section expires January  
61.27 1, 2017.

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

61.29 **Sec. 3. TRA COVERAGE ELECTION AND PERA REFUND REPAYMENT**  
61.30 **AUTHORITY FOR CERTAIN MNSCU EMPLOYEE.**

61.31 (a) Notwithstanding any provision of Minnesota Statutes, chapter 353 or 354B,  
61.32 to the contrary, an eligible person described in paragraph (b) is eligible to become a  
61.33 coordinated member of the Teachers Retirement Association and to purchase service  
61.34 and salary credit in the Teachers Retirement Association coordinated plan retroactively  
61.35 from July 1, 2001, upon repaying a member contribution refund taken from the general

62.1 employees retirement plan of the Public Employees Retirement Association under  
62.2 paragraph (c), upon making an election under paragraph (e), and upon making all required  
62.3 payments under paragraphs (f) and (g).

62.4 (b) An eligible person is a person who:

62.5 (1) was born April 4, 1956;

62.6 (2) was employed by a governmental subdivision in 1995, with retirement coverage  
62.7 in the general employees retirement plan of the Public Employees Retirement Association,  
62.8 for which a refund of member contributions and interest was taken before 2001;

62.9 (3) was employed by St. Cloud State University in the late 1990s, with retirement  
62.10 coverage in the general state employees retirement plan of the Minnesota State Retirement  
62.11 System;

62.12 (4) was hired as an academic advisor by St. Cloud State University on July 1, 2001,  
62.13 with retirement coverage in the higher education individual retirement account plan; and

62.14 (5) was not informed of the option to elect Teachers Retirement Association  
62.15 coverage in the coverage election authorized by Minnesota Statutes 2001, section  
62.16 354B.21, so remained in the higher education individual retirement account plan.

62.17 (c) The refund repayment required by Minnesota Statutes, section 356.551,  
62.18 subdivision 1, paragraph (c), must be calculated under Minnesota Statutes, section 353.35,  
62.19 subdivision 1, paragraph (c).

62.20 (d) Authority to repay a refund under this section expires January 1, 2017.

62.21 (e) To be eligible for coverage by the Teachers Retirement Association, an eligible  
62.22 person must submit a written application to the executive director of the Teachers  
62.23 Retirement Association on a form provided by the Teachers Retirement Association. The  
62.24 application must include all documentation of the applicability of this section and any  
62.25 other relevant information that the executive director may require. Teachers Retirement  
62.26 Association plan membership commences after the date of the retirement coverage  
62.27 election under this section and past salary and service credit is granted for past Minnesota  
62.28 State Colleges and Universities system employment from July 1, 2001, until the executive  
62.29 director receives the written application specified in this paragraph and receipts of the  
62.30 payments specified in paragraphs (c), (f), and (g). Coverage by the Teachers Retirement  
62.31 Association is in lieu of coverage by the individual retirement account plan.

62.32 (f) If the eligible person makes the retirement coverage election under paragraph (e),  
62.33 the eligible person's member contributions to the higher education individual retirement  
62.34 account plan must be transferred to the Teachers Retirement Association, with any earned  
62.35 investment returns on those contributions. If the transferred member contributions and  
62.36 investment earnings are less than the calculated amount of the member contributions

63.1 that the eligible person would have made to the Teachers Retirement Association on the  
63.2 eligible person's compensation from the Minnesota State Colleges and Universities system  
63.3 for the period from July 1, 2001, to the date of the retirement coverage election, if the  
63.4 person had been covered by the Teachers Retirement Association during the period, plus  
63.5 annual compound interest at the rate of 8.5 percent, then the eligible person shall pay the  
63.6 balance of that calculated member contribution obligation within 30 days of the retirement  
63.7 coverage election.

63.8 (g) Upon the transfer of the equivalent member contribution amount and any  
63.9 additional payment under paragraph (f), the balance of the eligible person's higher  
63.10 education individual retirement account plan account must be transferred to the Teachers  
63.11 Retirement Association. If the amounts under paragraph (f) and the individual retirement  
63.12 account plan balance under this paragraph are less than the prior service credit purchase  
63.13 payment amount calculated under Minnesota Statutes, section 356.551, the Minnesota  
63.14 State Colleges and Universities system shall pay the difference within 60 days of the  
63.15 retirement election date.

63.16 (h) The authority to make a retirement coverage election under this section expires  
63.17 January 1, 2017.

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

63.19 Sec. 4. **TRA COVERAGE FOR CERTAIN MESABI RANGE COMMUNITY**  
63.20 **AND TECHNICAL COLLEGE FACULTY MEMBERS.**

63.21 (a) Notwithstanding any provision of law to the contrary, an eligible person  
63.22 described in paragraph (b) is authorized to become a coordinated member of the Teachers  
63.23 Retirement Association and to purchase service and salary credit in the Teachers  
63.24 Retirement Association coordinated plan retroactive from July 19, 2000, or September 15,  
63.25 2000, whichever is applicable, upon making an election under paragraph (c) and upon  
63.26 making all required payments under paragraphs (d) and (e).

63.27 (b) An eligible person is a person who:

63.28 (1) either:

63.29 (i) was born on September 25, 1964, and has been employed at Mesabi Range  
63.30 Community and Technical College and a contributing member of the higher education  
63.31 individual retirement account plan since July 19, 2000; or

63.32 (ii) was born on October 15, 1963, and has been employed at Mesabi Range  
63.33 Community and Technical College and a contributing member of the higher education  
63.34 individual retirement account plan since September 15, 2000;

63.35 (2) was classified in the unlimited full-time category on August 21, 2012;

64.1 (3) became eligible for an election of Teachers Retirement Association coverage  
64.2 under Laws 2009, chapter 169, article 6, section 1; and

64.3 (4) was not offered an election of Teachers Retirement Association coverage by the  
64.4 Minnesota State Colleges and Universities System.

64.5 (c) To be eligible for coverage by the Teachers Retirement Association, an eligible  
64.6 person must submit a written application to the executive director of the Teachers  
64.7 Retirement Association on a form provided by the Teachers Retirement Association. The  
64.8 application must include all documentation of the applicability of this section and any  
64.9 other relevant information that the executive director may require. Teachers Retirement  
64.10 Association plan membership commences after the date of the retirement coverage  
64.11 election under this section and past salary and service credit is granted for past Minnesota  
64.12 State Colleges and Universities System employment from July 19, 2000, or September 15,  
64.13 2000, whichever is applicable, until the executive director receives the written application  
64.14 specified in this paragraph and receipts of the payments specified in paragraphs (d) and  
64.15 (e). Coverage by the Teachers Retirement Association is in lieu of coverage by the  
64.16 individual retirement account plan.

64.17 (d) If the eligible person makes the retirement coverage election under paragraph (c),  
64.18 the eligible person shall make a contribution to the Teachers Retirement Association equal  
64.19 to the excess, if any, of the employee contributions that the eligible person would have  
64.20 made if the Teachers Retirement Association had provided coverage from July 19, 2000, or  
64.21 September 15, 2000, whichever is applicable, rather than the individual retirement account  
64.22 plan. These additional contribution amounts shall include 8.5 percent annual compound  
64.23 interest computed from the date the contribution would have been made if deducted from  
64.24 salary until paid. The total amount to be paid under this paragraph shall be determined by  
64.25 the executive director of the Teachers Retirement Association and written notification of  
64.26 the amount required under this paragraph must be transmitted to the eligible person.

64.27 (e) If payment is made under paragraph (d), the value of the applicable eligible  
64.28 person's higher education individual retirement account plan account shall be transferred  
64.29 to the Teachers Retirement Association.

64.30 (f) The Teachers Retirement Association shall determine the required purchase  
64.31 payment amount calculated under Minnesota Statutes, section 356.551, imposed upon  
64.32 the Teachers Retirement Association under this section due to the salary and service  
64.33 credit purchase.

64.34 (g) From the total amount computed under paragraph (f), the executive director of  
64.35 the Teachers Retirement Association shall subtract the amounts received under paragraphs  
64.36 (d) and (e). The Minnesota State Colleges and Universities System must transmit the



65.1 remaining amount, if any, to the executive director of the Teachers Retirement Association  
 65.2 within 60 days following the receipt of the payments under paragraphs (d) and (e).

65.3 (h) The authority to make a retirement coverage election under this section expires  
 65.4 on January 1, 2017.

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

## 65.6 **ARTICLE 12**

### 65.7 **TECHNICAL CORRECTIONS**

65.8 Section 1. Minnesota Statutes 2014, section 354A.011, subdivision 29, is amended to  
 65.9 read:

65.10 Subd. 29. **Vesting; vested.** (a) "Vesting" or "vested" means having entitlement to a  
 65.11 nonforfeitable annuity or benefit from a the St. Paul Teachers Retirement Fund Association  
 65.12 ~~coordinated member program administered by a teachers retirement fund association by~~  
 65.13 ~~having credit for sufficient allowable service under paragraph (b) or (c), whichever applies~~  
 65.14 when the teacher has accrued credit for at least three years of allowable service.

65.15 ~~(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan~~  
 65.16 ~~member of the St. Paul Teachers Retirement Fund Association, the teacher is vested when~~  
 65.17 ~~the teacher has accrued credit for at least three years of service.~~

65.18 ~~(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan~~  
 65.19 ~~member of the Duluth Teachers Retirement Fund Association:~~

65.20 ~~(1) a teacher who first became a member of the plan before July 1, 2010, is vested~~  
 65.21 ~~when the teacher has accrued at least three years of service; and~~

65.22 ~~(2) a teacher who first became a member of the plan after June 30, 2010, is vested~~  
 65.23 ~~when the teacher has accrued at least five years of service.~~

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

65.25 Sec. 2. Minnesota Statutes 2014, section 354A.095, is amended to read:

### 65.26 **354A.095 PARENTAL AND MATERNITY LEAVE.**

65.27 Basic or coordinated members of the St. Paul Teachers Retirement Fund Association  
 65.28 ~~and new coordinated members of the Duluth Teachers Retirement Fund Association,~~  
 65.29 who are granted parental or maternity leave of absence by the employing authority, are  
 65.30 entitled to obtain service credit not to exceed one year for the period of leave upon  
 65.31 payment to the ~~applicable~~ fund by the end of the fiscal year following the fiscal year in  
 65.32 which the leave of absence terminated. The amount of the payment must include the total  
 65.33 required employee and employer contributions for the period of leave prescribed in section

66.1 354A.12. Payment must be based on the member's average monthly salary rate upon  
66.2 return to teaching service, and is payable without interest. Payment must be accompanied  
66.3 by a certified or otherwise adequate copy of the resolution or action of the employing  
66.4 authority granting or approving the leave.

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

66.6 Sec. 3. Minnesota Statutes 2014, section 354A.35, subdivision 2, is amended to read:

66.7 Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a)

66.8 The surviving spouse of a vested coordinated member who dies prior to retirement may  
66.9 elect to receive, instead of a refund with interest under subdivision 1, an annuity equal  
66.10 to the 100 percent joint and survivor annuity the member could have qualified for had  
66.11 the member terminated service on the date of death. The surviving spouse eligible for  
66.12 a surviving spouse benefit under this paragraph may apply for the annuity at any time  
66.13 after the date on which the deceased employee would have attained the required age for  
66.14 retirement based on the employee's allowable service. A surviving spouse eligible for  
66.15 surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time  
66.16 after the member's death. The member's surviving spouse shall be paid a joint and survivor  
66.17 annuity under section 354A.32 and computed under section 354A.31.

66.18 (b) If the member was under age 55 and has credit for at least 30 years of allowable  
66.19 service on the date of death, the surviving spouse may elect to receive a 100 percent joint  
66.20 and survivor annuity based on the age of the member and surviving spouse on the date  
66.21 of death. The annuity is payable using the full early retirement reduction under section  
66.22 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement  
66.23 reduction from age 55 to the age payment begins.

66.24 ~~(c) If a vested member of the Duluth Teachers Retirement Fund Association was~~  
66.25 ~~under age 55 on the date of death but did not yet qualify for retirement, the surviving~~  
66.26 ~~spouse may elect to receive the 100 percent joint and survivor annuity based on the age~~  
66.27 ~~of the member and the survivor at the time of death. The annuity is payable using the~~  
66.28 ~~full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and~~  
66.29 ~~one-half of the early retirement reduction from age 55 to the date payment begins.~~

66.30 ~~(d)~~ (c) If a vested member of the St. Paul Teachers Retirement Fund Association  
66.31 was under age 55 on the date of death but did not yet qualify for retirement, the surviving  
66.32 spouse may elect to receive the 100 percent joint and survivor annuity based on the age  
66.33 of the member and the survivor at the time of death. The annuity is payable using the  
66.34 full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and  
66.35 one-half of the actuarial equivalent reduction from age 55 to the date payment begins.

67.1 The actuarial equivalent reduction is calculated so that the reduced annuity is the actuarial  
 67.2 equivalent of the annuity that would be payable to the member if the member deferred  
 67.3 receipt of the annuity and the annuity amount were augmented at an annual rate of 2.5  
 67.4 percent compounded annually from the day the annuity begins to accrue until the normal  
 67.5 retirement age.

67.6 (e) (d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity  
 67.7 or surviving spouse benefit payable under this section. The benefits are payable for the  
 67.8 life of the surviving spouse, or upon expiration of the term certain benefit payment under  
 67.9 subdivision 2b.

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

67.11 Sec. 4. **REPEALER.**

67.12 (a) Minnesota Statutes 2014, sections 354A.12, subdivision 2c; 354A.31, subdivision  
 67.13 3; and 356.47, subdivision 1, are repealed.

67.14 (b) Minnesota Statutes 2015 Supplement, section 354A.12, subdivision 3c, is  
 67.15 repealed.

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

67.17 Delete the title and insert:

67.18 "A bill for an act  
 67.19 relating to retirement; making administrative changes to the Minnesota State  
 67.20 Retirement System, Teachers Retirement Association, Public Employees  
 67.21 Retirement Association, and St. Paul Teachers Retirement Fund Association;  
 67.22 clarifying refund repayment procedures; modifying executive director  
 67.23 credentials; clarifying combined service annuity augmentation rates and  
 67.24 service requirements; revising appeal procedures; clarifying coverage for  
 67.25 charter school administrators; modifying service credit purchase procedures;  
 67.26 establishing new procedures for disability applications due to private disability  
 67.27 insurance requirements; clarifying death and disability benefit payment  
 67.28 provisions; modifying annual benefit limitations for federal tax code compliance;  
 67.29 authorizing use of IRS correction procedures; clarifying benefit offsets for  
 67.30 certain refund payments; clarifying police and fire plan coverage for certain  
 67.31 Hennepin Healthcare System supervisors; modifying various economic actuarial  
 67.32 assumptions; adopting recommendations of the volunteer firefighter relief  
 67.33 association working group; increasing relief association lump-sum service  
 67.34 pension maximums; lowering certain vesting requirements for Eden Prairie  
 67.35 volunteer firefighters relief association; providing for the consolidation of the  
 67.36 Coleraine and Bovey volunteer firefighters relief associations; modifying the  
 67.37 MSRS disability application deadlines in certain instances; adopting definition  
 67.38 of the hometown heroes act related to public safety officer death benefits;  
 67.39 allowing service credit purchase and Rule of 90 eligibility for certain Minnesota  
 67.40 Department of Transportation employees; authorizing MnSCU employees to  
 67.41 elect retroactive and prospective TRA coverage; authorizing MnSCU employee  
 67.42 to transfer past service from IRAP to PERA; increasing maximum employer  
 67.43 contribution to a supplemental laborers pension fund; authorizing certain  
 67.44 additional sources of retirement plan funding; making technical and conforming

68.1 changes; amending Minnesota Statutes 2014, sections 3A.03, subdivision 3;  
68.2 16A.14, subdivision 2a; 352.03, subdivisions 5, 6; 352.113, subdivisions 2, 4;  
68.3 353.01, subdivision 43; 353.32, subdivision 1; 353.34, subdivision 2; 354.05,  
68.4 subdivision 2, by adding a subdivision; 354.06, subdivisions 2, 2a; 354.095;  
68.5 354.45, by adding a subdivision; 354.46, subdivision 6; 354.48, subdivision 1;  
68.6 354.52, subdivisions 4, 6; 354A.011, subdivision 29; 354A.093, subdivision 4;  
68.7 354A.095; 354A.35, subdivision 2; 354A.38, as amended; 356.24, subdivision 1;  
68.8 356.30, subdivision 1; 356.635, by adding subdivisions; 356.96, subdivisions  
68.9 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 423A.02, subdivision 3; 424A.01, by  
68.10 adding subdivisions; 424A.015, by adding a subdivision; 424B.20, subdivision  
68.11 4; Minnesota Statutes 2015 Supplement, sections 3A.03, subdivision 2;  
68.12 352.23; 352B.11, subdivision 4; 352D.05, subdivision 4; 353.0162; 353.64,  
68.13 subdivision 10; 354.44, subdivision 9; 354A.093, subdivision 6; 354A.096;  
68.14 356.215, subdivision 8; 356.50, subdivision 2; 356.551, subdivision 2; 356.635,  
68.15 subdivision 10; 424A.02, subdivision 3; 490.124, subdivision 12; proposing  
68.16 coding for new law in Minnesota Statutes, chapters 356; 424A; repealing  
68.17 Minnesota Statutes 2014, sections 352.04, subdivision 11; 353.0161, subdivision  
68.18 1; 353.34, subdivision 6; 354A.12, subdivision 2c; 354A.31, subdivision 3;  
68.19 356.47, subdivision 1; 356.611, subdivisions 3, 3a, 4, 5; 356.96, subdivisions  
68.20 14, 15; 424A.02, subdivision 13; Minnesota Statutes 2015 Supplement, sections  
68.21 353.0161, subdivisions 2, 3; 354A.12, subdivision 3c."