

2012 OMNIBUS RETIREMENT BILL

1.1
1.2 moves to amend H.F. No. 2199; S.F. No. 1808, as follows:

1.3 Delete everything after the enacting clause and insert:

1.4 "ARTICLE 1**1.5 STATUTORY ACTUARIAL ASSUMPTION AND CONFORMING CHANGES**

1.6 Section 1. Minnesota Statutes 2010, section 356.215, subdivision 1, is amended to read:

1.7 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
1.8 356.23, each of the terms in the following paragraphs has the meaning given.

1.9 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
1.10 under section 356.214 if so required under section 3.85, or otherwise, by an approved
1.11 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
1.12 plan, according to the entry age actuarial cost method and based upon stated assumptions
1.13 including, but not limited to rates of interest, mortality, salary increase, disability,
1.14 withdrawal, and retirement and to determine the payment necessary to amortize over a
1.15 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
1.16 valuation of the benefit plan.

1.17 (c) "Approved actuary" means a person who is regularly engaged in the business of
1.18 providing actuarial services and who is a fellow in the Society of Actuaries.

1.19 (d) "Entry age actuarial cost method" means an actuarial cost method under which
1.20 the actuarial present value of the projected benefits of each individual currently covered
1.21 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
1.22 the service of the individual, if the benefit plan is governed by section 69.773, or over the
1.23 earnings of the individual, if the benefit plan is governed by any other law, between the
1.24 entry age and the assumed exit age, with the portion of the actuarial present value which is
1.25 allocated to the valuation year to be the normal cost and the portion of the actuarial present
1.26 value not provided for at the valuation date by the actuarial present value of future normal

2.1 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
2.2 the sum of the calculated result for each covered individual and with recognition given to
2.3 any different benefit formulas which may apply to various periods of service.

2.4 (e) "Experience study" means a report providing experience data and an actuarial
2.5 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are
2.6 based.

2.7 (f) "Actuarial value of assets" means:

2.8 (i) For the July 1, 2009, actuarial valuation, the market value of all assets as of
2.9 June 30, 2009, reduced by:

2.10 (i) 20 percent of the difference between the actual net change in the market value of
2.11 assets other than the Minnesota postretirement investment fund between June 30, 2006,
2.12 and June 30, 2005, and the computed increase in the market value of assets other than the
2.13 Minnesota postretirement investment fund over that fiscal year period if the assets had
2.14 earned a rate of return on assets equal to the annual percentage preretirement interest rate
2.15 assumption used in the actuarial valuation for July 1, 2005;

2.16 (ii) 40 percent of the difference between the actual net change in the market value of
2.17 assets other than the Minnesota postretirement investment fund between June 30, 2007,
2.18 and June 30, 2006, and the computed increase in the market value of assets other than the
2.19 Minnesota postretirement investment fund over that fiscal year period if the assets had
2.20 earned a rate of return on assets equal to the annual percentage preretirement interest rate
2.21 assumption used in the actuarial valuation for July 1, 2006;

2.22 (iii) 60 percent of the difference between the actual net change in the market value
2.23 of assets other than the Minnesota postretirement investment fund between June 30, 2008,
2.24 and June 30, 2007, and the computed increase in the market value of assets other than the
2.25 Minnesota postretirement investment fund over that fiscal year period if the assets had
2.26 earned a rate of return on assets equal to the annual percentage preretirement interest rate
2.27 assumption used in the actuarial valuation for July 1, 2007;

2.28 (iv) 80 percent of the difference between the actual net change in the market value of
2.29 assets other than the Minnesota postretirement investment fund between June 30, 2009,
2.30 and June 30, 2008, and the computed increase in the market value of assets other than the
2.31 Minnesota postretirement investment fund over that fiscal year period if the assets had
2.32 earned a rate of return on assets equal to the annual percentage preretirement interest rate
2.33 assumption used in the actuarial valuation for July 1, 2008; and

2.34 (v) if applicable, 80 percent of the difference between the actual net change in the
2.35 market value of the Minnesota postretirement investment fund between June 30, 2009,

- 3.1 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
- 3.2 year period if the assets had increased at 8.5 percent annually.
- 3.3 (2) For the July 1, 2010, actuarial valuation, the market value of all assets as of
- 3.4 June 30, 2010, reduced by:
- 3.5 (i) 20 percent of the difference between the actual net change in the market value of
- 3.6 assets other than the Minnesota postretirement investment fund between June 30, 2007,
- 3.7 and June 30, 2006, and the computed increase in the market value of assets other than the
- 3.8 Minnesota postretirement investment fund over that fiscal year period if the assets had
- 3.9 earned a rate of return on assets equal to the annual percentage preretirement interest rate
- 3.10 assumption used in the actuarial valuation for July 1, 2006;
- 3.11 (ii) 40 percent of the difference between the actual net change in the market value of
- 3.12 assets other than the Minnesota postretirement investment fund between June 30, 2008,
- 3.13 and June 30, 2007, and the computed increase in the market value of assets other than the
- 3.14 Minnesota postretirement investment fund over that fiscal year period if the assets had
- 3.15 earned a rate of return on assets equal to the annual percentage preretirement interest rate
- 3.16 assumption used in the actuarial valuation for July 1, 2007;
- 3.17 (iii) 60 percent of the difference between the actual net change in the market value
- 3.18 of assets other than the Minnesota postretirement investment fund between June 30, 2009,
- 3.19 and June 30, 2008, and the computed increase in the market value of assets other than the
- 3.20 Minnesota postretirement investment fund over that fiscal year period if the assets had
- 3.21 earned a rate of return on assets equal to the annual percentage preretirement interest rate
- 3.22 assumption used in the actuarial valuation for July 1, 2008;
- 3.23 (iv) 80 percent of the difference between the actual net change in the market value of
- 3.24 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the
- 3.25 market value of total assets over that fiscal year period if the assets had earned a rate of
- 3.26 return on assets equal to the annual percentage preretirement interest rate assumption used
- 3.27 in the actuarial valuation for July 1, 2009; and
- 3.28 (v) if applicable, 60 percent of the difference between the actual net change in the
- 3.29 market value of the Minnesota postretirement investment fund between June 30, 2009,
- 3.30 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
- 3.31 year period if the assets had increased at 8.5 percent annually.
- 3.32 (3) For the July 1, 2011, actuarial valuation, the market value of all assets as of
- 3.33 June 30, 2011, reduced by:
- 3.34 (i) 20 percent of the difference between the actual net change in the market value of
- 3.35 assets other than the Minnesota postretirement investment fund between June 30, 2008,
- 3.36 and June 30, 2007, and the computed increase in the market value of assets other than the

4.1 Minnesota postretirement investment fund over that fiscal year period if the assets had
4.2 earned a rate of return on assets equal to the annual percentage preretirement interest rate
4.3 assumption used in the actuarial valuation for July 1, 2007;
4.4 (ii) 40 percent of the difference between the actual net change in the market value of
4.5 assets other than the Minnesota postretirement investment fund between June 30, 2009,
4.6 and June 30, 2008, and the computed increase in the market value of assets other than the
4.7 Minnesota postretirement investment fund over that fiscal year period if the assets had
4.8 earned a rate of return on assets equal to the annual percentage preretirement interest rate
4.9 assumption used in the actuarial valuation for July 1, 2008;
4.10 (iii) 60 percent of the difference between the actual net change in the market value
4.11 of the total assets between June 30, 2010, and June 30, 2009, and the computed increase in
4.12 the market value of the total assets over that fiscal year period if the assets had earned
4.13 a rate of return on assets equal to the annual percentage preretirement interest rate
4.14 assumption used in the actuarial valuation for July 1, 2009;
4.15 (iv) 80 percent of the difference between the actual net change in the market value of
4.16 total assets between June 30, 2011, and June 30, 2010, and the computed increase in the
4.17 market value of total assets over that fiscal year period if the assets had earned a rate of
4.18 return on assets equal to the annual percentage preretirement interest rate assumption used
4.19 in the actuarial valuation for July 1, 2010, and
4.20 (v) if applicable, 40 percent of the difference between the actual net change in the
4.21 market value of the Minnesota postretirement investment fund between June 30, 2009,
4.22 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
4.23 year period if the assets had increased at 8.5 percent annually.
4.24 (4) (1) For the July 1, 2012, actuarial valuation, the market value of all assets as of
4.25 June 30, 2012, reduced by:
4.26 (i) 20 percent of the difference between the actual net change in the market value of
4.27 assets other than the Minnesota postretirement investment fund between June 30, 2009,
4.28 and June 30, 2008, and the computed increase in the market value of assets other than the
4.29 Minnesota postretirement investment fund over that fiscal year period if the assets had
4.30 earned a rate of return on assets equal to the annual percentage preretirement interest rate
4.31 assumption used in the actuarial valuation for July 1, 2008;
4.32 (ii) 40 percent of the difference between the actual net change in the market value of
4.33 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the
4.34 market value of total assets over that fiscal year period if the assets had earned a rate of
4.35 return on assets equal to the annual percentage preretirement interest rate assumption used
4.36 in the actuarial valuation for July 1, 2009;

5.1 (iii) 60 percent of the difference between the actual net change in the market value
5.2 of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the
5.3 market value of total assets over that fiscal year period if the assets had earned a rate of
5.4 return on assets equal to the annual percentage preretirement interest rate assumption used
5.5 in the actuarial valuation for July 1, 2010;
5.6 (iv) 80 percent of the difference between the actual net change in the market value of
5.7 total assets between June 30, 2012, and June 30, 2011, and the computed increase in the
5.8 market value of total assets over that fiscal year period if the assets had earned a rate of
5.9 return on assets equal to the annual percentage preretirement interest rate assumption used
5.10 in the actuarial valuation for July 1, 2011; and
5.11 (v) if applicable, 20 percent of the difference between the actual net change in the
5.12 market value of the Minnesota postretirement investment fund between June 30, 2009,
5.13 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
5.14 year period if the assets had increased at 8.5 percent annually.
5.15 ~~(5)~~ (2) For the July 1, 2013, and following actuarial valuations, the market value of
5.16 all assets as of the preceding June 30, reduced by:
5.17 (i) 20 percent of the difference between the actual net change in the market value
5.18 of total assets between the June 30 that occurred three years earlier and the June 30 that
5.19 occurred four years earlier and the computed increase in the market value of total assets
5.20 over that fiscal year period if the assets had earned a rate of return on assets equal to the
5.21 annual percentage preretirement interest rate assumption used in the actuarial valuation
5.22 for the July 1 that occurred four years earlier;
5.23 (ii) 40 percent of the difference between the actual net change in the market value
5.24 of total assets between the June 30 that occurred two years earlier and the June 30 that
5.25 occurred three years earlier and the computed increase in the market value of total assets
5.26 over that fiscal year period if the assets had earned a rate of return on assets equal to the
5.27 annual percentage preretirement interest rate assumption used in the actuarial valuation
5.28 for the July 1 that occurred three years earlier;
5.29 (iii) 60 percent of the difference between the actual net change in the market value
5.30 of total assets between the June 30 that occurred one year earlier and the June 30 that
5.31 occurred two years earlier and the computed increase in the market value of total assets
5.32 over that fiscal year period if the assets had earned a rate of return on assets equal to the
5.33 annual percentage preretirement interest rate assumption used in the actuarial valuation
5.34 for the July 1 that occurred two years earlier; and
5.35 (iv) 80 percent of the difference between the actual net change in the market value
5.36 of total assets between the most recent June 30 and the June 30 that occurred one year

- 6.1 earlier and the computed increase in the market value of total assets over that fiscal year
- 6.2 period if the assets had earned a rate of return on assets equal to the annual percentage
- 6.3 preretirement interest rate assumption used in the actuarial valuation for the July 1 that
- 6.4 occurred one year earlier.
- 6.5 (g) "Unfunded actuarial accrued liability" means the total current and expected
- 6.6 future benefit obligations, reduced by the sum of the actuarial value of assets and the
- 6.7 present value of future normal costs.
- 6.8 (h) "Pension benefit obligation" means the actuarial present value of credited
- 6.9 projected benefits, determined as the actuarial present value of benefits estimated to be
- 6.10 payable in the future as a result of employee service attributing an equal benefit amount,
- 6.11 including the effect of projected salary increases and any step rate benefit accrual rate
- 6.12 differences, to each year of credited and expected future employee service.

6.13 **EFFECTIVE DATE.** This section is effective July 1, 2012.

6.14 Sec. 2. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is

6.15 amended to read:

6.16 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use

6.17 the applicable following preretirement interest assumption and the applicable following

6.18 postretirement interest assumption:

(1) select and ultimate interest rate assumption	<u>ultimate</u> preretirement interest rate assumption	<u>ultimate</u> postretirement interest rate assumption
6.20 general state employees retirement plan	8.5%	6.0%
6.21 correctional state employees retirement plan	8.5	6.0
6.22 State Patrol retirement plan	8.5	6.0
6.23 legislators retirement plan	8.5 0.0	6.0 -2.0 until June 30, 2040, and -2.5 after June 30, 2040
6.24 elective state officers retirement plan	8.5 0.0	6.0 -2.0 until June 30, 2040, and -2.5 after June 30, 2040
6.25 judges retirement plan	8.5	6.0
6.26 general public employees retirement plan	8.5	6.0
6.27 public employees police and fire retirement plan	8.5	6.0
6.28 local government correctional service retirement plan	8.5	6.0
6.29 teachers retirement plan	8.5	6.0
6.30 Duluth teachers retirement plan	8.5	8.5
6.31 St. Paul teachers retirement plan	8.5	8.5

- 7.1 Except for the legislators retirement plan and the elective state officers retirement
- 7.2 plan, the select preretirement interest rate assumption for the period after June 30, 2012,
- 7.3 through June 30, 2017, is 8.0 percent. Except for the legislators retirement plan and the
- 7.4 elective state officers retirement plan, the select postretirement interest rate assumption for
- 7.5 the period after June 30, 2012, through June 30, 2017, is 5.5 percent, except for the Duluth
- 7.6 teachers retirement plan and the St. Paul teachers retirement plan, each with a select
- 7.7 postretirement interest rate assumption for the period after June 30, 2012, through June
- 7.8 30, 2017, of 8.0 percent.
- 7.9 (2) single rate preretirement and postretirement interest rate assumption
- | | <u>interest rate</u> |
|------|---|
| | <u>assumption</u> |
| 7.10 | |
| 7.11 | plan |
| 7.12 | Fairmont Police Relief Association 5.0 5.0 |
| 7.13 | Virginia Fire Department Relief Association 5.0 5.0 |
| 7.14 | Bloomington Fire Department Relief Association 6.0 6.0 |
| 7.15 | local monthly benefit volunteer firefighters relief 5.0 5.0 |
| 7.16 | associations |
- 7.17 (b) ~~Before July 1, 2010~~; The actuarial valuation must use the applicable following
- 7.18 single rate future salary increase assumption, the applicable following modified single
- 7.19 rate future salary increase assumption, or the applicable following graded rate future
- 7.20 salary increase assumption:
- | | | |
|------|---|-----------------------------------|
| 7.21 | (1) single rate future salary increase assumption | future salary increase assumption |
| 7.22 | legislators retirement plan | 5.0% |
| 7.23 | judges retirement plan | 4.0 3.0 |
| 7.24 | Fairmont Police Relief Association | 3.5 |
| 7.25 | Virginia Fire Department Relief Association | 3.5 |
| 7.26 | Bloomington Fire Department Relief Association | 4.0 |
| 7.27 | Association | |
- 7.28
- 7.29 (2) age-related future salary increase age-related select and ultimate future salary
- 7.30 increase assumption or graded rate future salary increase assumption
- | | | |
|------|---|-----------------------------------|
| 7.31 | plan | future salary increase assumption |
| 7.32 | correctional state employees retirement plan | assumption D |
| 7.33 | State Patrol retirement plan | assumption C |
| 7.34 | local government correctional service retirement plan | assumption C |
| 7.35 | Duluth teachers retirement plan | assumption A |
| 7.36 | St. Paul teachers retirement plan | assumption B |
- 7.37 The select calculation is: during the
- 7.38 designated select period, a designated
- 7.39 percentage rate is multiplied by the result of

8.1 the designated integer minus T, where T is
 8.2 the number of completed years of service,
 8.3 and is added to the applicable future salary
 8.4 increase assumption. ~~The designated select~~
 8.5 ~~period is five years and the designated~~
 8.6 ~~integer is five for the general state employees~~
 8.7 ~~retirement plan.~~ The designated select period
 8.8 is ten years and the designated integer is ten
 8.9 for all other retirement plans covered by
 8.10 this clause. The designated percentage rate
 8.11 is: (1) ~~0.2 percent for the correctional state~~
 8.12 ~~employees retirement plan, the State Patrol~~
 8.13 ~~retirement plan, and the local government~~
 8.14 ~~correctional service retirement plan; (2)~~
 8.15 0.6 percent for the general state employees
 8.16 retirement plan; and ~~(3)~~(2) 0.3 percent for the
 8.17 teachers retirement plan, the Duluth Teachers
 8.18 Retirement Fund Association, and the St.
 8.19 Paul Teachers Retirement Fund Association.
 8.20 The select calculation for the Duluth Teachers
 8.21 Retirement Fund Association is 8.00 percent
 8.22 per year for service years one through seven,
 8.23 7.25 percent per year for service years seven
 8.24 and eight, and 6.50 percent per year for
 8.25 service years eight and nine.

8.26 The ultimate future salary increase assumption is:

8.27 age	A	B	C	D
8.28 16	8.00%	6.90%	<u>7.7500% 9.00%</u>	7.2500%
8.29 17	8.00	6.90	<u>7.7500 9.00</u>	7.2500
8.30 18	8.00	6.90	<u>7.7500 9.00</u>	7.2500
8.31 19	8.00	6.90	<u>7.7500 9.00</u>	7.2500
8.32 20	6.90	6.90	<u>7.7500 9.00</u>	7.2500
8.33 21	6.90	6.90	<u>7.1454 8.75</u>	6.6454
8.34 22	6.90	6.90	<u>7.0725 8.50</u>	6.5725
8.35 23	6.85	6.85	<u>7.0544 8.25</u>	6.5544
8.36 24	6.80	6.80	<u>7.0363 8.00</u>	6.5363
8.37 25	6.75	6.75	<u>7.0000 7.75</u>	6.5000
8.38 26	6.70	6.70	<u>7.0000 7.50</u>	6.5000

9.1	27	6.65	6.65	7.0000	<u>7.25</u>	6.5000
9.2	28	6.60	6.60	7.0000	<u>7.00</u>	6.5000
9.3	29	6.55	6.55	7.0000	<u>6.75</u>	6.5000
9.4	30	6.50	6.50	7.0000	<u>6.75</u>	6.5000
9.5	31	6.45	6.45	7.0000	<u>6.50</u>	6.5000
9.6	32	6.40	6.40	7.0000	<u>6.50</u>	6.5000
9.7	33	6.35	6.35	7.0000	<u>6.50</u>	6.5000
9.8	34	6.30	6.30	7.0000	<u>6.25</u>	6.5000
9.9	35	6.25	6.25	7.0000	<u>6.25</u>	6.5000
9.10	36	6.20	6.20	6.9019	<u>6.00</u>	6.4019
9.11	37	6.15	6.15	6.8074	<u>6.00</u>	6.3074
9.12	38	6.10	6.10	6.7125	<u>6.00</u>	6.2125
9.13	39	6.05	6.05	6.6054	<u>5.75</u>	6.1054
9.14	40	6.00	6.00	6.5000	<u>5.75</u>	6.0000
9.15	41	5.90	5.90	6.3540	<u>5.75</u>	5.8540
9.16	42	5.80	5.80	6.2087	<u>5.50</u>	5.7087
9.17	43	5.70	5.70	6.0622	<u>5.25</u>	5.5622
9.18	44	5.60	5.60	5.9048	<u>5.25</u>	5.4078
9.19	45	5.50	5.50	5.7500	<u>5.00</u>	5.2500
9.20	46	5.40	5.40	5.6940	<u>5.00</u>	5.1940
9.21	47	5.30	5.30	5.6375	<u>5.00</u>	5.1375
9.22	48	5.20	5.20	5.5822	<u>5.00</u>	5.0822
9.23	49	5.10	5.10	5.5404	<u>5.00</u>	5.0404
9.24	50	5.00	5.00	5.5000	<u>5.00</u>	5.0000
9.25	51	4.90	4.90	5.4384	<u>5.00</u>	4.9384
9.26	52	4.80	4.80	5.3776	<u>5.00</u>	4.8776
9.27	53	4.70	4.70	5.3167	<u>5.00</u>	4.8167
9.28	54	4.60	4.60	5.2826	<u>5.00</u>	4.7826
9.29	55	4.50	4.50	5.2500	<u>4.75</u>	4.7500
9.30	56	4.40	4.40	5.2500	<u>4.75</u>	4.7500
9.31	57	4.30	4.30	5.2500	<u>4.50</u>	4.7500
9.32	58	4.20	4.20	5.2500	<u>4.25</u>	4.7500
9.33	59	4.10	4.10	5.2500	<u>4.25</u>	4.7500
9.34	60	4.00	4.00	5.2500	<u>4.25</u>	4.7500
9.35	61	3.90	3.90	5.2500	<u>4.25</u>	4.7500
9.36	62	3.80	3.80	5.2500	<u>4.25</u>	4.7500
9.37	63	3.70	3.70	5.2500	<u>4.25</u>	4.7500
9.38	64	3.60	3.60	5.2500	<u>4.00</u>	4.7500
9.39	65	3.50	3.50	5.2500	<u>4.00</u>	4.7500
9.40	66	3.50	3.50	5.2500	<u>4.00</u>	4.7500
9.41	67	3.50	3.50	5.2500	<u>4.00</u>	4.7500
9.42	68	3.50	3.50	5.2500	<u>4.00</u>	4.7500

10.1	69	3.50	5.00	5.2500 <u>4.00</u>	4.7500 <u>4.7500</u>	
10.2	70	3.50	5.00	5.2500 <u>4.00</u>	4.7500 <u>4.7500</u>	
10.3		(3) service-related ultimate future salary increase assumption				
10.4		general state employees retirement plan of the			assumption A	
10.5		Minnesota State Retirement System				
10.6		general employees retirement plan of the Public			assumption B	
10.7		Employees Retirement Association				
10.8		Teachers Retirement Association			assumption C	
10.9		public employees police and fire retirement plan			assumption D	
10.10		<u>State Patrol retirement plan</u>			<u>assumption E</u>	
10.11		<u>correctional state employees retirement plan of the</u>			<u>assumption F</u>	
10.12		<u>Minnesota State Retirement System</u>				
10.13	service	A	B	C	D	E
10.14	length	A	B	C	D	E
10.15	1	10.75 <u>10.50%</u>	12.25 <u>12.03%</u>	<u>12.00%</u>	<u>13.00%</u>	<u>8.00%</u>
10.16	2	8.35 <u>8.10</u>	9.15 <u>8.90</u>	9.00	11.00	<u>7.50</u>
10.17	3	7.15 <u>6.90</u>	7.75 <u>7.46</u>	8.00	9.00	<u>7.00</u>
10.18	4	6.45 <u>6.20</u>	6.85 <u>6.58</u>	7.50	8.00	<u>6.75</u>
10.19	5	5.95 <u>5.70</u>	6.25 <u>5.97</u>	7.25	6.50	<u>6.50</u>
10.20	6	5.55 <u>5.30</u>	5.75 <u>5.52</u>	7.00	6.10	<u>6.25</u>
10.21	7	5.25 <u>5.00</u>	5.45 <u>5.16</u>	6.85	5.80	<u>6.00</u>
10.22	8	4.95 <u>4.70</u>	5.15 <u>4.87</u>	6.70	5.60	<u>5.85</u>
10.23	9	4.75 <u>4.50</u>	4.85 <u>4.63</u>	6.55	5.40	<u>5.70</u>
10.24	10	4.65 <u>4.40</u>	4.65 <u>4.42</u>	6.40	5.30	<u>5.55</u>
10.25	11	4.45 <u>4.20</u>	4.45 <u>4.24</u>	6.25	5.20	<u>5.40</u>
10.26	12	4.35 <u>4.10</u>	4.35 <u>4.08</u>	6.00	5.10	<u>5.25</u>
10.27	13	4.25 <u>4.00</u>	4.15 <u>3.94</u>	5.75	5.00	<u>5.10</u>
10.28	14	4.05 <u>3.80</u>	4.05 <u>3.82</u>	5.50	4.90	<u>4.95</u>
10.29	15	3.95 <u>3.70</u>	3.95 <u>3.70</u>	5.25	4.80	<u>4.80</u>
10.30	16	3.85 <u>3.60</u>	3.85 <u>3.60</u>	5.00	4.80	<u>4.65</u>
10.31	17	3.75 <u>3.50</u>	3.75 <u>3.51</u>	4.75	4.80	<u>4.50</u>
10.32	18	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.50	4.80	<u>4.35</u>
10.33	19	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.25	4.80	<u>4.20</u>
10.34	20	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.00	4.80	<u>4.05</u>
10.35	21	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.90	4.70	<u>4.00</u>
10.36	22	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.80	4.60	<u>4.00</u>
10.37	23	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.70	4.50	<u>4.00</u>
10.38	24	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.60	4.50	<u>4.00</u>
10.39	25	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>
10.40	26	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>
10.41	27	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>
10.42	28	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>

- 11.1 29 ~~3.75~~ 3.50 ~~3.75~~ 3.50 3.50 4.50 ~~4.00~~ 4.00 ~~3.75~~ 3.75
- 11.2 30 or ~~3.75~~ 3.50 ~~3.75~~ 3.50 3.50 4.50 ~~4.00~~ 4.00 ~~3.75~~ 3.75
- 11.3 more
- 11.4 (c) ~~Before July 2, 2010~~; The actuarial valuation must use the applicable following
- 11.5 payroll growth assumption for calculating the amortization requirement for the unfunded
- 11.6 actuarial accrued liability where the amortization retirement is calculated as a level
- 11.7 percentage of an increasing payroll:
- 11.8 plan payroll growth assumption
- 11.9 general state employees retirement plan of the ~~3.75~~ 3.75 3.75%
- 11.10 Minnesota State Retirement System
- 11.11 correctional state employees retirement plan ~~4.50~~ 3.75
- 11.12 State Patrol retirement plan ~~4.50~~ 3.75
- 11.13 ~~legislators retirement plan~~ ~~4.50~~
- 11.14 judges retirement plan ~~4.00~~ 3.00
- 11.15 general employees retirement plan of the Public ~~3.75~~ 3.75
- 11.16 Employees Retirement Association
- 11.17 public employees police and fire retirement plan ~~3.75~~ 3.75
- 11.18 local government correctional service retirement plan ~~4.50~~ 3.75
- 11.19 teachers retirement plan ~~3.75~~ 3.75
- 11.20 Duluth teachers retirement plan ~~4.50~~ 4.50
- 11.21 St. Paul teachers retirement plan ~~5.00~~ 5.00
- 11.22 (d) ~~After July 1, 2010~~; The assumptions set forth in paragraphs (b) and (c) continue
- 11.23 to apply, unless a different salary assumption or a different payroll increase assumption:
- 11.24 (1) has been proposed by the governing board of the applicable retirement plan;
- 11.25 (2) is accompanied by the concurring recommendation of the actuary retained under
- 11.26 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
- 11.27 most recent actuarial valuation report if section 356.214 does not apply; and
- 11.28 (3) has been approved or deemed approved under subdivision 18.
- 11.29 **EFFECTIVE DATE.** This section is effective June 30, 2012.
- 11.30 Sec. 3. Minnesota Statutes 2010, section 356.215, subdivision 11, is amended to read:
- 11.31 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
- 11.32 the level normal cost, the actuarial valuation of the retirement plan must contain an
- 11.33 exhibit for financial reporting purposes indicating the additional annual contribution
- 11.34 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
- 11.35 for contribution determination purposes indicating the additional contribution sufficient
- 11.36 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
- 11.37 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees

- 12.1 Retirement Association and the legislators retirement plan, the additional contribution
- 12.2 must be calculated on a level percentage of covered payroll basis by the established
- 12.3 date for full funding in effect when the valuation is prepared, assuming annual payroll
- 12.4 growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all
- 12.5 other retirement plans and for the MERF division of the Public Employees Retirement
- 12.6 Association and the legislators retirement plan, the additional annual contribution must be
- 12.7 calculated on a level annual dollar amount basis.
- 12.8 (b) For any retirement plan other than the general state employees retirement plan
- 12.9 of the Minnesota State Retirement System or a retirement plan governed by paragraph
- 12.10 (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions
- 12.11 used for calculating the actuarial accrued liability of the fund, a change in the benefit
- 12.12 plan governing annuities and benefits payable from the fund, a change in the actuarial
- 12.13 cost method used in calculating the actuarial accrued liability of all or a portion of the
- 12.14 fund, or a combination of the three, which change or changes by itself or by themselves
- 12.15 without inclusion of any other items of increase or decrease produce a net increase in the
- 12.16 unfunded actuarial accrued liability of the fund, the established date for full funding is the
- 12.17 first actuarial valuation date occurring after June 1, 2020.
- 12.18 (c) For any retirement plan other than the general employees retirement plan of the
- 12.19 Public Employees Retirement Association, if there has been a change in any or all of the
- 12.20 actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
- 12.21 change in the benefit plan governing annuities and benefits payable from the fund, a
- 12.22 change in the actuarial cost method used in calculating the actuarial accrued liability of all
- 12.23 or a portion of the fund, or a combination of the three, and the change or changes, by itself
- 12.24 or by themselves and without inclusion of any other items of increase or decrease, produce
- 12.25 a net increase in the unfunded actuarial accrued liability in the fund, the established date
- 12.26 for full funding must be determined using the following procedure:
- 12.27 (i) the unfunded actuarial accrued liability of the fund must be determined in
- 12.28 accordance with the plan provisions governing annuities and retirement benefits and the
- 12.29 actuarial assumptions in effect before an applicable change;
- 12.30 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
- 12.31 needed to amortize the unfunded actuarial accrued liability amount determined under item
- 12.32 (i) by the established date for full funding in effect before the change must be calculated
- 12.33 using the interest assumption specified in subdivision 8 in effect before the change;
- 12.34 (iii) the unfunded actuarial accrued liability of the fund must be determined in
- 12.35 accordance with any new plan provisions governing annuities and benefits payable from
- 12.36 the fund and any new actuarial assumptions and the remaining plan provisions governing

- 13.1 annuities and benefits payable from the fund and actuarial assumptions in effect before
- 13.2 the change;
- 13.3 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
- 13.4 needed to amortize the difference between the unfunded actuarial accrued liability amount
- 13.5 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
- 13.6 under item (iii) over a period of 30 years from the end of the plan year in which the
- 13.7 applicable change is effective must be calculated using the applicable interest assumption
- 13.8 specified in subdivision 8 in effect after any applicable change;
- 13.9 (v) the level annual dollar or level percentage amortization contribution under item
- 13.10 (iv) must be added to the level annual dollar amortization contribution or level percentage
- 13.11 calculated under item (ii);
- 13.12 (vi) the period in which the unfunded actuarial accrued liability amount determined
- 13.13 in item (iii) is amortized by the total level annual dollar or level percentage amortization
- 13.14 contribution computed under item (v) must be calculated using the interest assumption
- 13.15 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
- 13.16 integral number of years, but not to exceed 30 years from the end of the plan year in
- 13.17 which the determination of the established date for full funding using the procedure set
- 13.18 forth in this clause is made and not to be less than the period of years beginning in the
- 13.19 plan year in which the determination of the established date for full funding using the
- 13.20 procedure set forth in this clause is made and ending by the date for full funding in effect
- 13.21 before the change; and
- 13.22 (vii) the period determined under item (vi) must be added to the date as of which
- 13.23 the actuarial valuation was prepared and the date obtained is the new established date
- 13.24 for full funding.
- 13.25 (d) For the MERF division of the Public Employees Retirement Association, the
- 13.26 established date for full funding is June 30, 2031.
- 13.27 (e) For the general employees retirement plan of the Public Employees Retirement
- 13.28 Association, the established date for full funding is June 30, 2031.
- 13.29 (f) For the Teachers Retirement Association, the established date for full funding is
- 13.30 June 30, 2037.
- 13.31 (g) For the correctional state employees retirement plan of the Minnesota State
- 13.32 Retirement System, the established date for full funding is June 30, 2038.
- 13.33 (h) For the judges retirement plan, the established date for full funding is June
- 13.34 30, 2038.
- 13.35 (i) For the public employees police and fire retirement plan, the established date
- 13.36 for full funding is June 30, 2038.

- 14.1 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
14.2 full funding is June 30 of the 25th year from the valuation date. In addition to other
14.3 requirements of this chapter, the annual actuarial valuation must contain an exhibit
14.4 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
14.5 comparing liabilities to the market value of the assets of the fund as of the close of the
14.6 most recent fiscal year.
- 14.7 (k) For the general state employees retirement plan of the Minnesota State
14.8 Retirement System, the established date for full funding is June 30, 2040.
- 14.9 (l) For the retirement plans for which the annual actuarial valuation indicates an
14.10 excess of valuation assets over the actuarial accrued liability, the valuation assets in
14.11 excess of the actuarial accrued liability must be recognized as a reduction in the current
14.12 contribution requirements by an amount equal to the amortization of the excess expressed
14.13 as a level percentage of pay over a 30-year period beginning anew with each annual
14.14 actuarial valuation of the plan.

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

14.16 Sec. 4. DELAYED REPORTING DATE FOR CERTAIN QUADRENNIAL
14.17 EXPERIENCE STUDIES.

14.18 Notwithstanding any provision of Minnesota Statutes, section 356.215, subdivisions
14.19 2 and 3, paragraph (c), to the contrary, the next experience studies of the general state
14.20 employees retirement plan of the Minnesota State Retirement System, the general
14.21 employees retirement plan of the Public Employees Retirement Association, and the
14.22 Teachers Retirement Association must cover the period of July 1, 2008, through June 30,
14.23 2014, and must be filed with the applicable entities on June 30, 2015.

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

14.25 **ARTICLE 2**

14.26 **CONTRIBUTION ADEQUACY REPORTING**

14.27 Section 1. [16A.106] ADEQUACY OF BUDGETED AND FORECASTED
14.28 DEFINED BENEFIT PLAN RETIREMENT CONTRIBUTIONS.

14.29 (a) On or before May 30 or the date occurring 30 days after the conclusion of
14.30 the regular legislative session, whichever is later, in each odd-numbered year, the
14.31 commissioner shall prepare a report to the legislature on the adequacy of the budgeted
14.32 appropriations, including retirement-related state aids, and forecasted member and

- 15.1 employer retirement contributions to meet the total calculated actuarial funding
- 15.2 requirements of the statewide and major local defined benefit retirement plans.
- 15.3 (b) The total calculated actuarial funding requirements are the sum of:
- 15.4 (1) the normal cost;
- 15.5 (2) the administrative expenses as defined in section 356.20, subdivision 4,
- 15.6 paragraph (c); and
- 15.7 (3) the supplemental amortization contribution requirement using the amortization
- 15.8 target date specified in section 356.215, subdivision 11.
- 15.9 The total calculated actuarial funding requirements must be as determined in the
- 15.10 most recent actuarial valuation of the retirement plan prepared by an approved actuary
- 15.11 under section 356.215 and the most recent standards for actuarial work adopted by the
- 15.12 Legislative Commission on Pensions and Retirement.
- 15.13 (c) The statewide and major local retirement plans are the defined benefit retirement
- 15.14 plans listed in section 356.20, subdivision 2, clauses (1) to (6), (9), (12), (13), and (14).
- 15.15 (d) The report must also include as an exhibit as of the start of the most recent fiscal
- 15.16 year, the following information for each statewide and major local retirement plan in a
- 15.17 single comparative table:
- 15.18 (1) the year the retirement plan was enacted or established;
- 15.19 (2) the number of active members of the retirement plan;
- 15.20 (3) the number of retirement annuitants and retirement benefit recipients;
- 15.21 (4) whether or not the retirement plan supplements the federal Old Age, Survivors
- 15.22 and Disability Insurance program;
- 15.23 (5) the complete schedule of accrued benefit obligations and projected benefit
- 15.24 obligations from the latest actuarial valuation reports;
- 15.25 (6) whether or not the retirement plan permits the purchase of service credit for
- 15.26 out-of-state service or time;
- 15.27 (7) the percentage of covered salary employer contributions;
- 15.28 (8) the percentage of covered salary member contributions;
- 15.29 (9) the amount of unfunded actuarial accrued liability calculated using the actuarial
- 15.30 value of assets and the market value of assets;
- 15.31 (10) the percentage that assets, at actuarial value and at market value, represent
- 15.32 of the actuarial accrued liability;
- 15.33 (11) the normal retirement age or ages;
- 15.34 (12) the salary base definition and the percentage of salary base benefit accrual rate
- 15.35 per year of service credit formula for a normal retirement annuity;
- 15.36 (13) the amount of automatic postretirement adjustment;

- 16.1 (14) whether or not service credit is available for military service and any limitation
- 16.2 on its acquisition;
- 16.3 (15) the vesting period for a disability benefit and the definition of a disability
- 16.4 qualifying for a disability benefit;
- 16.5 (16) investment performance and interest rate actuarial assumptions;
- 16.6 (17) the amortization target date;
- 16.7 (18) four fiscal years running statistics of active retirement plan members;
- 16.8 (19) four fiscal years running statistics of retirement annuitants and retirement
- 16.9 benefit recipients;
- 16.10 (20) four fiscal years running statistics of deferred annuitants;
- 16.11 (21) four fiscal years running statistics of unfunded actuarial accrued liability
- 16.12 determined on an actuarial value of assets basis and on a market value of assets basis;
- 16.13 (22) four fiscal years running statistics of the percentage that assets, at actuarial
- 16.14 value and at market value, represent of the actuarial accrued liability;
- 16.15 (23) four fiscal years running statistics of actuarial value of assets; and
- 16.16 (24) four fiscal years running statistics of market value of assets.
- 16.17 (e) The report under this section also must be included on the Web site of the
- 16.18 department.

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

16.20 **ARTICLE 3**

16.21 **MSRS-CORRECTIONAL PLAN MEMBERSHIP CHANGES**

16.22 Section 1. Minnesota Statutes 2010, section 352.91, subdivision 3c, is amended to read:

- 16.23 Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by
- 16.24 a state employee in one of the employment positions at a correctional facility or at the
- 16.25 Minnesota Security Hospital, or in the Minnesota sex offender program that are specified
- 16.26 in paragraph (b) if at least 75 percent of the employee's working time is spent in direct
- 16.27 contact with inmates or patients and the fact of this direct contact is certified to the
- 16.28 executive director by the appropriate commissioner.
- 16.29 (b) The employment positions are as follows:
- 16.30 (1) registered nurse - senior;
- 16.31 (2) registered nurse;
- 16.32 (3) registered nurse - principal;
- 16.33 (4) licensed practical nurse 2; ~~and~~
- 16.34 (5) registered nurse advance practice; and
- 16.35 (6) psychiatric advance practice registered nurse.

- 17.1 **EFFECTIVE DATE.** (a) This section is effective retroactively from August 22,
- 17.2 2011.
- 17.3 (b) Service credit under the correctional state employees retirement plan rather than
- 17.4 under the general state employees retirement plan for the period between August 22, 2011,
- 17.5 and the day following enactment is contingent on the state employee and the Department
- 17.6 of Human Services paying the difference between the applicable employee and employer
- 17.7 contributions in the two retirement plans under section 352.017, subdivision 2.
- 17.8 Sec. 2. Minnesota Statutes 2010, section 352.91, subdivision 3d, is amended to read:
- 17.9 Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means
- 17.10 service by a state employee in one of the employment positions at a correctional facility or
- 17.11 at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the
- 17.12 employee's working time is spent in direct contact with inmates or patients and the fact of
- 17.13 this direct contact is certified to the executive director by the appropriate commissioner.
- 17.14 (b) The employment positions are:
- 17.15 (1) automotive mechanic;
- 17.16 (2) baker;
- 17.17 (3) central services administrative specialist, intermediate;
- 17.18 (4) central services administrative specialist, principal;
- 17.19 (5) chaplain;
- 17.20 (6) chief cook;
- 17.21 (7) clinical program therapist 1;
- 17.22 (8) clinical program therapist 2;
- 17.23 (9) clinical program therapist 3;
- 17.24 (10) clinical program therapist 4;
- 17.25 (11) cook;
- 17.26 ~~(8) (12) cook coordinator;~~
- 17.27 ~~(9) corrections program therapist 1;~~
- 17.28 ~~(10) corrections program therapist 2;~~
- 17.29 ~~(11) corrections program therapist 3;~~
- 17.30 ~~(12) corrections program therapist 4;~~
- 17.31 (13) corrections inmate program coordinator;
- 17.32 (14) corrections transitions program coordinator;
- 17.33 (15) corrections security caseworker;
- 17.34 (16) corrections security caseworker career;
- 17.35 (17) corrections teaching assistant;

- 18.1 (18) delivery van driver;
- 18.2 (19) dentist;
- 18.3 (20) electrician supervisor;
- 18.4 (21) general maintenance worker lead;
- 18.5 (22) general repair worker;
- 18.6 (23) library/information research services specialist;
- 18.7 (24) library/information research services specialist senior;
- 18.8 (25) library technician;
- 18.9 (26) painter lead;
- 18.10 (27) plant maintenance engineer lead;
- 18.11 (28) plumber supervisor;
- 18.12 (29) psychologist 1;
- 18.13 (30) psychologist 3;
- 18.14 (31) recreation therapist;
- 18.15 (32) recreation therapist coordinator;
- 18.16 (33) recreation program assistant;
- 18.17 (34) recreation therapist senior;
- 18.18 (35) sports medicine specialist;
- 18.19 (36) work therapy assistant;
- 18.20 (37) work therapy program coordinator; and
- 18.21 (38) work therapy technician.

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

- 18.23 Sec. 3. Minnesota Statutes 2010, section 352.91, subdivision 3f, is amended to read:
- 18.24 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
- 18.25 correctional service" means service by a state employee in one of the employment
- 18.26 positions specified in paragraph (b) at the Minnesota Security Hospital or in the Minnesota
- 18.27 sex offender program if at least 75 percent of the employee's working time is spent in
- 18.28 direct contact with patients and the determination of this direct contact is certified to the
- 18.29 executive director by the commissioner of human services.
- 18.30 (b) The employment positions are:
- 18.31 (1) behavior analyst 2;
- 18.32 (2) behavior analyst 3;
- 18.33 (3) certified occupational therapy assistant 1;
- 18.34 (4) certified occupational therapy assistant 2;
- 18.35 (5) chemical dependency counselor senior;

- 19.1 (6) client advocate;
- 19.2 (7) clinical program therapist 3;
- 19.3 (8) clinical program therapist 4;
- 19.4 (9) customer services specialist principal;
- 19.5 (8) (10) dental assistant registered;
- 19.6 (9) (11) group supervisor;
- 19.7 (10) (12) group supervisor assistant;
- 19.8 (11) (13) human services support specialist;
- 19.9 (12) (14) licensed alcohol and drug counselor;
- 19.10 (13) (15) licensed practical nurse 1;
- 19.11 (14) (16) management analyst 3;
- 19.12 (15) (17) occupational therapist;
- 19.13 (16) (18) occupational therapist, senior;
- 19.14 (17) (19) psychologist 1;
- 19.15 (18) (20) psychologist 2;
- 19.16 (19) (21) psychologist 3;
- 19.17 (20) (22) recreation program assistant;
- 19.18 (21) (23) recreation therapist lead;
- 19.19 (22) (24) recreation therapist senior;
- 19.20 (23) (25) rehabilitation counselor senior;
- 19.21 (24) (26) security supervisor;
- 19.22 (25) (27) skills development specialist;
- 19.23 (26) (28) social worker senior;
- 19.24 (27) (29) social worker specialist;
- 19.25 (28) (30) social worker specialist, senior;
- 19.26 (29) (31) special education program assistant;
- 19.27 (30) (32) speech pathology clinician;
- 19.28 (31) (33) work therapy assistant; and
- 19.29 (32) (34) work therapy program coordinator.

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

19.31 **Sec. 4. REPEALER.**

19.32 Minnesota Statutes 2010, section 352.91, subdivision 3e, is repealed.

19.33 **EFFECTIVE DATE.** This section is effective as of the day after the last day of the

19.34 last full pay period in May 2013.

20.1 ARTICLE 4

20.2 HEALTH CARE SAVINGS PLAN MODIFICATIONS

20.3 Section 1. Minnesota Statutes 2010, section 352.98, subdivision 3, is amended to read:

20.4 Subd. 3. **Contributions.** (a) Contributions to the plan must be defined in a
20.5 personnel policy or in a collective bargaining agreement of a public employer or political
20.6 subdivision. The executive director may offer different types of trusts permitted under the
20.7 Internal Revenue Code to best meet the needs of different employer units.

20.8 (b) Contributions to the plan by or on behalf of the participant must be held in trust
20.9 for reimbursement of eligible health-related expenses for participants and their dependents
20.10 following termination from public employment or ~~during active employment~~ in other
20.11 circumstances set forth in the plan document. The executive director shall maintain
20.12 a separate account of the contributions made by or on behalf of each participant and
20.13 the earnings thereon. The executive director shall make available a limited range of
20.14 investment options, and each participant may direct the investment of the accumulations
20.15 in the participant's account among the investment options made available by the executive
20.16 director.

20.17 (c) This section does not obligate a public employer to meet and negotiate in good
20.18 faith with the exclusive bargaining representative of any public employee group regarding
20.19 an employer contribution to a postretirement or active employee health care savings plan
20.20 authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent
20.21 of the legislature to authorize the state to incur new funding obligations for the costs of
20.22 retiree health care or the costs of administering retiree health care plans or accounts.

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

20.24 Sec. 2. Minnesota Statutes 2010, section 352.98, subdivision 4, is amended to read:

20.25 Subd. 4. **Reimbursement for health-related expenses.** The executive director
20.26 shall reimburse participants at least quarterly for eligible health-related expenses, as
20.27 allowable by federal and state law, until the participant exhausts the accumulation in the
20.28 participant's account. If a participant dies prior to exhausting the participant's account
20.29 balance, the participant's spouse or dependents are eligible to be reimbursed for health care
20.30 expenses from the account until the account balance is exhausted. If an account balance
20.31 remains after the death of a participant and all of the participant's legal dependents, the
20.32 remainder of the account must be paid to the participant's beneficiaries or, if none, to
20.33 the participant's estate a living person or persons named by the personal representative

- 21.1 of the estate. The person or persons named must use the account for reimbursement of
- 21.2 allowable health care expenses.
- 21.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 21.4 Sec. 3. Minnesota Statutes 2010, section 352.98, subdivision 5, is amended to read:
- 21.5 Subd. 5. **Fees.** The executive director is authorized to charge ~~uniform~~ fees to
- 21.6 participants to cover the ongoing cost of operating the plan. ~~Any fees not needed must~~
- 21.7 ~~revert to participant accounts or be used to reduce plan fees the following year.~~ The fees
- 21.8 must be deposited in an administrative fee account. On January 1, following the end of the
- 21.9 prior fiscal year, the executive director shall estimate the amount needed to cover plan
- 21.10 expenses, record keeping costs, and custodial fees for the new fiscal year. If the balance
- 21.11 of the administrative fee account is in excess of this amount, the excess must revert to
- 21.12 participant accounts, or plan fees must be reduced to eliminate the excess, or the executive
- 21.13 director may use a combination of both approaches to eliminate the excess.
- 21.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 21.15 Sec. 4. Minnesota Statutes 2010, section 352.98, subdivision 8, is amended to read:
- 21.16 Subd. 8. **Exemption from process.** Assets in a health-care health care savings
- 21.17 plan account described in this section must be used for the reimbursement of healthcare
- 21.18 health care expenses and are not assignable or subject to execution, levy, attachment,
- 21.19 garnishment, or other legal process, except as provided in section 518.58, 518.581, or
- 21.20 518A.53.
- 21.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 21.22
- 21.23 **MSRS-UNCLASSIFIED RETIREMENT PROGRAM MODIFICATIONS**
- 21.24 Section 1. Minnesota Statutes 2010, section 352D.02, subdivision 3, is amended to
- 21.25 read:
- 21.26 Subd. 3. **Transfer to general employees retirement plan.** (a) If permitted under
- 21.27 paragraph (b), an employee referred to in subdivision 1, paragraph (c), clauses (2) to (4),
- 21.28 (6) to (14), and (16) to (18), who is credited with shares in the unclassified program; and
- 21.29 who has credit for allowable service, not later than one month following the termination
- 21.30 of covered employment, may elect to terminate participation in the unclassified program
- 21.31 and be covered by the general employees retirement plan by filing a written election
- 21.32 with the executive director.

- 22.1 (b) An employee specified in paragraph (a) is permitted to terminate participation
- 22.2 in the unclassified program and be covered by the general employees retirement plan if
- 22.3 the employee;
- 22.4 (1) was employed before July 1, 2010, and has at least ten years of allowable service
- 22.5 as of the date of the election; or if the employee
- 22.6 (2) was first employed after June 30, 2010, and has no more than seven years of
- 22.7 allowable service as of the date of the election.
- 22.8 The election must be in writing on a form provided by the executive director, and
- 22.9 can be made no later than one month following the termination of covered employment.
- 22.10 (b) (c) If the transfer election is made, the executive director shall then redeem the
- 22.11 employee's total shares and shall credit to the employee's account in the general employees
- 22.12 retirement plan the amount of contributions that would have been so credited had the
- 22.13 employee been covered by the general employees retirement plan during the employee's
- 22.14 entire covered employment or elective state service. The balance of money so redeemed
- 22.15 and not credited to the employee's account must be transferred to the general employees
- 22.16 retirement plan, except that the executive director must determine:
- 22.17 (1) the employee contribution contributions paid to the unclassified program must be
- 22.18 compared to; and
- 22.19 (2) the employee contributions that would have been paid to the general employees
- 22.20 retirement plan for the comparable period, if the individual had been covered by that plan.
- 22.21 If clause (1) is greater than clause (2), the difference must be refunded to the
- 22.22 employee as provided in section 352.22. If clause (2) is greater than clause (1), the
- 22.23 difference must be paid by the employee within six months of electing general employees
- 22.24 retirement plan coverage or before the effective date of the annuity, whichever is sooner.
- 22.25 (d) An election under paragraph (a) (b) to transfer coverage to the general
- 22.26 employees retirement plan is irrevocable during any period of covered employment.
- 22.27 (e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or
- 22.28 (15), who is credited with employee shares in the unclassified program is not permitted
- 22.29 to terminate participation in the unclassified program and be covered by the general
- 22.30 employees retirement plan.

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

22.32 **ARTICLE 6**

22.33 **PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

22.34 Section 1. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 16,

22.35 is amended to read:

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

23.2 means:

- 23.3 (1) service during years of actual membership in the course of which employee
- 23.4 deductions were withheld from salary and contributions were made at the applicable rates
- 23.5 under section 353.27, 353.65, or 353E.03;
- 23.6 (2) periods of service covered by payments in lieu of salary deductions under
- 23.7 sections 353.27, subdivision 12, and 353.35;
- 23.8 (3) service in years during which the public employee was not a member but for
- 23.9 which the member later elected, while a member, to obtain credit by making payments to
- 23.10 the fund as permitted by any law then in effect;
- 23.11 (4) a period of authorized leave of absence with pay from which deductions for
- 23.12 employee contributions are made, deposited, and credited to the fund;
- 23.13 (5) a period of authorized personal, parental, or medical leave of absence without
- 23.14 pay, including a leave of absence covered under the federal Family Medical Leave Act,
- 23.15 that does not exceed one year, and for which a member obtained service credit for each
- 23.16 month in the leave period by payment under section 353.0161 to the fund made in place of
- 23.17 salary deductions. An employee must return to public service and render a minimum of
- 23.18 three months of allowable service in order to be eligible to make payment under section
- 23.19 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
- 23.20 employee must be granted allowable service credit for the purchased period;
- 23.21 (6) a periodic, repetitive leave that is offered to all employees of a governmental
- 23.22 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
- 23.23 as certified to the association by the employer. A participating member obtains service
- 23.24 credit by making employee contributions in an amount or amounts based on the member's
- 23.25 average salary, excluding overtime pay, that would have been paid if the leave had not been
- 23.26 taken. The employer shall pay the employer and additional employer contributions on
- 23.27 behalf of the participating member. The employee and the employer are responsible to pay
- 23.28 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
- 23.29 from the end of the normal cycle until full payment is made. An employer shall also make
- 23.30 the employer and additional employer contributions, plus 8.5 percent interest, compounded
- 23.31 annually, on behalf of an employee who makes employee contributions but terminates
- 23.32 public service. The employee contributions must be made within one year after the end of
- 23.33 the annual normal working cycle or within 30 days after termination of public service,
- 23.34 whichever is sooner. The executive director shall prescribe the manner and forms to be
- 23.35 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
- 23.36 payment, the member must be granted allowable service credit for the purchased period;

- 24.1 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
- 24.2 months allowable service per authorized temporary or seasonal layoff in one calendar year.
- 24.3 An employee who has received the maximum service credit allowed for an authorized
- 24.4 temporary or seasonal layoff must return to public service and must obtain a minimum of
- 24.5 three months of allowable service subsequent to the layoff in order to receive allowable
- 24.6 service for a subsequent authorized temporary or seasonal layoff;
- 24.7 (8) a period during which a member is absent from employment by a governmental
- 24.8 subdivision by reason of service in the uniformed services, as defined in United States
- 24.9 Code, title 38, section 4303(13), if the member returns to public service with the same
- 24.10 governmental subdivision upon discharge from service in the uniformed service within the
- 24.11 time frames required under United States Code, title 38, section 4312(e), provided that
- 24.12 the member did not separate from uniformed service with a dishonorable or bad conduct
- 24.13 discharge or under other than honorable conditions. The service must be credited if the
- 24.14 member pays into the fund equivalent employee contributions based upon the contribution
- 24.15 rate or rates in effect at the time that the uniformed service was performed multiplied by
- 24.16 the full and fractional years being purchased and applied to the annual salary rate. The
- 24.17 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
- 24.18 period that the member would have received if the member had continued to be employed
- 24.19 in covered employment rather than to provide uniformed service, or, if the determination
- 24.20 of that rate is not reasonably certain, the annual salary rate is the member's average salary
- 24.21 rate, excluding overtime pay, during the 12-month period of covered employment rendered
- 24.22 immediately preceding the period of the uniformed service. Payment of the member
- 24.23 equivalent contributions must be made during a period that begins with the date on which
- 24.24 the individual returns to public employment and that is three times the length of the
- 24.25 military leave period, or within five years of the date of discharge from the military service,
- 24.26 whichever is less. If the determined payment period is less than one year, the contributions
- 24.27 required under this clause to receive service credit may be made within one year of the
- 24.28 discharge date. Payment may not be accepted following 30 days after termination of
- 24.29 public service under subdivision 11a. If the member equivalent contributions provided for
- 24.30 in this clause are not paid in full, the member's allowable service credit must be prorated
- 24.31 by multiplying the full and fractional number of years of uniformed service eligible for
- 24.32 purchase by the ratio obtained by dividing the total member contributions received by the
- 24.33 total member contributions otherwise required under this clause. The equivalent employer
- 24.34 contribution, and, if applicable, the equivalent additional employer contribution must be
- 24.35 paid by the governmental subdivision employing the member if the member makes the
- 24.36 equivalent employee contributions. The employer payments must be made from funds

- 25.1 available to the employing unit, using the employer and additional employer contribution
- 25.2 rate or rates in effect at the time that the uniformed service was performed, applied to the
- 25.3 same annual salary rate or rates used to compute the equivalent member contribution. The
- 25.4 governmental subdivision involved may appropriate money for those payments. The
- 25.5 amount of service credit obtainable under this section may not exceed five years unless a
- 25.6 longer purchase period is required under United States Code, title 38, section 4312. The
- 25.7 employing unit shall pay interest on all equivalent member and employer contribution
- 25.8 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
- 25.9 compounded annually from the end of each fiscal year of the leave or the break in service
- 25.10 to the end of the month in which the payment is received. Upon payment, the employee
- 25.11 must be granted allowable service credit for the purchased period; or
- 25.12 (9) a period specified under ~~subdivision 40~~ section 353.0162.
- 25.13 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
- 25.14 state officers and employees displaced by the Community Corrections Act, chapter 401,
- 25.15 and transferred into county service under section 401.04, "allowable service" means the
- 25.16 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
- 25.17 section 352.01, subdivision 11.
- 25.18 (c) For a public employee who has prior service covered by a local police or
- 25.19 firefighters relief association that has consolidated with the Public Employees Retirement
- 25.20 Association under chapter 353A or to which section 353.665 applies, and who has
- 25.21 elected the type of benefit coverage provided by the public employees police and fire
- 25.22 fund either under section 353A.08 following the consolidation or under section 353.665,
- 25.23 subdivision 4, "allowable service" is a period of service credited by the local police or
- 25.24 firefighters relief association as of the effective date of the consolidation based on law
- 25.25 and on bylaw provisions governing the relief association on the date of the initiation
- 25.26 of the consolidation procedure.
- 25.27 (d) No member may receive more than 12 months of allowable service credit in a
- 25.28 year either for vesting purposes or for benefit calculation purposes. For an active member
- 25.29 who was an active member of the former Minneapolis Firefighters Relief Association on
- 25.30 the day prior to the effective date of consolidation under Laws 2011, First Special Session
- 25.31 chapter 8, article 6, section 19, "allowable service" is the period of service credited by
- 25.32 the Minneapolis Firefighters Relief Association as reflected in the transferred records of
- 25.33 the association up to the effective date of consolidation under Laws 2011, First Special
- 25.34 Session chapter 8, article 6, section 19, and the period of service credited under paragraph
- 25.35 (a), clause (1), after the effective date of consolidation under Laws 2011, First Special
- 25.36 Session chapter 8, article 6, section 19. For an active member who was an active member

26.1 of the former Minneapolis Police Relief Association on the day prior to the effective date
26.2 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
26.3 "allowable service" is the period of service credited by the Minneapolis Police Relief
26.4 Association as reflected in the transferred records of the association up to the effective date
26.5 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
26.6 and the period of service credited under paragraph (a), clause (1), after the effective date
26.7 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19.

26.8 (e) MS 2002 [Expired]

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

26.10 Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 47, is amended to read:

26.11 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement
26.12 to an annuity or benefit from a retirement plan administered by the Public Employees
26.13 Retirement Association by having credit for sufficient allowable service under paragraph
26.14 (b) or (c), whichever applies.

26.15 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
26.16 member of the general employees retirement plan of the Public Employees Retirement
26.17 Association:

26.18 (1) a ~~member~~ public employee who first became a ~~public-employee member~~ before
26.19 July 1, 2010, is vested when the person has accrued credit for not less than three years
26.20 of allowable service as defined under subdivision 16; and

26.21 (2) a ~~member~~ public employee who first becomes a ~~public-employee member~~ after
26.22 June 30, 2010, is vested when the person has accrued credit for not less than five years of
26.23 allowable service as defined under subdivision 16.

26.24 (c) For purposes of qualifying for an annuity or benefit as a member of the police
26.25 and fire plan or a member of the local government correctional employees retirement plan:

26.26 (1) a ~~member~~ public employee who first became a ~~public-employee member~~ before
26.27 July 1, 2010, is vested when the person has accrued credit for not less than three years
26.28 of allowable service as defined under subdivision 16; and

26.29 (2) a ~~member~~ public employee who first becomes a ~~public-employee member~~ after
26.30 June 30, 2010, is vested at the following percentages when the person has accrued credited
26.31 allowable service as defined under subdivision 16, as follows:

26.32 (i) 50 percent after five years;

26.33 (ii) 60 percent after six years;

26.34 (iii) 70 percent after seven years;

26.35 (iv) 80 percent after eight years;

- 27.1 (v) 90 percent after nine years; and
- 27.2 (vi) 100 percent after ten years.

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

27.4 Sec. 3. Minnesota Statutes 2010, section 353.50, subdivision 7, is amended to read:

- 27.5 Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the
- 27.6 member and employer contributions to the MERF division account are governed by this
- 27.7 subdivision.
- 27.8 (b) An active member covered by the MERF division must make an employee
- 27.9 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,
- 27.10 subdivision 10. The employee contribution must be made by payroll deduction by the
- 27.11 member's employing unit under section 353.27, subdivision 4, and is subject to the
- 27.12 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.
- 27.13 (c) The employer regular contribution to the MERF division account with respect
- 27.14 to an active MERF division member is 9.75 percent of the total salary of the member as
- 27.15 defined in section 353.01, subdivision 10.
- 27.16 (d) The employer additional contribution to the MERF division account with respect
- 27.17 to an active member of the MERF division is 2.68 percent of the total salary of the member
- 27.18 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000
- 27.19 that the employing unit paid or is payable to the former Minneapolis Employees
- 27.20 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,
- 27.21 or 2a, during calendar year 2009, as was certified by the former executive director of the
- 27.22 former Minneapolis Employees Retirement Fund.
- 27.23 (e) Annually after June 30, 2012, the employer supplemental contribution to
- 27.24 the MERF division account by the city of Minneapolis, Special School District No. 1,
- 27.25 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,
- 27.26 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and
- 27.27 the Minnesota State Colleges and Universities system is the larger of the following:
- 27.28 (1) the amount by which the total actuarial required contribution determined under
- 27.29 section 356.215 by the approved actuary retained by the Public Employees Retirement
- 27.30 Association in the most recent actuarial valuation of the MERF division and based on a
- 27.31 June 30, 2031, amortization date, after subtracting the contributions under paragraphs (b),
- 27.32 (c), and (d), exceeds \$22,750,000 or \$24,000,000, whichever applies; or
- 27.33 (2) the amount of \$27,000,000, but the total supplemental contribution amount
- 27.34 plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each
- 27.35 employing unit's share of the total employer supplemental contribution amount is equal to

- 28.1 the applicable portion specified in paragraph ~~(g)~~ (h). The initial total actuarial required
- 28.2 contribution after June 30, 2012, must be calculated using the mortality assumption
- 28.3 change recommended on September 30, 2009, for the Minneapolis Employees Retirement
- 28.4 Fund by the approved consulting actuary retained by the Minneapolis Employees Retirement
- 28.5 Retirement Fund board.
- 28.6 (f) Before January 31, each employing unit must be invoiced for its share of the
- 28.7 total employer supplemental contribution amount under paragraph (e). The amount is
- 28.8 payable by the employing unit in two parts. The first half of the amount due is payable
- 28.9 on or before the July 31 following the date of the invoice, and the second half of the
- 28.10 amount due is payable on or before December 15. Each invoice must be based on the
- 28.11 actuarial valuation report prepared under section 356.215 and the standards for actuarial
- 28.12 work promulgated by the Legislative Commission on Pensions and Retirement as of the
- 28.13 valuation date occurring 18 months earlier.
- 28.14 ~~(f)~~ (g) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as
- 28.15 of August 1 annually, if the amount of the retirement annuities and benefits paid from the
- 28.16 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
- 28.17 exceeds the market value of the assets of the MERF division account on the preceding
- 28.18 June 30, plus state aid of \$9,000,000, \$22,750,000, or \$24,000,000, whichever applies,
- 28.19 plus the amounts payable under paragraphs (b), (c), (d), and (e) during the preceding
- 28.20 fiscal year, multiplied by the factor of 1.035, the balance calculated is a special additional
- 28.21 employer contribution. The special additional employer contribution under this paragraph
- 28.22 is payable in addition to any employer contribution required under paragraphs (c), (d), and
- 28.23 (e), and is payable on or before the following June 30. The special additional employer
- 28.24 contribution under this paragraph must be allocated as specified in paragraph ~~(g)~~ (h).
- 28.25 ~~(g)~~ (h) The employer supplemental contribution under paragraph (e) or the special
- 28.26 additional employer contribution under paragraph ~~(f)~~ (g) must be allocated between the
- 28.27 city of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned
- 28.28 public utility, improvement, or municipal activity, the Minnesota State Colleges and
- 28.29 Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan
- 28.30 Airports Commission in proportion to their share of the actuarial accrued liability of the
- 28.31 former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the
- 28.32 approved actuary retained under section 356.214 as part of the actuarial valuation prepared
- 28.33 as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by
- 28.34 the Legislative Commission on Pensions and Retirement.
- 28.35 ~~(h)~~ (i) The employer contributions under paragraphs (c), (d), ~~and~~ (e), and (g) must be
- 28.36 paid as provided in section 353.28.

29.1 (f) Contributions under this subdivision are subject to the provisions of section
29.2 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

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

29.4 Sec. 4. Minnesota Statutes 2010, section 353.656, subdivision 2, is amended to read:

29.5 Subd. 2. **Benefits paid under workers' compensation law.** (a) If a member, as
29.6 described in subdivision 1, is injured under circumstances which entitle the member to
29.7 receive benefits under the becomes disabled and receives a disability benefit as specified
29.8 in this section and is also entitled to receive lump sum or periodic benefits under workers'
29.9 compensation law, the member shall receive the same benefits as provided in subdivision
29.10 1, with disability benefits paid reimbursed and future benefits reduced by all periodic or
29.11 lump-sum amounts, other than those amounts excluded under paragraph (b), paid to the
29.12 member under the workers' compensation law, after deduction of amount of attorney fees,
29.13 authorized under applicable workers' compensation laws, paid by a disabiltant if the total
29.14 of laws, the single life annuity actuarial equivalent disability benefit amount and the
29.15 workers' compensation benefit exceeds; amount must be added. The computation must
29.16 exclude any attorney fees paid by the disabiltant as authorized under applicable workers'
29.17 compensation laws. The computation must also exclude permanent partial disability
29.18 payments provided under section 176.101, subdivision 2a, and retraining payments under
29.19 section 176.102, subdivision 11, if the permanent partial disability or retraining payments
29.20 are reported to the executive director in a manner specified by the executive director.

29.21 (b) The equivalent salary is the amount determined under clause (1) or (2),
29.22 whichever is greater:

29.23 (1) the salary the disabled member received as of the date of the disability; or
29.24 (2) the salary currently payable for the same employment position or an employment
29.25 position substantially similar to the one the person held as of the date of the disability;
29.26 whichever is greater. The disability benefit must be reduced to that amount which, when
29.27 added to the workers' compensation benefits, does not exceed the greater of the salaries
29.28 described in clauses (1) and (2) positions in the applicable government subdivision.

29.29 (b) Permanent partial disability payments provided for in section 176.101;
29.30 subdivision 2a, and retraining payments provided for in section 176.102, subdivision 11;
29.31 must not be offset from disability payments due under paragraph (a) if the amounts of
29.32 the permanent partial or retraining payments are reported to the executive director in a
29.33 manner specified by the executive director.

29.34 (c) If the amount determined under paragraph (a) exceeds the equivalent salary
29.35 determined under paragraph (b), the disability benefit amount must be reduced to that

30.1 amount which, when added to the workers' compensation benefits, equals the equivalent
 30.2 salary.

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

30.4 **Sec. 5. PERA-ADMINISTERED RETIREMENT PLANS; STUDY OF**
 30.5 **UPDATED MEMBERSHIP WAGE THRESHOLD FIGURE.**

30.6 (a) The Public Employees Retirement Association shall identify the options for
 30.7 revising the membership threshold salary under Minnesota Statutes, section 353.01,
 30.8 subdivisions 2a and 2b, for membership in a retirement plan administered by the
 30.9 association, shall determine the actuarial impact on the retirement plans administered by
 30.10 the association, the financial impact on participating employers, and the financial impact
 30.11 on prospective public employees of each option, and shall formulate the recommendations
 30.12 for structuring each identified option.
 30.13 (b) The Public Employees Retirement Association shall report its findings and
 30.14 recommendations of its study to the chair, the vice chair, and the executive director of the
 30.15 Legislative Commission on Pensions and Retirement. The report must be filed with the
 30.16 Commission on or before February 15, 2013.

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

30.18 **ARTICLE 7**

30.19 **REVISIONS IN THE PERA PRIVATIZATION LAW**

30.20 Section 1. Minnesota Statutes 2010, section 353F.02, subdivision 4, is amended to read:

30.21 Subd. 4. **Medical facility.** "Medical facility" means:

30.22 (1) Bridges Medical Services;

30.23 (2) Cedarview Care Center in Steele County;

30.24 ~~(2)~~ (3) the City of Cannon Falls Hospital;

30.25 ~~(3)~~ (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;

30.26 ~~(4)~~ (5) Clearwater County Memorial Hospital doing business as Clearwater Health
 30.27 Services in Bagley;

30.28 ~~(5)~~ (6) the Dassel Lakeside Community Home;

30.29 ~~(6)~~ (7) the Douglas County Hospital, with respect to the Mental Health Unit;

30.30 ~~(7)~~ (8) the Fair Oaks Lodge, Wadena;

30.31 ~~(8)~~ (9) the Glencoe Area Health Center;

30.32 ~~(9)~~ (10) Hutchinson Area Health Care;

30.33 ~~(10)~~ (11) the Lakefield Nursing Home;

- 31.1 ~~(11)~~ (12) the Lakeview Nursing Home in Gaylord;
- 31.2 ~~(12)~~ (13) the Luverne Public Hospital;
- 31.3 ~~(13)~~ (14) the Oakland Park Nursing Home;
- 31.4 ~~(14)~~ (15) the Ren Villa Nursing Home;
- 31.5 ~~(15)~~ (16) the Rice Memorial Hospital in Willmar, with respect to the Department of Radiology and the Department of Radiation/Oncology;
- 31.6 ~~(16)~~ (17) the St. Peter Community Health Care Center;
- 31.7 (18) the Traverse Care Center in Traverse County;
- 31.8 ~~(17)~~ (19) the Waconia-Ridgeview Medical Center;
- 31.9 ~~(18)~~ (20) the Weiner Memorial Medical Center, Inc.;
- 31.10 ~~(19)~~ (21) the Wheaton Community Hospital; and
- 31.11 ~~(20)~~ (22) the Worthington Regional Hospital.
- 31.12
- 31.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 31.14 Sec. 2. Minnesota Statutes 2010, section 353F.04, subdivision 1, is amended to read:
- 31.15 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of
- 31.16 a terminated medical facility or other public employing unit employee is subject
- 31.17 to augmentation under section 353.71, subdivision 2, of the edition of Minnesota
- 31.18 Statutes published in the year in which the privatization occurred, except that the rate
- 31.19 of augmentation is as specified in ~~paragraph (b) or (c), whichever is applicable~~ this
- 31.20 subdivision.
- 31.21 (b) This paragraph applies if the legislation adding the medical facility or other
- 31.22 employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before
- 31.23 July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area
- 31.24 Health Care or before January 1, 2007, for all other medical facilities and all other
- 31.25 employing units. For a terminated medical facility or other public employing unit
- 31.26 employee, the augmentation rate is 5.5 percent compounded annually until January 1
- 31.27 following the year in which the person attains age 55. From that date to the effective date
- 31.28 of retirement, the augmentation rate is 7.5 percent compounded annually.
- 31.29 (c) If paragraph (b) is not applicable, and if the effective date of the privatization is
- 31.30 before January 1, 2011, the augmentation rate is four percent compounded annually until
- 31.31 January 1, following the year in which the person attains age 55. From that date to the
- 31.32 effective date of retirement, the augmentation rate is six percent compounded annually.
- 31.33 (d) If the effective date of the privatization is after December 31, 2010, the
- 31.34 applicable augmentation rate depends on the result of computations specified in section
- 31.35 353.025, subdivision 1. If those computations indicate no loss or a net gain to the fund of

32.1 the general employees retirement plan of the Public Employees Retirement Association,
 32.2 the augmentation rate is 2.0 percent compounded annually until the effective date of
 32.3 retirement. If the computations under that subdivision indicate a net loss to the fund if
 32.4 a 2.0 percent augmentation rate is used, but a net gain or no loss if a 1.0 percent rate is
 32.5 used, then the augmentation rate is 1.0 percent compounded annually until the effective
 32.6 date of retirement.

32.7 (e) The term "effective date of the privatization" as used in this subdivision means
 32.8 the "effective date" as defined in section 353F.02, subdivision 3.

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

32.10 Sec. 3. Minnesota Statutes 2010, section 353F.07, is amended to read:

32.11 **353F.07 EFFECT ON REFUND.**

32.12 Notwithstanding any provision of chapter 353 to the contrary, terminated medical
 32.13 facility or other public employing unit employees may receive a refund of employee
 32.14 accumulated contributions plus interest ~~at the rate of six percent per year compounded~~
 32.15 ~~annually as provided in accordance with~~ section 353.34, subdivision 2, ~~of the edition~~
 32.16 ~~of Minnesota Statutes published in the year in which the privatization occurred;~~ at any
 32.17 time after the transfer of employment to the successor employer ~~to~~ of the terminated
 32.18 medical facility or other public employing unit. If a terminated medical facility or other
 32.19 public employing unit employee has received a refund from a pension plan ~~enumerated~~
 32.20 listed in section 356.30, subdivision 3, the person may not repay that refund unless the
 32.21 person again becomes a member of one of those ~~enumerated~~ listed plans and complies
 32.22 with section 356.30, subdivision 2.

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

32.24 **ARTICLE 8**

32.25 **TRA ADMINISTRATIVE CHANGES AND RELATED MODIFICATIONS**

32.26 Section 1. Minnesota Statutes 2010, section 16A.06, subdivision 9, is amended to read:

32.27 Subd. 9. **First class city teacher retirement funds aids reporting.** Each year,
 32.28 on or before April 15, the commissioner of management and budget shall report to the
 32.29 chairs of the senate Finance Committee and the house of representatives Ways and Means
 32.30 Committee on expenditures for state aids to the ~~Minneapolis and Saint St.~~ Paul Teacher
 32.31 Retirement Fund ~~associations~~ Association, and to the Teachers Retirement Association on
 32.32 behalf of the merged Minneapolis Teachers Retirement Fund Association, under sections
 32.33 ~~354.435, 354A.12, and 423A.02,~~ subdivision 3. This report shall include the amounts

- 33.1 expended in the most recent fiscal year and estimates of expected expenditures for the
- 33.2 current and next fiscal year.
- 33.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 33.4 Sec. 2. Minnesota Statutes 2010, section 126C.41, subdivision 3, is amended to read:
- 33.5 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
- 33.6 this subdivision applies may levy an additional amount required for contributions to
- 33.7 the general employees retirement plan of the Public Employees Retirement Association
- 33.8 as the successor of the Minneapolis Employees Retirement Fund as a result of the
- 33.9 maximum dollar amount limitation on state contributions to that plan imposed under
- 33.10 section 353.505. The additional levy must not exceed the most recent amount certified by
- 33.11 the executive director of the Public Employees Retirement Association as the district's
- 33.12 share of the contribution requirement in excess of the maximum state contribution under
- 33.13 section 353.505.
- 33.14 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,
- 33.15 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase
- 33.16 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,
- 33.17 section 1.
- 33.18 (c) If the employer retirement fund contributions under section 354A.12, subdivision
- 33.19 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
- 33.20 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
- 33.21 1994 or later an amount equal to the amount derived by applying the net increase in
- 33.22 the employer retirement fund contribution rate of the respective teacher retirement fund
- 33.23 association between fiscal year 1993 and the fiscal year beginning in the year after the
- 33.24 levy is certified to the total covered payroll of the applicable teacher retirement fund
- 33.25 association. If an applicable school district levies under this paragraph, they may not
- 33.26 levy under paragraph (b).
- 33.27 (d) In addition to the levy authorized under paragraph (c), Special School District
- 33.28 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
- 33.29 contributions under section ~~423A.02~~ 354.435, subdivision ~~2~~, and may also levy in
- 33.30 payable 1994 or later an amount equal to the state aid contribution under section ~~354A.12~~
- 33.31 354.435, subdivision ~~3b~~ 1. Independent School District No. 625, St. Paul, may levy
- 33.32 payable in 1997 or later an amount equal to the supplemental contributions under section
- 33.33 ~~423A.02~~, subdivision 3.
- 33.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.1 Sec. 3. [354.435] ADDITIONAL CONTRIBUTIONS BY SPECIAL SCHOOL34.2 DISTRICT NO. 1 AND CITY OF MINNEAPOLIS.

34.3 Subdivision 1. Special direct state matching aid. (a) Special School District No. 1,
34.4 Minneapolis, and the city of Minneapolis must make additional employer contributions
34.5 to the Teachers Retirement Association in the amounts specified in paragraph (b). These
34.6 contributions can be made from any available source. If made in whole or in part by a
34.7 levy, the levy may be classified as that of a special taxing district for purposes of sections
34.8 275.065 and 276.04, and for all other property tax purposes.

34.9 (b) Each fiscal year \$1,250,000 must be contributed by Special School District
34.10 No. 1, Minneapolis, and \$1,250,000 must be contributed by the city of Minneapolis to
34.11 the Teachers Retirement Association and the state shall match this total by paying to
34.12 the Teachers Retirement Association \$2,500,000. The superintendent of Special School
34.13 District No. 1, Minneapolis, the mayor of the city of Minneapolis, and the executive
34.14 director of the Teachers Retirement Association shall jointly certify to the commissioner
34.15 of management and budget the total amount that has been contributed by Special School
34.16 District No. 1, Minneapolis, and by the city of Minneapolis to the Teachers Retirement
34.17 Association. Any certification to the commissioner of management and budget must
34.18 be made quarterly. If the certifications for a fiscal year exceed the maximum annual
34.19 direct state matching aid amount in any quarter, the amount of direct state matching aid
34.20 payable to the Teachers Retirement Association must be limited to the balance of the
34.21 maximum annual direct state matching aid amount available. The amount required under
34.22 this paragraph, subject to the maximum direct state matching aid amount, is appropriated
34.23 annually to the commissioner of management and budget.

34.24 (c) The commissioner of management and budget may prescribe the form of the
34.25 certifications required under paragraph (b).

34.26 Subd. 2. Additional contributions. In addition to any other required contributions,
34.27 on or before June 30 each fiscal year, Special School District No. 1, Minneapolis, and the
34.28 city of Minneapolis must each make an additional contribution to the Teachers Retirement
34.29 Association of \$1,000,000.

34.30 Subd. 3. Procedure for recovery of deficient or delinquent amounts. If Special
34.31 School District No. 1, Minneapolis, or the city of Minneapolis fails to pay the full amount
34.32 required under subdivision 1, paragraph (b), or subdivision 2, in a timely manner, the
34.33 executive director is authorized to use section 354.512, or any other process in law to
34.34 ensure full payment is obtained.

34.35 Subd. 4. Expiration; repealer. This section expires and is repealed effective the
34.36 first day of the fiscal year next following the fiscal year in which the Teachers Retirement

35.1 Association has no unfunded actuarial accrued liability as determined by the actuarial
35.2 valuation prepared under section 356.215 by the approved actuary retained under section
35.3 356.214.

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

35.5 Sec. 4. Minnesota Statutes 2010, section 354.51, subdivision 5, is amended to read:

35.6 **Subd. 5. Payment of shortages.** (a) Except as provided in paragraph (b), in the
35.7 event that full required member contributions are not deducted from the salary of a
35.8 teacher, payment must be made as follows:

35.9 (1) Payment of shortages in member deductions on salary earned after June 30,
35.10 1957, and before July 1, 1981, may be made any time before retirement. Payment must
35.11 include interest at an annual rate of 8.5 percent compounded annually from the end of the
35.12 fiscal year in which the shortage occurred to the end of the month in which payment is
35.13 made and the interest must be credited to the fund. If payment of a shortage in deductions
35.14 is not made, the formula service credit of the member must be prorated under section
35.15 354.05, subdivision 25, clause (3).

35.16 (2) Payment of shortages in member deductions on salary earned after June 30,
35.17 1981, are the sole obligation of the employing unit and are payable by the employing
35.18 unit upon notification by the executive director of the shortage with interest at an annual
35.19 rate of 8.5 percent compounded annually from the end of the fiscal year in which the
35.20 shortage occurred to the end of the month in which payment is made and the interest
35.21 must be credited to the fund. Effective July 1, 1986, the employing unit shall also pay
35.22 the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the
35.23 shortages. If the shortage payment is not paid by the employing unit within 60 days of
35.24 notification, and if the executive director does not use the recovery procedure in section
35.25 354.512, the executive director shall certify the amount of the shortage payment to the
35.26 applicable county auditor, who shall spread a levy in the amount of the shortage payment
35.27 over the taxable property of the taxing district of the employing unit if the employing unit
35.28 is supported by property taxes, ~~or to the commissioner of management and budget, who~~
35.29 ~~shall deduct the amount from any state aid or appropriation amount applicable to the~~
35.30 ~~employing unit if the employing unit is not supported by property taxes.~~

35.31 (3) Payment may not be made for shortages in member deductions on salary earned
35.32 before July 1, 1957, for shortages in member deductions on salary paid or payable under
35.33 paragraph (b), or for shortages in member deductions for persons employed by the
35.34 Minnesota State Colleges and Universities system in a faculty position or in an eligible
35.35 unclassified administrative position and whose employment was less than 25 percent

- 36.1 of a full academic year, exclusive of the summer session, for the applicable institution
- 36.2 that exceeds the most recent 36 months.
- 36.3 (b) For a person who is employed by the Minnesota State Colleges and Universities
- 36.4 system in a faculty position or in an eligible unclassified administrative position and
- 36.5 whose employment was less than 25 percent of a full academic year, exclusive of the
- 36.6 summer session, for the applicable institution, upon the person's election under section
- 36.7 354B.21 of retirement coverage under this chapter, the shortage in member deductions
- 36.8 on the salary for employment by the Minnesota State Colleges and Universities system
- 36.9 institution of less than 25 percent of a full academic year, exclusive of the summer session,
- 36.10 for the applicable institution for the most recent 36 months and the associated employer
- 36.11 contributions must be paid by the Minnesota State Colleges and Universities system
- 36.12 institution, plus annual compound interest at the rate of 8.5 percent from the end of the
- 36.13 fiscal year in which the shortage occurred to the end of the month in which the Teachers
- 36.14 Retirement Association coverage election is made. ~~If the shortage payment is not made by~~
- 36.15 ~~the institution within 60 days of notification, the executive director shall certify the amount~~
- 36.16 ~~of the shortage payment to the commissioner of management and budget, who shall deduct~~
- 36.17 ~~the amount from any state appropriation to the system.~~ An individual electing coverage
- 36.18 under this paragraph shall repay the amount of the shortage in member deductions, plus
- 36.19 interest, through deduction from salary or compensation payments within the first year of
- 36.20 employment after the election under section 354B.21, subject to the limitations in section
- 36.21 16D.16. The Minnesota State Colleges and Universities system may use any means
- 36.22 available to recover amounts which were not recovered through deductions from salary or
- 36.23 compensation payments. No payment of the shortage in member deductions under this
- 36.24 paragraph may be made for a period longer than the most recent 36 months.

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

36.26 **Sec. 5. [354.512] RECOVERY OF DEFICIENCIES.**

- 36.27 In addition to any other remedies permitted under law, if an employing unit or
- 36.28 other entity required by law to make any form of payment to the Teachers Retirement
- 36.29 Association fails to make full payment within 60 days of notification, the executive
- 36.30 director is authorized to certify the amount of deficiency to the commissioner of
- 36.31 management and budget, who shall deduct the amount from any state aid or appropriation
- 36.32 applicable to the employing unit or entity, and transmit the withheld aid or appropriation
- 36.33 to the executive director for deposit in the fund.

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

- 37.1 Sec. 6. Minnesota Statutes 2010, section 354A.12, subdivision 3c, is amended to read:
- 37.2 Subd. 3c. **Termination of supplemental contributions and direct matching and**
- 37.3 **state aid.** The supplemental contributions payable to the Minneapolis Teachers Retirement
- 37.4 Fund Association by Special School District No. 1 and the city of Minneapolis under
- 37.5 section 423A.02, subdivision 3, must be paid to the Teachers Retirement Association and
- 37.6 must continue until the current assets of the fund equal or exceed the actuarial accrued
- 37.7 liability of the fund as determined in the most recent actuarial report for the fund by
- 37.8 the actuary retained under section 356.214, or 2037, whichever occurs earlier. The
- 37.9 supplemental contributions payable to the St. Paul Teachers Retirement Fund Association
- 37.10 by Independent School District No. 625 under section 423A.02, subdivision 3, or the
- 37.11 direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association
- 37.12 must continue until the current assets of the fund equal or exceed the actuarial accrued
- 37.13 liability of the fund as determined in the most recent actuarial report for the fund by the
- 37.14 actuary retained under section 356.214 or until 2037, whichever occurs earlier.

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

- 37.16 Sec. 7. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
- 37.17 amended to read:
- 37.18 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
- 37.19 the applicable following preretirement interest assumption and the applicable following
- 37.20 postretirement interest assumption:

	plan	preretirement interest rate assumption	postretirement interest rate assumption
37.21	general state employees retirement plan	8.5%	6.0%
37.22	correctional state employees retirement plan	8.5	6.0
37.23	State Patrol retirement plan	8.5	6.0
37.24	legislators retirement plan	8.5	6.0
37.25	elective state officers retirement plan	8.5	6.0
37.26	judges retirement plan	8.5	6.0
37.27	general public employees retirement plan	8.5	6.0
37.28	public employees police and fire retirement plan	8.5	6.0
37.29	local government correctional service retirement plan	8.5	6.0
37.30	teachers retirement plan	8.5	6.0
37.31	Duluth teachers retirement plan	8.5	8.5
37.32	St. Paul teachers retirement plan	8.5	8.5
37.33	Fairmont Police Relief Association	5.0	5.0
37.34	Virginia Fire Department Relief Association	5.0	5.0

- 38.1 Bloomington Fire Department Relief Association 6.0 6.0
- 38.2
- 38.3 local monthly benefit volunteer firefighters relief associations 5.0 5.0
- 38.4
- 38.5 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
- 38.6 single rate future salary increase assumption, the applicable following modified single
- 38.7 rate future salary increase assumption, or the applicable following graded rate future
- 38.8 salary increase assumption:
- 38.9 (1) single rate future salary increase assumption
- | 38.10 | plan | future salary increase assumption |
|-------|--|-----------------------------------|
| 38.11 | legislators retirement plan | 5.0% |
| 38.12 | judges retirement plan | 4.0 |
| 38.13 | Fairmont Police Relief Association | 3.5 |
| 38.14 | Virginia Fire Department Relief Association | 3.5 |
| 38.15 | Bloomington Fire Department Relief Association | 4.0 |
| 38.16 | | |
- 38.17 (2) age-related select and ultimate future salary increase assumption or graded rate
- 38.18 future salary increase assumption
- | 38.19 | plan | future salary increase assumption |
|-------|---|-----------------------------------|
| 38.20 | correctional state employees retirement plan | assumption D |
| 38.21 | State Patrol retirement plan | assumption C |
| 38.22 | local government correctional service retirement plan | assumption C |
| 38.23 | Duluth teachers retirement plan | assumption A |
| 38.24 | St. Paul teachers retirement plan | assumption B |
- 38.25 For plans other than the Duluth teachers
- 38.26 retirement plan, the select calculation
- 38.27 is: during the designated select period, a
- 38.28 designated percentage rate is multiplied by
- 38.29 the result of the designated integer minus T,
- 38.30 where T is the number of completed years of
- 38.31 service, and is added to the applicable future
- 38.32 salary increase assumption. ~~The designated~~
- 38.33 ~~select period is five years and the designated~~
- 38.34 ~~integer is five for the general state employees~~
- 38.35 ~~retirement plan~~: The designated select period
- 38.36 is ten years and the designated integer is ten
- 38.37 for all ~~other~~ retirement plans covered by
- 38.38 this clause. The designated percentage rate

- 39.1 is: (1) 0.2 percent for the correctional state
- 39.2 employees retirement plan, the State Patrol
- 39.3 retirement plan, and the local government
- 39.4 correctional service retirement plan; and (2)
- 39.5 ~~0.6 percent for the general state employees~~
- 39.6 ~~retirement plan; and (3) 0.3 percent for the~~
- 39.7 ~~teachers retirement plan, the Duluth Teachers~~
- 39.8 ~~Retirement Fund Association, and the St.~~
- 39.9 Paul Teachers Retirement Fund Association.
- 39.10 The select calculation for the Duluth Teachers
- 39.11 Retirement Fund Association is 8.00 percent
- 39.12 per year for service years one through seven,
- 39.13 7.25 percent per year for service years seven
- 39.14 and eight, and 6.50 percent per year for
- 39.15 service years eight and nine.

39.16 The ultimate future salary increase assumption is:

39.17	age	A	B	C	D
39.18	16	8.00%	6.90%	7.7500%	7.2500%
39.19	17	8.00	6.90	7.7500	7.2500
39.20	18	8.00	6.90	7.7500	7.2500
39.21	19	8.00	6.90	7.7500	7.2500
39.22	20	6.90	6.90	7.7500	7.2500
39.23	21	6.90	6.90	7.1454	6.6454
39.24	22	6.90	6.90	7.0725	6.5725
39.25	23	6.85	6.85	7.0544	6.5544
39.26	24	6.80	6.80	7.0363	6.5363
39.27	25	6.75	6.75	7.0000	6.5000
39.28	26	6.70	6.70	7.0000	6.5000
39.29	27	6.65	6.65	7.0000	6.5000
39.30	28	6.60	6.60	7.0000	6.5000
39.31	29	6.55	6.55	7.0000	6.5000
39.32	30	6.50	6.50	7.0000	6.5000
39.33	31	6.45	6.45	7.0000	6.5000
39.34	32	6.40	6.40	7.0000	6.5000
39.35	33	6.35	6.35	7.0000	6.5000
39.36	34	6.30	6.30	7.0000	6.5000
39.37	35	6.25	6.25	7.0000	6.5000
39.38	36	6.20	6.20	6.9019	6.4019
39.39	37	6.15	6.15	6.8074	6.3074
39.40	38	6.10	6.10	6.7125	6.2125

40.1	39	6.05	6.05	6.6054	6.1054
40.2	40	6.00	6.00	6.5000	6.0000
40.3	41	5.90	5.95	6.3540	5.8540
40.4	42	5.80	5.90	6.2087	5.7087
40.5	43	5.70	5.85	6.0622	5.5622
40.6	44	5.60	5.80	5.9048	5.4078
40.7	45	5.50	5.75	5.7500	5.2500
40.8	46	5.40	5.70	5.6940	5.1940
40.9	47	5.30	5.65	5.6375	5.1375
40.10	48	5.20	5.60	5.5822	5.0822
40.11	49	5.10	5.55	5.5404	5.0404
40.12	50	5.00	5.50	5.5000	5.0000
40.13	51	4.90	5.45	5.4384	4.9384
40.14	52	4.80	5.40	5.3776	4.8776
40.15	53	4.70	5.35	5.3167	4.8167
40.16	54	4.60	5.30	5.2826	4.7826
40.17	55	4.50	5.25	5.2500	4.7500
40.18	56	4.40	5.20	5.2500	4.7500
40.19	57	4.30	5.15	5.2500	4.7500
40.20	58	4.20	5.10	5.2500	4.7500
40.21	59	4.10	5.05	5.2500	4.7500
40.22	60	4.00	5.00	5.2500	4.7500
40.23	61	3.90	5.00	5.2500	4.7500
40.24	62	3.80	5.00	5.2500	4.7500
40.25	63	3.70	5.00	5.2500	4.7500
40.26	64	3.60	5.00	5.2500	4.7500
40.27	65	3.50	5.00	5.2500	4.7500
40.28	66	3.50	5.00	5.2500	4.7500
40.29	67	3.50	5.00	5.2500	4.7500
40.30	68	3.50	5.00	5.2500	4.7500
40.31	69	3.50	5.00	5.2500	4.7500
40.32	70	3.50	5.00	5.2500	4.7500

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

40.34 general state employees retirement plan of the assumption A

40.35 Minnesota State Retirement System

40.36 general employees retirement plan of the Public assumption B

40.37 Employees Retirement Association

40.38 Teachers Retirement Association assumption C

40.39 public employees police and fire retirement plan assumption D

40.40 service

40.41 length

	A	B	C	D
40.42 1	10.75%	12.25%	12.00%	13.00%
40.43 2	8.35	9.15	9.00	11.00

41.1	3	7.15	7.75	8.00	9.00
41.2	4	6.45	6.85	7.50	8.00
41.3	5	5.95	6.25	7.25	6.50
41.4	6	5.55	5.75	7.00	6.10
41.5	7	5.25	5.45	6.85	5.80
41.6	8	4.95	5.15	6.70	5.60
41.7	9	4.75	4.85	6.55	5.40
41.8	10	4.65	4.65	6.40	5.30
41.9	11	4.45	4.45	6.25	5.20
41.10	12	4.35	4.35	6.00	5.10
41.11	13	4.25	4.15	5.75	5.00
41.12	14	4.05	4.05	5.50	4.90
41.13	15	3.95	3.95	5.25	4.80
41.14	16	3.85	3.85	5.00	4.80
41.15	17	3.75	3.75	4.75	4.80
41.16	18	3.75	3.75	4.50	4.80
41.17	19	3.75	3.75	4.25	4.80
41.18	20	3.75	3.75	4.00	4.80
41.19	21	3.75	3.75	3.90	4.70
41.20	22	3.75	3.75	3.80	4.60
41.21	23	3.75	3.75	3.70	4.50
41.22	24	3.75	3.75	3.60	4.50
41.23	25	3.75	3.75	3.50	4.50
41.24	26	3.75	3.75	3.50	4.50
41.25	27	3.75	3.75	3.50	4.50
41.26	28	3.75	3.75	3.50	4.50
41.27	29	3.75	3.75	3.50	4.50
41.28	30 or more	3.75	3.75	3.50	4.50

41.29 (c) Before July 2, 2010, the actuarial valuation must use the applicable following

41.30 payroll growth assumption for calculating the amortization requirement for the unfunded

41.31 actuarial accrued liability where the amortization retirement is calculated as a level

41.32 percentage of an increasing payroll:

41.33	plan	payroll growth assumption
41.34	general state employees retirement plan of the	3.75%
41.35	Minnesota State Retirement System	
41.36	correctional state employees retirement plan	4.50
41.37	State Patrol retirement plan	4.50
41.38	legislators retirement plan	4.50
41.39	judges retirement plan	4.00
41.40	general employees retirement plan of the Public	3.75
41.41	Employees Retirement Association	
41.42	public employees police and fire retirement plan	3.75

42.1	local government correctional service retirement plan	4.50
42.2	teachers retirement plan	3.75
42.3	Duluth teachers retirement plan	4.50
42.4	St. Paul teachers retirement plan	5.00

- 42.5 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:
- 42.6 (1) has been proposed by the governing board of the applicable retirement plan;
- 42.7 (2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and
- 42.8 (3) has been approved or deemed approved under subdivision 18.

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

42.13 Sec. 8. Minnesota Statutes 2010, section 356.415, subdivision 1d, is amended to read:

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

- 42.15 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers Retirement Association are entitled to a postretirement adjustment annually on January 1, as follows:
- 42.16 (1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;
- 42.17 (2) for January 1, 2013, and each successive January 1 until funding stability is restored, a postretirement increase of two percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase;
- 42.18 (3) for January 1, 2013, and each successive January 1 until funding stability is restored, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months before the January 1 increase, an annual postretirement increase of 1/12 of two percent for each month the person has been receiving an annuity or benefit must be applied, effective January 1, ~~following the year in~~ for which the person has been retired for at least six months but less than 12 18 months;
- 42.19 (4) for each January 1 following the restoration of funding stability, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months prior to the January 1 increase; and
- 42.20 (5) for each January 1 following the restoration of funding stability, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six

- 43.1 full months before the January 1 increase, an annual postretirement increase of 1/12 of
- 43.2 2.5 percent for each month the person has been receiving an annuity or benefit must be
- 43.3 applied, effective January 1, ~~following the year in~~ for which the person has been retired
- 43.4 for at least six months but less than 12 18 months.
- 43.5 (b) Funding stability is restored when the market value of assets of the Teachers
- 43.6 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of
- 43.7 the Teachers Retirement Association in the most recent prior actuarial valuation prepared
- 43.8 under section 356.215 and the standards for actuarial work by the approved actuary
- 43.9 retained by the Teachers Retirement Association under section 356.214.
- 43.10 (c) An increase in annuity or benefit payments under this section must be made
- 43.11 automatically unless written notice is filed by the annuitant or benefit recipient with the
- 43.12 executive director of the Teachers Retirement Association requesting that the increase
- 43.13 not be made.
- 43.14 (d) The retirement annuity payable to a person who retires before becoming eligible
- 43.15 for Social Security benefits and who has elected the optional payment as provided in
- 43.16 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
- 43.17 retirement annuity for the purposes of any postretirement adjustment. The period-certain
- 43.18 retirement annuity plus the life retirement annuity must be the annuity amount payable
- 43.19 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
- 43.20 annuity amount payable under section 354.35. A postretirement adjustment granted on
- 43.21 the period-certain retirement annuity must terminate when the period-certain retirement
- 43.22 annuity terminates.

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

43.24 Sec. 9. Minnesota Statutes 2010, section 423A.02, subdivision 3, is amended to read:

43.25 Subd. 3. **Reallocation of amortization or supplementary amortization state**

43.26 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year

43.27 amortization aid and supplemental amortization aid distributed under subdivisions 1

43.28 and 1a that is not distributed for any reason to a municipality for use by a local police

43.29 or salaried fire relief association must be distributed by the commissioner of revenue

43.30 according to this paragraph. The commissioner shall distribute 50 percent of the amounts

43.31 derived under this paragraph to the Teachers Retirement Association, ten percent to the

43.32 Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers

43.33 Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the

43.34 respective funds. These payments shall be made on or before June 30 each fiscal year. If

43.35 the St. Paul Teachers Retirement Fund Association becomes fully funded, its eligibility

44.1 for this aid ceases. Amounts remaining in the undistributed balance account at the end of
 44.2 the biennium if aid eligibility ceases cancel to the general fund.

44.3 (b) In order to receive amortization and supplementary amortization aid under
 44.4 paragraph (a), prior to June 30 Independent School District No. 625, St. Paul, must make
 44.5 ~~contributions~~ an additional contribution of \$800,000 each year to the St. Paul Teachers

44.6 Retirement Fund Association in accordance with the following schedule:

44.7	Fiscal Year	Amount
44.8	1996	\$ 0
44.9	1997	\$ 0
44.10	1998	\$ 200,000
44.11	1999	\$ 400,000
44.12	2000	\$ 600,000
44.13	2001 and thereafter	\$ 800,000

44.14 (c) ~~Special School District No. 1, Minneapolis, and the city of Minneapolis must~~
 44.15 ~~each make contributions to the Teachers Retirement Association in accordance with the~~
 44.16 ~~following schedule:~~

44.17	Fiscal Year	City amount	School district amount
44.18			
44.19	1996	\$ 0	\$ 0
44.20	1997	\$ 0	\$ 0
44.21	1998	\$ 250,000	\$ 250,000
44.22	1999	\$ 400,000	\$ 400,000
44.23	2000	\$ 550,000	\$ 550,000
44.24	2001	\$ 700,000	\$ 700,000
44.25	2002	\$ 850,000	\$ 850,000
44.26	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

44.27 ~~(d) (c)~~ Thirty percent of the difference between \$5,720,000 and the current year
 44.28 amortization aid and supplemental amortization aid under subdivisions 1 and 1a that is not
 44.29 distributed for any reason to a municipality for use by a local police or salaried firefighter
 44.30 relief association must be distributed under section 69.021, subdivision 7, paragraph (d),
 44.31 as additional funding to support a minimum fire state aid amount for volunteer firefighter
 44.32 relief associations.

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

44.34 Sec. 10. REPEALER.

44.35 Minnesota Statutes 2010, sections 128D.18; and 354A.12, subdivision 3b, are

44.36 repealed.

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

45.2 **ARTICLE 9**

45.3 **FEDERAL INTERNAL REVENUE CODE CONFORMITY PROVISIONS**

45.4 Section 1. Minnesota Statutes 2010, section 356.611, subdivision 2, is amended to read:

45.5 Subd. 2. **Federal compensation limits.** (a) For members of a covered pension plan
45.6 enumerated in section 356.30, subdivision 3, and of the plan established under chapter
45.7 353D, compensation in excess of the limitation specified in section 401(a)(17) of the
45.8 Internal Revenue Code, as amended, for changes in the cost of living under section
45.9 401(a)(17)(B) of the Internal Revenue Code, may not be included for contribution and
45.10 benefit computation purposes.

45.11 (b) Notwithstanding paragraph (a), for members specified in paragraph (a) who
45.12 first contributed to a plan specified in that paragraph before July 1, 1995, the annual
45.13 compensation limit specified in Internal Revenue Code section 401(a)(17) of the Internal
45.14 Revenue Code on June 30, 1993, applies if that provides a greater allowable annual
45.15 compensation.

45.16 (c) To the extent required by the federal Internal Revenue Code, sections 3401(h)
45.17 and 414(u)(12), an individual receiving a differential wage payment as defined in section
45.18 3401(h)(2) of the federal Internal Revenue Code from an employer shall be treated
45.19 as employed by that employer, and the differential wage payment will be treated as
45.20 compensation for purposes of applying the limits on annual additions under section 415(c)
45.21 of the federal Internal Revenue Code.

45.22 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2009.

45.23 Sec. 2. Minnesota Statutes 2010, section 356.611, subdivision 3, is amended to read:

45.24 Subd. 3. **Maximum benefit limitations.** ~~A member's~~ An annuitant's annual benefit,
45.25 if necessary, must be reduced to the extent required by section 415(b) of the federal
45.26 Internal Revenue Code, as adjusted by the United States secretary of the treasury under
45.27 section 415(d) of the federal Internal Revenue Code for any applicable increases in the
45.28 cost of living, including applicable increases in the cost of living after the member's
45.29 termination of employment. For purposes of section 415 of the federal Internal Revenue
45.30 Code, the limitation year of a pension plan covered by this section must be the fiscal year
45.31 or calendar year of that plan, whichever is applicable. If an annuitant participated in more
45.32 than one pension plan in which the employer participates, the benefits under each plan
45.33 must be reduced proportionately, if necessary, to satisfy the applicable limitation.

- 46.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 46.2 Sec. 3. Minnesota Statutes 2010, section 356.611, subdivision 3a, is amended to read:
- 46.3 Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The
- 46.4 annual additions on behalf of a member to the a defined contribution plan established
- 46.5 under chapter 352D or 353D for any limitation year beginning after December 31, 2001,
- 46.6 shall not exceed the lesser of 100 percent of the member's compensation, as defined for
- 46.7 purposes of applicable limitation on annual additions under section 415(c) of the federal
- 46.8 Internal Revenue Code; or \$40,000, as adjusted by the United States secretary of the
- 46.9 treasury under section 415(d) of the federal Internal Revenue Code.
- 46.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 46.11 Sec. 4. Minnesota Statutes 2010, section 356.611, subdivision 4, is amended to read:
- 46.12 Subd. 4. **Compensation.** ~~(a)~~ For purposes of this section, compensation means a
- 46.13 member's compensation actually paid or made available for any limitation year including
- 46.14 all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b)
- 46.15 and excluding all items of remuneration described in federal treasury regulation section
- 46.16 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not
- 46.17 exceed the applicable federal compensation limit described in subdivision 2.
- 46.18 ~~(b) Compensation for any period includes:~~
- 46.19 ~~(1) any elective deferral as defined in section 402(g)(3) of the federal Internal~~
- 46.20 ~~Revenue Code;~~
- 46.21 ~~(2) any elective amounts that are not includable in a member's gross income by~~
- 46.22 ~~reason of sections 125 or 457 of the federal Internal Revenue Code; and~~
- 46.23 ~~(3) any elective amounts that are not includable in a member's gross income by~~
- 46.24 ~~reason of section 132(f)(4) of the federal Internal Revenue Code.~~
- 46.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 46.26 Sec. 5. Minnesota Statutes 2010, section 356.611, is amended by adding a subdivision
- 46.27 to read:
- 46.28 Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of
- 46.29 section 415 of the federal Internal Revenue Code, the limitation year of a pension plan
- 46.30 covered by this section is the calendar year or fiscal year, whichever is applicable.
- 46.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

47.1 Sec. 6. Minnesota Statutes 2010, section 356.635, subdivision 6, is amended to read:

47.2 Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

47.3 (1) an individual retirement account under section 408(a) or 408A of the federal
47.4 Internal Revenue Code;

47.5 (2) an individual retirement annuity plan under section 408(b) of the federal Internal
47.6 Revenue Code;

47.7 (3) an annuity plan under section 403(a) of the federal Internal Revenue Code;

47.8 (4) a qualified trust plan under section 401(a) of the federal Internal Revenue Code
47.9 that accepts the distributee's eligible rollover distribution;

47.10 (5) an annuity contract under section 403(b) of the federal Internal Revenue Code;

47.11 (6) an eligible deferred compensation plan under section 457(b) of the federal

47.12 Internal Revenue Code, which is maintained by a state or local government and which
47.13 agrees to separately account for the amounts transferred into the plan; or

47.14 (7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an
47.15 individual account or annuity treated as an inherited individual retirement account under
47.16 section 402(c)(11) of the federal Internal Revenue Code.

47.17 (b) For distributions of after-tax contributions which are not includable in gross
47.18 income, the after-tax portion may be transferred only to an individual retirement

47.19 account or annuity described in section 408(a) or (b) of the federal Internal Revenue

47.20 Code, to a Roth individual retirement account described in section 408A of the federal
47.21 Internal Revenue Code, or to a qualified ~~defined contribution~~ plan described in either

47.22 section 401(a) or 403(a) of the federal Internal Revenue Code, that agrees to separately
47.23 account for the amounts transferred, including separately accounting for the portion of
47.24 the distribution which is includable in gross income and the portion of the distribution
47.25 which is not includable.

47.26 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2008.

47.27 Sec. 7. Minnesota Statutes 2010, section 356.635, subdivision 9, is amended to read:

47.28 Subd. 9. **Military service.** Contributions, benefits, including death and disability
47.29 benefits under section 401(a)(37) of the Internal Revenue Code, and service credit with
47.30 respect to qualified military service must be provided according to section 414(u) of the
47.31 Internal Revenue Code.

47.32 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2007.

48.1 **ARTICLE 10**48.2 **AUTHORIZED PUBLIC PENSION FUND INVESTMENT REVISIONS**

48.3 Section 1. Minnesota Statutes 2010, section 11A.07, subdivision 4, is amended to read:

48.4 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:

48.5 (1) plan, direct, coordinate, and execute administrative and investment functions
48.6 in conformity with the policies and directives of the state board and the requirements of
48.7 this chapter and of chapter 356A;

48.8 (2) prepare and submit biennial and annual budgets to the board and with the
48.9 approval of the board submit the budgets to the Department of Management and Budget;

48.10 (3) employ professional and clerical staff as necessary. Employees whose primary
48.11 responsibility is to invest or manage money or employees who hold positions designated

48.12 as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the
48.13 state. Other employees are in the classified service. Unclassified employees who are

48.14 not covered by a collective bargaining agreement are employed under the terms and
48.15 conditions of the compensation plan approved under section 43A.18, subdivision 3b;

48.16 (4) report to the state board on all operations under the director's control and
48.17 supervision;

48.18 (5) maintain accurate and complete records of securities transactions and official
48.19 activities;

48.20 (6) establish a policy relating to the purchase and sale of securities on the basis of
48.21 competitive offerings or bids. The policy is subject to board approval;

48.22 (7) cause securities acquired to be kept in the custody of the commissioner of
48.23 management and budget or other depositories consistent with chapter 356A, as the state
48.24 board deems appropriate;

48.25 (8) prepare and file with the director of the Legislative Reference Library, by
48.26 December 31 of each year, a report summarizing the activities of the state board, the
48.27 council, and the director during the preceding fiscal year. The report must be prepared

48.28 so as to provide the legislature and the people of the state with a clear, comprehensive
48.29 summary of the portfolio composition, the transactions, the total annual rate of return,

48.30 and the yield to the state treasury and to each of the funds whose assets are invested by
48.31 the state board, and the recipients of business placed or commissions allocated among
48.32 the various commercial banks, investment bankers, money managers, and brokerage

48.33 organizations and the amount of these commissions or other fees. ~~The report must contain~~

48.34 ~~financial statements for funds managed by the board prepared in accordance with generally~~

48.35 ~~accepted accounting principles.~~ The report must include an executive summary;

- 49.1 (9) include on the state board's Web site its annual report and an executive summary
- 49.2 of its quarterly reports;
- 49.3 (10) require state officials from any department or agency to produce and provide
- 49.4 access to any financial documents the state board deems necessary in the conduct of
- 49.5 its investment activities;
- 49.6 (11) receive and expend legislative appropriations; and
- 49.7 (12) undertake any other activities necessary to implement the duties and powers
- 49.8 set forth in this subdivision consistent with chapter 356A.

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

49.10 Sec. 2. Minnesota Statutes 2010, section 11A.14, subdivision 14, is amended to read:

- 49.11 Subd. 14. **Reports required.** As of each valuation date, or as often as the state
- 49.12 board determines, each participant shall be informed of the number of units owned and the
- 49.13 current value of the units. ~~Annually, the state board shall provide each participant financial~~
- 49.14 ~~statements prepared in accordance with generally accepted accounting principles.~~

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

49.16 Sec. 3. Minnesota Statutes 2010, section 11A.24, is amended to read:

49.17 **11A.24 AUTHORIZED INVESTMENTS.**

- 49.18 Subdivision 1. **Securities generally.** ~~(a) The state board shall have the authority is~~
- 49.19 ~~authorized to purchase, sell, lend or~~ and exchange the following securities specified in this
- 49.20 section, for funds or accounts specifically made subject to this section, including puts and
- 49.21 call options and future contracts traded on a contract market regulated by a governmental
- 49.22 agency or by a financial institution regulated by a governmental agency. These securities
- 49.23 may be owned directly or through shares in exchange-traded or mutual funds, or as units
- 49.24 in commingled trusts that own the securities described in subdivisions 2 to 6, subject to
- 49.25 any limitations as specified in this section.

- 49.26 (b) Any agreement to lend securities must be concurrently collateralized with cash
- 49.27 or securities with a market value of not less than 100 percent of the market value of the
- 49.28 loaned securities at the time of the agreement. Any agreement for put and call options
- 49.29 and futures contracts may only be entered into with a fully offsetting amount of cash or
- 49.30 securities. Only securities authorized by this section, excluding those under subdivision 6,
- 49.31 paragraph (a), clauses (1) to ~~(4)~~ (3), may be accepted as collateral or offsetting securities.

- 49.32 Subd. 2. **Government obligations.** The state board may is authorized to invest
- 49.33 funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness

- 50.1 provided if the issue is backed by the full faith and credit of the issuer or if the issue
- 50.2 is rated among the top four quality rating categories by a nationally recognized rating
- 50.3 agency. The obligations in which the board may invest under this subdivision include are
- 50.4 guaranteed or insured issues of ~~(a)~~:
- 50.5 (1) the United States, its agencies, its instrumentalities, or organizations created
- 50.6 and regulated by an act of Congress; ~~(b)~~
- 50.7 (2) the Dominion of Canada ~~and~~ or any of its provinces, provided the principal and
- 50.8 interest ~~is~~ are payable in United States dollars; ~~(c)~~
- 50.9 (3) any of the states ~~and~~ or any of their municipalities, political subdivisions,
- 50.10 agencies or instrumentalities; ~~(d) the International Bank for Reconstruction and~~
- 50.11 ~~Development, the Inter-American Development Bank, the Asian Development Bank, the~~
- 50.12 ~~African Development Bank; or and~~
- 50.13 (4) any ~~other~~ United States government sponsored organization of which the United
- 50.14 States is a member, provided if the principal and interest is are payable in United States
- 50.15 dollars.
- 50.16 Subd. 3. **Corporate obligations.** (a) The state board ~~may~~ is authorized to invest
- 50.17 funds in bonds, notes, debentures, transportation equipment obligations, ~~or~~ and any other
- 50.18 longer term evidences of indebtedness issued or guaranteed by a corporation organized
- 50.19 under the laws of the United States or any state ~~thereof~~ of the United States, or the
- 50.20 Dominion of Canada or any Canadian province thereof provided that if:
- 50.21 (1) the principal and interest of obligations of corporations incorporated or organized
- 50.22 under the laws of the Dominion of Canada or any Canadian province thereof shall be
- 50.23 are payable in United States dollars; and
- 50.24 (2) the obligations shall be are rated among the top four quality categories by a
- 50.25 nationally recognized rating agency.
- 50.26 (b) The state board may invest in unrated corporate obligations or in corporate
- 50.27 obligations that are not rated among the top four quality categories as provided in
- 50.28 paragraph (a), clause (2), provided that if:
- 50.29 (1) the aggregate value of these obligations ~~may~~ does not exceed five percent of the
- 50.30 market ~~or book~~ value, ~~whichever is less~~, of the fund for which the state board is investing;
- 50.31 (2) the state board's participation is limited to 50 percent of a single offering subject
- 50.32 to this paragraph; and
- 50.33 (3) the state board's participation is limited to 25 percent of an issuer's obligations
- 50.34 subject to this paragraph.
- 50.35 Subd. 4. **Other obligations.** (a) The state board ~~may~~ is authorized to invest funds
- 50.36 in ~~bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage~~

- 51.1 ~~securities and asset backed securities, repurchase agreements and reverse repurchase~~
- 51.2 ~~agreements, guaranteed investment contracts, savings accounts, and guaranty fund~~
- 51.3 ~~certificates, surplus notes, or debentures of domestic mutual insurance companies if they~~
- 51.4 ~~conform to the following provisions:~~
- 51.5 (1) ~~bankers acceptances and deposit notes of United States banks are limited to those~~
- 51.6 ~~if issued by banks a United States bank that is rated in the highest four quality categories~~
- 51.7 ~~by a nationally recognized rating agency;~~
- 51.8 (2) ~~certificates of deposit are limited to those if issued by (†) a United States banks~~
- 51.9 ~~and savings institutions that are bank or savings institution that is rated in the top four~~
- 51.10 ~~quality categories by a nationally recognized rating agency or whose certificates of deposit~~
- 51.11 ~~are fully insured by federal agencies; or (††) certificates of deposits issued by a credit~~
- 51.12 ~~unions union in amounts up to an amount within the limit of the insurance coverage~~
- 51.13 ~~provided by the National Credit Union Administration;~~
- 51.14 (3) ~~commercial paper is limited to those if issued by a United States corporations~~
- 51.15 ~~corporation or their its Canadian subsidiaries subsidiary and if rated in the highest two~~
- 51.16 ~~quality categories by a nationally recognized rating agency;~~
- 51.17 (4) ~~mortgage securities shall be and asset-backed securities if rated in the top four~~
- 51.18 ~~quality categories by a nationally recognized rating agency;~~
- 51.19 (5) ~~collateral for repurchase agreements and reverse repurchase agreements is~~
- 51.20 ~~limited to if collateralized with letters of credit and or securities authorized in this section;~~
- 51.21 (6) ~~guaranteed investment contracts are limited to those if issued by an insurance~~
- 51.22 ~~companies company or banks a bank that is rated in the top four quality categories by a~~
- 51.23 ~~nationally recognized rating agency or to alternative guaranteed investment contracts~~
- 51.24 ~~where if the underlying assets comply with the requirements of this section;~~
- 51.25 (7) ~~savings accounts are limited to those if fully insured by a federal agencies~~
- 51.26 ~~agency; and~~
- 51.27 (8) ~~asset backed securities shall be rated in the top four quality categories by a~~
- 51.28 ~~nationally recognized rating agency guaranty fund certificates, surplus notes, or debentures~~
- 51.29 ~~if issued by a domestic mutual insurance company.~~
- 51.30 (b) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates
- 51.31 of deposit and collateralization agreements executed by the state board under paragraph
- 51.32 (a), clause (2).
- 51.33 (c) In addition to investments authorized by paragraph (a), clause (4), the state board
- 51.34 ~~may is authorized to purchase from the Minnesota Housing Finance Agency all or any~~
- 51.35 ~~part of a pool of residential mortgages, not in default, that has previously been financed~~
- 51.36 ~~by the issuance of bonds or notes of the agency. The state board may also enter into a~~

- 52.1 commitment with the agency, at the time of any issue of bonds or notes, to purchase at
- 52.2 a specified future date, not exceeding 12 years from the date of the issue, the amount of
- 52.3 mortgage loans then outstanding and not in default that have been made or purchased from
- 52.4 the proceeds of the bonds or notes. The state board may charge reasonable fees for any
- 52.5 such commitment and may agree to purchase the mortgage loans at a price sufficient to
- 52.6 produce a yield to the state board comparable, in its judgment, to the yield available on
- 52.7 similar mortgage loans at the date of the bonds or notes. The state board may also enter
- 52.8 into agreements with the agency for the investment of any portion of the funds of the
- 52.9 agency. The agreement must cover the period of the investment, withdrawal privileges,
- 52.10 and any guaranteed rate of return.
- 52.11 Subd. 5. **Corporate stocks.** The state board ~~may~~ is authorized to invest funds in
- 52.12 stocks or convertible issues of any corporation organized under the laws of the United
- 52.13 States or ~~the~~ any of its states thereof, the Dominion of Canada or any of its provinces, or
- 52.14 any corporation listed on an exchange that is regulated by an agency of the United States
- 52.15 or of the Canadian national government, if they conform to the following provisions:
- 52.16 (a) ~~The aggregate value of corporate stock investments, as adjusted for realized~~
- 52.17 ~~profits and losses, shall not exceed 85 percent of the market or book value, whichever is~~
- 52.18 ~~less, of a fund, less the aggregate value of investments according to subdivision 6;~~
- 52.19 (b) ~~Investments shall~~ An investment in any corporation must not exceed five percent
- 52.20 of the total outstanding shares of any one that corporation, except that the state board may
- 52.21 hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent
- 52.22 of the shares of a closed-end mutual fund.
- 52.23 Subd. 5a. Asset mix limitations. The aggregate value of investments under
- 52.24 subdivision 5, plus the aggregate value of all investments under subdivision 6, must not
- 52.25 exceed 85 percent of the market value of a fund.
- 52.26 Subd. 6. **Other investments.** (a) In addition to the investments authorized in
- 52.27 subdivisions 1 to 5, and subject to the provisions in paragraph (b), the state board ~~may~~
- 52.28 is authorized to invest funds in:
- 52.29 (1) venture capital equity and debt investment businesses through participation in
- 52.30 limited partnerships, trusts, private placements, limited liability corporations, limited
- 52.31 liability companies, limited liability partnerships, and corporations;
- 52.32 (2) real estate ownership interests or loans secured by mortgages or deeds of trust or
- 52.33 shares of real estate investment trusts through investment in limited partnerships, ~~bank~~
- 52.34 ~~sponsored~~ bank-sponsored collective funds, trusts, mortgage participation agreements,
- 52.35 and insurance company commingled accounts, including separate accounts;

- 53.1 ~~(3) regional and mutual funds through bank-sponsored collective funds and open-end~~
- 53.2 ~~investment companies registered under the Federal Investment Company Act of 1940, and~~
- 53.3 ~~closed-end mutual funds listed on an exchange regulated by a governmental agency;~~
- 53.4 ~~(4) (3) resource investments through limited partnerships, trusts, private placements,~~
- 53.5 ~~limited liability corporations, limited liability companies, limited liability partnerships,~~
- 53.6 ~~and corporations; and~~
- 53.7 ~~(5) (4) international securities.~~
- 53.8 (b) The investments authorized in paragraph (a) must conform to the following
- 53.9 provisions:
- 53.10 (1) the aggregate value of all investments made ~~according to~~ under paragraph (a),
- 53.11 clauses (1) to ~~(4) (3)~~, may not exceed 35 percent of the market value of the fund for
- 53.12 which the state board is investing;
- 53.13 (2) there must be at least four unrelated owners of the investment other than the state
- 53.14 board for investments made under paragraph (a), clause (1), (2), or ~~(3); or (4)~~;
- 53.15 (3) state board participation in an investment vehicle is limited to 20 percent thereof
- 53.16 for investments made under paragraph (a), clause (1), (2), or ~~(3); or (4)~~; and
- 53.17 (4) state board participation in a limited partnership does not include a general
- 53.18 partnership interest or other interest involving general liability. The state board may not
- 53.19 engage in any activity as a limited partner which creates general liability.
- 53.20 (c) All financial, business, or proprietary data collected, created, received, or
- 53.21 maintained by the state board in connection with investments authorized by paragraph (a),
- 53.22 clause (1), (2), or ~~(4) (3)~~, are nonpublic data under section 13.02, subdivision 9. As used
- 53.23 in this paragraph, "financial, business, or proprietary data" means data, as determined by
- 53.24 the responsible authority for the state board, that is of a financial, business, or proprietary
- 53.25 nature, the release of which could cause competitive harm to the state board, the legal
- 53.26 entity in which the state board has invested or has considered an investment, the managing
- 53.27 entity of an investment, or a portfolio company in which the legal entity holds an interest.
- 53.28 As used in this section, "business data" is data described in section 13.591, subdivision 1.
- 53.29 Regardless of whether they could be considered financial, business, or proprietary data, the
- 53.30 following data received, prepared, used, or retained by the state board in connection with
- 53.31 investments authorized by paragraph (a), clause (1), (2), or ~~(4) (3)~~, are public at all times:
- 53.32 (1) the name and industry group classification of the legal entity in which the state
- 53.33 board has invested or in which the state board has considered an investment;
- 53.34 (2) the state board commitment amount, if any;
- 53.35 (3) the funded amount of the state board's commitment to date, if any;
- 53.36 (4) the market value of the investment by the state board;

- 54.1 (5) the state board's internal rate of return for the investment, including expenditures
- 54.2 and receipts used in the calculation of the investment's internal rate of return; and
- 54.3 (6) the age of the investment in years.
- 54.4 Subd. 7. **Appropriation.** There is annually appropriated to the state board, from
- 54.5 the assets of the funds for which the state board invests pursuant relating to authorized
- 54.6 investments under subdivision 6, clause paragraph (a), sums sufficient to pay the costs for
- 54.7 the management of these funds assets by private management firms.

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

54.9 Sec. 4. Minnesota Statutes 2010, section 69.77, subdivision 9, is amended to read:

54.10 Subd. 9. **Local police and paid fire relief association investment authority.**

54.11 (a) The funds special fund of the association must be invested in securities that are

54.12 authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.

54.13 ~~Notwithstanding any provision of section 356A.06, subdivision 6 or 7 to the contrary, the~~

54.14 ~~special fund of the relief association may be additionally invested in:~~

54.15 (1) ~~open-end investment companies registered under the federal Investment~~

54.16 ~~Company Act of 1940, if the portfolio investments of the investment companies comply~~

54.17 ~~with the type of securities authorized for investment under section 356A.06, subdivision 7,~~

54.18 ~~up to 75 percent of the market value of the assets of the fund; and~~

54.19 (2) ~~domestic government and corporate debt obligations that are not rated in the top~~

54.20 ~~four quality categories by a nationally recognized rating agency, and comparable unrated~~

54.21 ~~securities if the percentage of these assets does not exceed five percent of the total assets~~

54.22 ~~of the special fund or 15 percent of the special fund's nonequity assets, whichever is less;~~

54.23 ~~the special fund's participation is limited to 50 percent of a single offering of the debt~~

54.24 ~~obligations, and the special fund's participation is limited to 25 percent of an issuer's debt~~

54.25 ~~obligations that are not rated in the top four quality categories. Securities held by the~~

54.26 ~~association before June 2, 1989, that do not meet the requirements of this subdivision may~~

54.27 ~~be retained after that date if they were proper investments for the association on that date.~~

54.28 (b) ~~The governing board of the association may select and appoint investment~~

54.29 ~~agencies to act for and in its behalf or may certify special fund assets for investment by the~~

54.30 ~~State Board of Investment under section 11A.17. The governing board of the association~~

54.31 ~~may certify general fund assets of the relief association for investment by the State Board~~

54.32 ~~of Investment in fixed income pools or in a separately managed account at the discretion~~

54.33 ~~of the State Board of Investment as provided in section 11A.14. The governing board of~~

54.34 the association may select and appoint a qualified private firm to measure management

55.1 performance and return on investment, and the firm ~~shall~~ must use the formula or formulas

55.2 developed by the state board under section 11A.04, clause (11).

55.3 (c) The governing board of the association may certify general fund assets of the

55.4 relief association for investment by the State Board of Investment in fixed income pools

55.5 or in a separately managed account at the discretion of the State Board of Investment

55.6 as provided in section 11A.14.

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

55.8 Sec. 5. Minnesota Statutes 2010, section 69.775, is amended to read:

55.9 **69.775 INVESTMENTS.**

55.10 (a) The special fund assets of a relief association governed by sections 69.771 to

55.11 69.776 must be invested in securities that are authorized investments under section

55.12 356A.06, subdivision 6 or 7, whichever applies.

55.13 ~~(b) Notwithstanding the foregoing, up to 75 percent of the market value of the assets~~

55.14 ~~of the special fund, not including any money market mutual funds, may be invested in~~

55.15 ~~open-end investment companies registered under the federal Investment Company Act of~~

55.16 ~~1940, if the portfolio investments of the investment companies comply with the type of~~

55.17 ~~securities authorized for investment under section 356A.06, subdivision 7.~~

55.18 ~~(c) Securities held by the associations before June 2, 1989, that do not meet the~~

55.19 ~~requirements of this section may be retained after that date if they were proper investments~~

55.20 ~~for the association on that date.~~

55.21 ~~(d) The governing board of the association may select and appoint investment~~

55.22 ~~agencies to act for and in its behalf or may certify special fund assets for investment by the~~

55.23 ~~State Board of Investment under section 11A.17.~~

55.24 ~~(e) The governing board of the association may certify general fund assets of the~~

55.25 ~~relief association for investment by the State Board of Investment in fixed income pools~~

55.26 ~~or in a separately managed account at the discretion of the State Board of Investment~~

55.27 ~~as provided in section 11A.14.~~

55.28 ~~(f) (b) The governing board of the association may select and appoint a qualified~~

55.29 ~~private firm to measure management performance and return on investment, and the~~

55.30 ~~firm shall must use the formula or formulas developed by the state board under section~~

55.31 ~~11A.04, clause (11).~~

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

55.33 Sec. 6. Minnesota Statutes 2010, section 354A.08, is amended to read:

56.1 **354A.08 AUTHORIZED INVESTMENTS.**

- 56.2 ~~(a)~~ In addition to investments authorized under section 356A.06, subdivision 7, a
- 56.3 teachers retirement fund association may receive, hold, and dispose of:
- 56.4 ~~(1)~~ real estate or personal property acquired by it, whether the acquisition was by
- 56.5 purchase; or any other lawful means, as provided in this chapter or in the association's
- 56.6 articles of incorporation; and,
- 56.7 ~~(2)~~ domestic government and corporate debt obligations that are not rated in the top
- 56.8 four quality categories by a nationally recognized rating agency, and comparable unrated
- 56.9 securities if the percentage of these assets does not exceed five percent of the total assets
- 56.10 of the pension plan or 15 percent of the pension plan's nonequity assets, whichever is less;
- 56.11 if the pension plan's participation is limited to 50 percent of a single offering of the debt
- 56.12 obligations; and if the pension plan's participation is limited to 25 percent of an issuer's
- 56.13 debt obligations that are not rated in the top four quality categories.
- 56.14 ~~(b)~~ In addition to other authorized real estate investments, an association may also
- 56.15 invest funds in Minnesota-situs nonfarm real estate ownership interests or loans secured
- 56.16 by mortgages or deeds of trust. ~~The board may also certify assets for investment by the~~
- 56.17 ~~State Board of Investment as provided under section 11A.17.~~

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

- 56.19 Sec. 7. Minnesota Statutes 2010, section 356.219, subdivision 1, is amended to read:
- 56.20 Subdivision 1. **Report required.** (a) ~~Except as indicated in subdivision 4,~~ The State
- 56.21 Board of Investment, on behalf of the public pension funds and programs for which it is
- 56.22 the investment authority, and any Minnesota public pension plan that is not fully invested
- 56.23 through the State Board of Investment, including a local police or firefighters relief
- 56.24 association governed by sections 69.77 or 69.771 to 69.775, shall report the information
- 56.25 specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or
- 56.26 forms for the purposes of the reporting requirements contained in this section.
- 56.27 (b) A local police or firefighters relief association governed by section 69.77 or
- 56.28 sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of
- 56.29 this section if all assets of the applicable pension plan beyond sufficient cash equivalent
- 56.30 investments to cover six months expected expenses are invested under section 11A.17.
- 56.31 The board of any fully invested public pension plan remains responsible for submitting
- 56.32 investment policy statements and subsequent revisions as required by subdivision 3,
- 56.33 paragraph (a).
- 56.34 (c) For purposes of this section, the State Board of Investment is considered to be
- 56.35 the investment authority for any Minnesota public pension fund required to be invested by

57.1 the State Board of Investment under section 11A.23, or for any Minnesota public pension
57.2 fund authorized to invest in the supplemental investment fund under section 11A.17 and
57.3 which is fully invested by the State Board of Investment.

57.4 (d) This section does not apply to the following plans:

- 57.5 (1) the Minnesota unclassified employees retirement program under chapter 352D;
- 57.6 (2) the public employees defined contribution plan under chapter 353D;
- 57.7 (3) the individual retirement account plans under chapters 354B and 354D;
- 57.8 (4) the higher education supplemental retirement plan under chapter 354C;
- 57.9 (5) any alternative retirement benefit plan established under section 383B.914; and
- 57.10 (6) the University of Minnesota faculty retirement plan.

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

57.12 Sec. 8. Minnesota Statutes 2010, section 356.219, subdivision 8, is amended to read:

57.13 Subd. 8. **Timing of reports.** (a) For salaried firefighter relief associations, police
57.14 relief associations, and volunteer firefighter relief associations, the information required
57.15 under this section must be submitted by the due date for reports required under section
57.16 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of
57.17 a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered
57.18 by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief
57.19 administrative officer of the covered pension plan shall certify that compliance on a form
57.20 prescribed by the state auditor. The state auditor shall transmit annually to the State Board
57.21 of Investment a list or lists of covered pension plans which submitted certifications in
57.22 order to facilitate reporting by the State Board of Investment under paragraph (c).

57.23 (b) ~~For the Minneapolis Teachers Retirement Fund Association; the St. Paul~~
57.24 ~~Teachers Retirement Fund Association, the Duluth Teachers Retirement Fund Association,~~
57.25 ~~the Minneapolis Employees Retirement Fund, and the University of Minnesota faculty~~
57.26 ~~supplemental retirement plan, and the applicable administrators for the University of~~
57.27 ~~Minnesota faculty retirement plan and the individual retirement account plans under~~
57.28 ~~chapters 354B and 354D;~~ the information required under this section must be submitted to
57.29 the state auditor by June 1 of each year.

57.30 (c) The State Board of Investment, on behalf of pension funds specified in
57.31 subdivision 1, paragraph (c), must report information required under this section by
57.32 September 1 of each year.

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

- 58.1 Sec. 9. Minnesota Statutes 2010, section 356A.01, subdivision 19, is amended to read:
- 58.2 Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a
- 58.3 pension plan, other than the general fund, as reserves for present and future payment of
- 58.4 benefits and administrative expenses. For a retirement plan governed by section 69.77 or
- 58.5 by chapter 424A, the term means the relief association special fund.
- 58.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 58.7 Sec. 10. Minnesota Statutes 2010, section 356A.06, subdivision 6, is amended to read:
- 58.8 Subd. 6. **Limited list of authorized investment securities.** (a) ~~Except to the~~
- 58.9 ~~extent otherwise authorized by law;~~ **Authority.** This subdivision specifies the investment
- 58.10 authority for a limited list plan. A limited list plan is a covered pension plan ~~may invest its~~
- 58.11 assets only in investment securities authorized by this subdivision if the plan that does not:
- 58.12 (1) have pension fund assets with a book market value in excess of \$1,000,000;
- 58.13 (2) use the services of an investment advisor registered with the Securities and
- 58.14 Exchange Commission in accordance with the Investment Advisers Act of 1940, or
- 58.15 registered as an investment advisor in accordance with sections 80A.58, and 80A.60,
- 58.16 for the investment of at least 60 percent of its pension fund assets, calculated on ~~book~~
- 58.17 market value;
- 58.18 (3) use the services of the State Board of Investment for the investment of at least 60
- 58.19 percent of its pension fund assets, calculated on ~~book market value~~; or
- 58.20 (4) use a combination of the services of an investment advisor meeting the
- 58.21 requirements of clause (2) and the services of the State Board of Investment for the
- 58.22 investment of at least 75 percent of its pension fund assets, calculated on ~~book market~~
- 58.23 value.
- 58.24 (b) **Investment agency appointment authority.** ~~securities authorized for The~~
- 58.25 governing board of a covered pension plan covered by this subdivision are; may select
- 58.26 and appoint investment agencies to act for or on its behalf.
- 58.27 (c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:
- 58.28 (1) certificates of deposit issued, to the extent of available insurance or
- 58.29 collateralization, by a financial institution that is a member of the Federal Deposit
- 58.30 Insurance Corporation or the Federal Savings and Loan Insurance Corporation, that is
- 58.31 insured by the National Credit Union Administration, or that is authorized to do business
- 58.32 in this state and has deposited with the chief administrative officer of the plan a sufficient
- 58.33 amount of marketable securities as collateral in accordance with section 118A.03;
- 58.34 (2) guaranteed investment contracts, limited to those issued by insurance companies
- 58.35 or banks rated in the top four quality categories by a nationally recognized rating agency

- 59.1 or to alternative guaranteed investment contracts where the underlying assets comply
- 59.2 with the requirements of this paragraph; and
- 59.3 (3) savings accounts, to the extent of available insurance, with a financial institution
- 59.4 that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and
- 59.5 Loan Insurance Corporation; limited to those fully insured by federal agencies.
- 59.6 (3) (d) **Government-backed obligations.** A limited list plan is authorized to invest
- 59.7 in governmental obligations as further specified in this paragraph, including bonds, notes,
- 59.8 bills, or other fixed obligations, issued by the United States, an agency or instrumentality
- 59.9 of the United States, an organization established and regulated by an act of Congress or by
- 59.10 a state, state agency or instrumentality, municipality, or other governmental or political
- 59.11 subdivision that mortgages, and other evidences of indebtedness, if the issue is backed
- 59.12 by the full faith and credit of the issuer or if the issue is rated among the top four quality
- 59.13 rating categories by a nationally recognized rating agency. The obligations in which plans
- 59.14 are authorized to invest under this paragraph are guaranteed or insured issues of:
- 59.15 (i) for the obligation in question, issues an obligation that equals or exceeds the
- 59.16 stated investment yield of debt securities not exempt from federal income taxation and of
- 59.17 comparable quality;
- 59.18 (ii) for an obligation that is a revenue bond, has been completely self-supporting
- 59.19 for the last five years; and
- 59.20 (iii) for an obligation other than a revenue bond, has issued an obligation backed by
- 59.21 the full faith and credit of the applicable taxing jurisdiction and has not been in default on
- 59.22 the payment of principal or interest on the obligation in question or any other nonrevenue
- 59.23 bond obligation during the preceding ten years;
- 59.24 (1) the United States, one of its agencies, one of its instrumentalities, or an
- 59.25 organization created and regulated by an act of Congress;
- 59.26 (2) the Dominion of Canada or one of its provinces if the principal and interest are
- 59.27 payable in United States dollars;
- 59.28 (3) a state or one of its municipalities, political subdivisions, agencies, or
- 59.29 instrumentalities; or
- 59.30 (4) any United States government-sponsored organization of which the United States
- 59.31 is a member if the principal and interest are payable in United States dollars.
- 59.32 (4) (e) **Corporate obligations.** A limited list plan is authorized to invest in corporate
- 59.33 obligations, including bonds, notes, debentures, or other regularly issued and readily
- 59.34 marketable evidences of indebtedness issued by a corporation organized under the laws
- 59.35 of any state that during the preceding five years has had on average annual net pretax
- 59.36 earnings at least 50 percent greater than the annual interest charges and principal payments

- 60.1 on the total issued debt of the corporation during that period and that, for the obligation
- 60.2 in question, has issued an obligation rated in one of the top three quality categories by
- 60.3 Moody's Investors Service, Incorporated, or Standard and Poor's Corporation, and
- 60.4 (5) shares in an open-end investment company registered under the federal
- 60.5 Investment Company Act of 1940, if the portfolio investments of the company are limited
- 60.6 to investments that meet the requirements of clauses (1) to (4): transportation equipment
- 60.7 obligations, or any other longer-term evidences of indebtedness issued or guaranteed by
- 60.8 a corporation organized under the laws of the United States or any of its states, or the
- 60.9 Dominion of Canada or any of its provinces if:
- 60.10 (1) the principal and interest are payable in United States dollars; and
- 60.11 (2) the obligations are rated among the top four quality categories by a nationally
- 60.12 recognized rating agency.
- 60.13 (f) **Mutual fund authority, limited list authorized assets.** Securities authorized
- 60.14 under paragraphs (c) to (e) may be owned directly or through shares in exchange-traded
- 60.15 funds, or through open-end mutual funds, or as units of commingled trusts.
- 60.16 (g) **Extended mutual fund authority.** Notwithstanding restrictions in other
- 60.17 paragraphs of this subdivision, a limited list plan is authorized to invest the assets of
- 60.18 the special fund in exchange-traded funds and open-end mutual funds, if their portfolio
- 60.19 investments comply with the type of securities authorized for investment under section
- 60.20 356A.06, subdivision 7, paragraphs (c) to (g). Investments under this paragraph must not
- 60.21 exceed 75 percent of the assets of the special fund, not including any money market
- 60.22 investments through mutual or exchange-traded funds.
- 60.23 (h) **Supplemental fund authority.** The governing body of a limited list plan may
- 60.24 certify special fund assets to the State Board of Investment for investment under section
- 60.25 11A.17.
- 60.26 (i) **Assets mix restrictions.** A limited list plan must conform to the asset mix
- 60.27 limitations specified in section 356A.06, subdivision 7.
- 60.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- 60.29 Sec. 11. Minnesota Statutes 2010, section 356A.06, subdivision 7, is amended to read:
- 60.30 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.**
- 60.31 ~~Except to the extent otherwise authorized by law,~~ A covered pension plan not described by
- 60.32 subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets ~~only in~~
- 60.33 ~~accordance with~~ as specified in this subdivision. The governing board of an expanded list
- 60.34 ~~plan may select and appoint investment agencies to act for or on its behalf.~~

- 61.1 (b) Securities generally; investment forms. ~~The covered pension~~ An expanded list
- 61.2 ~~plan has the authority~~ is authorized to purchase, sell, lend, or and exchange the investment
- 61.3 ~~securities specified in paragraphs (e) to (f)~~ authorized under this subdivision, including
- 61.4 puts and call options and future contracts traded on a contract market regulated by a
- 61.5 governmental agency or by a financial institution regulated by a governmental agency.
- 61.6 These securities may be owned directly or through shares in exchange-traded or mutual
- 61.7 funds, or as units in commingled trusts that own the securities described in paragraphs (e)
- 61.8 to (f), including real estate investment trusts and insurance company commingled accounts,
- 61.9 including separate accounts, subject to any limitations specified in this subdivision.
- 61.10 (c) Government obligations. ~~The covered pension~~ An expanded list plan may
- 61.11 is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other
- 61.12 evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or
- 61.13 the issue is rated among the top four quality rating categories by a nationally recognized
- 61.14 rating agency. The obligations in which funds may be invested under this paragraph
- 61.15 include are guaranteed or insured issues of:
- 61.16 (1) the United States, one of its agencies, one of its instrumentalities, or organizations
- 61.17 an organization created and regulated by an act of Congress;
- 61.18 (2) the Dominion of Canada and or one of its provinces, provided if the principal
- 61.19 and interest is are payable in United States dollars;
- 61.20 (3) the states and their a state or one of its municipalities, political subdivisions,
- 61.21 agencies, or instrumentalities; and
- 61.22 (4) the International Bank for Reconstruction and Development, the Inter-American
- 61.23 Development Bank, the Asian Development Bank, the African Development Bank, or
- 61.24 any other a United States government-sponsored government-sponsored organization of
- 61.25 which the United States is a member, provided if the principal and interest is are payable
- 61.26 in United States dollars.
- 61.27 (d) Investment-grade corporate obligations. ~~The covered pension~~ An expanded
- 61.28 list plan may is authorized to invest funds in bonds, notes, debentures, transportation
- 61.29 equipment obligations, or any other longer term evidences of indebtedness issued or
- 61.30 guaranteed by a corporation organized under the laws of the United States or any state
- 61.31 thereof of its states, or the Dominion of Canada or any province thereof of its provinces if
- 61.32 they conform to the following provisions:
- 61.33 (1) the principal and interest of obligations of corporations incorporated or organized
- 61.34 under the laws of the Dominion of Canada or any province thereof must be are payable in
- 61.35 United States dollars; and

- 62.1 (2) the obligations must be are rated among the top four quality categories by a
- 62.2 nationally recognized rating agency.
- 62.3 (e) Below-investment-grade corporate obligations. An expanded list plan is
- 62.4 authorized to invest in unrated corporate obligations or in corporate obligations that are
- 62.5 not rated among the top four quality categories by a nationally recognized rating agency if:
- 62.6 (1) the aggregate value of these obligations does not exceed five percent of the
- 62.7 covered pension plan's market value;
- 62.8 (2) the covered pension plan's participation is limited to 50 percent of a single
- 62.9 offering subject to this paragraph; and
- 62.10 (3) the covered pension plan's participation is limited to 25 percent of an issuer's
- 62.11 obligations subject to this paragraph.
- 62.12 (e) (f) Other obligations. (1) The covered pension An expanded list plan may is
- 62.13 authorized to invest funds in bankers-acceptances, certificates of deposit, deposit notes;
- 62.14 commercial paper, mortgage participation certificates and pools; asset backed securities;
- 62.15 repurchase agreements and reverse repurchase agreements, guaranteed investment
- 62.16 contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of
- 62.17 domestic mutual insurance companies if they conform to the following provisions:
- 62.18 (i) bankers acceptances and deposit notes of United States banks are limited to those
- 62.19 if issued by banks a United States bank that is rated in the highest four quality categories
- 62.20 by a nationally recognized rating agency;
- 62.21 (ii) certificates of deposit are limited to those if issued by (A) a United States
- 62.22 banks and bank or savings institutions that are institution rated in the highest four quality
- 62.23 categories by a nationally recognized rating agency or whose certificates of deposit are
- 62.24 fully insured by federal agencies; or (B) if issued by a credit unions union in amounts
- 62.25 up to an amount within the limit of the insurance coverage provided by the National
- 62.26 Credit Union Administration;
- 62.27 (iii) commercial paper is limited to those if issued by a United States corporations
- 62.28 corporation or their its Canadian subsidiaries subsidiary and if rated in the highest two
- 62.29 quality categories by a nationally recognized rating agency;
- 62.30 (iv) mortgage participation or pass-through certificates evidencing interests in pools
- 62.31 of first mortgages or trust deeds on improved real estate located in the United States where
- 62.32 the loan-to-value ratio for each loan as calculated in accordance with section 61A.28;
- 62.33 subdivision 3, does not exceed 80 percent for fully amortizable residential properties and
- 62.34 in all other respects meets the requirements of section 61A.28, subdivision 3 securities
- 62.35 and asset-backed securities if rated in the top four quality categories by a nationally
- 62.36 recognized rating agency;

- 63.1 (v) ~~collateral for~~ repurchase agreements and reverse repurchase agreements is
- 63.2 ~~limited to if collateralized with letters of credit and or securities authorized in this section;~~
- 63.3 (vi) guaranteed investment contracts ~~are limited to those if issued by an insurance~~
- 63.4 ~~companies company or banks~~ a bank that is rated in the top four quality categories by a
- 63.5 nationally recognized rating agency or ~~to~~ alternative guaranteed investment contracts
- 63.6 ~~where if~~ the underlying assets comply with the requirements of this subdivision;
- 63.7 (vii) savings accounts ~~are limited to those if fully insured by a federal agencies~~
- 63.8 ~~agency;~~ and
- 63.9 (viii) ~~asset backed securities must be rated in the top four quality categories by a~~
- 63.10 ~~nationally recognized rating agency guaranty fund certificates, surplus notes, or debentures~~
- 63.11 ~~if issued by a domestic mutual insurance company.~~
- 63.12 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates
- 63.13 of deposit and collateralization agreements executed by the covered pension plan under
- 63.14 clause (1), item (ii).
- 63.15 (3) In addition to investments authorized by clause (1), item (iv), ~~the covered pension~~
- 63.16 ~~an expanded list plan may~~ is authorized to purchase from the Minnesota Housing Finance
- 63.17 Agency all or any part of a pool of residential mortgages, not in default, that has previously
- 63.18 been financed by the issuance of bonds or notes of the agency. The covered pension plan
- 63.19 may also enter into a commitment with the agency, at the time of any issue of bonds or
- 63.20 notes, to purchase at a specified future date, not exceeding 12 years from the date of the
- 63.21 issue, the amount of mortgage loans then outstanding and not in default that have been
- 63.22 made or purchased from the proceeds of the bonds or notes. The covered pension plan may
- 63.23 charge reasonable fees for any such commitment and may agree to purchase the mortgage
- 63.24 loans at a price sufficient to produce a yield to the covered pension plan comparable, in
- 63.25 its judgment, to the yield available on similar mortgage loans at the date of the bonds or
- 63.26 notes. The covered pension plan may also enter into agreements with the agency for the
- 63.27 investment of any portion of the funds of the agency. The agreement must cover the period
- 63.28 of the investment, withdrawal privileges, and any guaranteed rate of return.
- 63.29 ~~(f)~~ (g) Corporate stocks. The covered pension An expanded list plan may is
- 63.30 authorized to invest funds in stocks or convertible issues of any corporation organized
- 63.31 under the laws of the United States or ~~the~~ any of its states thereof, any corporation
- 63.32 organized under the laws of the Dominion of Canada or any of its provinces, or any
- 63.33 corporation listed on an exchange that is regulated by an agency of the United States or of
- 63.34 the Canadian national government; ~~if they conform to the following provisions:~~
- 63.35 ~~(1) the aggregate value of investments under this paragraph, plus paragraphs (g) and~~
- 63.36 ~~(k), plus equity investments under paragraphs (h), (i), and (j), as adjusted for realized~~

- 64.1 gains and losses, must not exceed 85 percent of the market or book value, whichever is
- 64.2 less, of a fund; and
- 64.3 (2) investments An investment in any corporation must not exceed five percent of
- 64.4 the total outstanding shares of any one that corporation, except that an expanded list plan
- 64.5 may hold up to 20 percent of the shares of a real estate investment trust and up to 20
- 64.6 percent of the shares of a closed mutual fund.
- 64.7 (g) ~~Developed market foreign stocks investments.~~ In addition to investments
- 64.8 authorized under paragraph (f), the covered pension fund may invest in foreign stock sold
- 64.9 on an exchange in any developed market country that is included in the Europe, Australia,
- 64.10 and Far East Index.
- 64.11 (h) ~~Commingled or mutual investments.~~ The covered pension plan may invest
- 64.12 in index funds or mutual funds, including index mutual funds, through bank-sponsored
- 64.13 collective funds and shares of open-end investment companies registered under the
- 64.14 Federal Investment Company Act of 1940, to the extent that these funds comply with
- 64.15 paragraphs (c) to (f):
- 64.16 (i) ~~Real estate investment trust; related investments.~~ The covered pension plan
- 64.17 may invest in real estate investment trusts secured by mortgages or deeds of trust and
- 64.18 sold on an exchange, and insurance company commingled accounts, including separate
- 64.19 accounts, of a debt or equity nature.
- 64.20 (j) ~~Exchange traded funds.~~ The covered pension plan may invest funds in exchange
- 64.21 traded funds, subject to the maximums, the requirements, and the limitations set forth in
- 64.22 paragraphs (c) to (f), as applicable.
- 64.23 (k) ~~(h) Other investments.~~ (1) In addition to the investments authorized in
- 64.24 paragraphs (b) to (f) (g), and subject to the provisions in clause (2), the covered pension
- 64.25 an expanded list plan may is authorized to invest funds in:
- 64.26 (i) venture capital equity and debt investment businesses through participation in
- 64.27 limited partnerships, trusts, private placements, limited liability corporations, limited
- 64.28 liability companies, limited liability partnerships, and corporations;
- 64.29 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust or
- 64.30 shares of real estate investment trusts, through investment in limited partnerships or bank
- 64.31 sponsored, bank-sponsored collective funds, trusts, mortgage participation agreements,
- 64.32 and insurance company commingled accounts, including separate accounts;
- 64.33 (iii) regional and mutual funds through bank-sponsored collective funds and
- 64.34 open-end investment companies registered under the Federal Investment Company Act of
- 64.35 1940 to the extent that a fund or a portion of a fund does not qualify under paragraph (h);

- 65.1 ~~(iv)~~ (iii) resource investments through limited partnerships, trusts, private
- 65.2 placements, limited liability corporations, limited liability companies, limited liability
- 65.3 partnerships, and corporations; and
- 65.4 ~~(v)~~ (iv) international debt securities and emerging market equity securities.
- 65.5 (2) The investments authorized in clause (1) must conform to the following
- 65.6 provisions:
- 65.7 (i) the aggregate value of all investments made ~~according to~~ under clause (1),
- 65.8 ~~including allocated amounts of index and mutual funds items (i), (ii), and (iii), may not~~
- 65.9 ~~exceed 20~~ 35 percent of the market value of the fund for which the ~~covered pension~~
- 65.10 expanded list plan is investing;
- 65.11 (ii) there must be at least four unrelated owners of the investment other than the
- 65.12 ~~covered pension~~ expanded list plan for investments made under clause (1), item (i), (ii),
- 65.13 ~~or (iii), or (iv);~~
- 65.14 (iii) ~~covered pension plan~~ the expanded list plan's participation in an investment
- 65.15 vehicle is limited to 20 percent thereof for investments made under clause (1), item (i),
- 65.16 (ii), or (iii), or (iv); and
- 65.17 (iv) ~~covered pension plan~~ the expanded list plan's participation in a limited
- 65.18 partnership does not include a general partnership interest or other interest involving
- 65.19 general liability. The ~~covered pension~~ expanded list plan may not engage in any activity
- 65.20 as a limited partner which creates general liability; and
- 65.21 (v) for volunteer firefighter relief associations, emerging market equity and
- 65.22 international debt investments authorized under clause (1), item (iv), must not exceed 15
- 65.23 percent of the association's special fund market value.
- 65.24 (i) **Supplemental plan investments.** The governing body of an expanded list plan
- 65.25 may certify assets to the State Board of Investment for investment under section 11A.17.
- 65.26 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's
- 65.27 investments under paragraphs (g) and (h) and equity investments under paragraph (i),
- 65.28 regardless of the form in which these investments are held, must not exceed 85 percent of
- 65.29 the covered plan's market value.

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

65.31 **Sec. 12. INVESTMENT AUTHORITY TRANSITION PROVISION.**

65.32 If any investment by the State Board of Investment or any covered pension plan fund

65.33 was an authorized investment under law in effect immediately before the effective date

65.34 of applicable sections of this act, but is not authorized by this act, the applicable assets

65.35 must be liquidated before June 30, 2013.

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

66.2 Sec. 13. **REPEALER.**

66.3 Minnesota Statutes 2010, section 356.219, subdivision 4, is repealed.

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

66.5 ARTICLE 11

66.6 LOCAL RELIEF ASSOCIATION OR CONSOLIDATION ACCOUNT 66.7 MERGERS WITH PERA-P&F

66.8 Section 1. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 1a, is amended to read:

66.10 Subd. 1a. **Covered retirement plans.** The provisions of this section apply to the following local retirement plans:

66.12 (1) the Bloomington Firefighters Relief Association;

66.13 (2) the Fairmont Police Relief Association; and

66.14 (3) the Virginia Fire Department Relief Association.

66.15 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section is effective as of the date for consolidation set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

66.19 (b) For the Virginia fire consolidation account, this section is effective on June 29, 2012, which is the effective date of merger.

66.21 Sec. 2. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 4, is amended to read:

66.23 Subd. 4. **Relief association financial requirements; minimum municipal obligation.** (a) The officers of the relief association shall determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the minimum obligation of the municipality must be determined on or before the submission date established by the municipality under subdivision 5.

66.30 (b) The financial requirements of the relief association for the following calendar year must be based on the most recent actuarial valuation or survey of the special fund of the association if more than one fund is maintained by the association, or of the association, if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions

67.1 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
67.2 by the actuary of the relief association as part of obtaining a modification of the benefit
67.3 plan of the relief association and the modification is implemented, the actuarial estimate
67.4 must be used in calculating the subsequent financial requirements of the relief association.
67.5 (c) If the relief association has an unfunded actuarial accrued liability as reported in
67.6 the most recent actuarial valuation or survey, the total of the amounts calculated under
67.7 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
67.8 the following year. If the relief association does not have an unfunded actuarial accrued
67.9 liability as reported in the most recent actuarial valuation or survey, the amount calculated
67.10 under clauses (1) and (2) constitute the financial requirements of the relief association for
67.11 the following year. The financial requirement elements are:
67.12 (1) the normal level cost required for the following year, expressed as a dollar
67.13 amount, which must be determined by applying the normal level cost of the relief
67.14 association as reported in the actuarial valuation or survey and expressed as a percentage
67.15 of covered payroll to the estimated covered payroll of the active membership of the relief
67.16 association, including any projected change in the active membership, for the following
67.17 year;
67.18 (2) for the Bloomington Fire Department Relief Association, ~~the Fairmont Police~~
67.19 ~~Relief Association, and the Virginia Fire Department Relief Association~~, to the dollar
67.20 amount of normal cost determined under clause (1) must be added an amount equal to the
67.21 dollar amount of the administrative expenses of the special fund of the association if more
67.22 than one fund is maintained by the association, or of the association if only one fund is
67.23 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
67.24 expenses are those authorized under section 69.80; and
67.25 (3) to the dollar amount of normal cost and expenses determined under clauses
67.26 (1) and (2) must be added an amount equal to the level annual dollar amount which
67.27 is sufficient to amortize the unfunded actuarial accrued liability as determined from
67.28 the actuarial valuation or survey of the fund, using an interest assumption set at the
67.29 applicable rate specified in section 356.215, subdivision 8, by that fund's amortization
67.30 date as specified in paragraph (d).
67.31 (d) ~~The Virginia Fire Department Relief Association special fund amortization date~~
67.32 ~~is December 31, 2010. The Fairmont Police Relief Association special fund amortization~~
67.33 ~~date is December 31, 2020. The Bloomington Fire Department Relief Association~~
67.34 special fund amortization date is determined under section 356.216, clause (2). The
67.35 amortization date specified in this paragraph supersedes any amortization date specified in
67.36 any applicable special law.

68.1 (e) The minimum obligation of the municipality is an amount equal to the financial
68.2 requirements of the relief association reduced by the estimated amount of member
68.3 contributions from covered salary anticipated for the following calendar year and the
68.4 estimated amounts anticipated for the following calendar year from the applicable state aid
68.5 program established under sections 69.011 to 69.051 receivable by the relief association
68.6 after any allocation made under section 69.031, subdivision 5, paragraph (b), clause (2),
68.7 or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police and salaried
68.8 firefighters' relief association amortization aid program established under section 423A.02,
68.9 subdivision 1, from the supplementary amortization state-aid program established under
68.10 section 423A.02, subdivision 1a, and from the additional amortization state aid under
68.11 section 423A.02, subdivision 1b.

68.12 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section
68.13 is effective as of the date for consolidation set by the board of the Public Employees
68.14 Retirement Association in consultation with the State Board of Investment, but not later
68.15 than June 29, 2012.

68.16 (b) For the Virginia fire consolidation account, this section is effective on June 29,
68.17 2012, which is the effective date of merger.

68.18 Sec. 3. Minnesota Statutes 2011 Supplement, section 353.668, subdivision 4, is
68.19 amended to read:

68.20 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of
68.21 the consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
68.22 the chief administrative officer of the Minneapolis Police Relief Association shall transfer
68.23 the entire assets of the special fund of the Minneapolis Police Relief Association other
68.24 than the health insurance account to the public employees police and fire retirement fund
68.25 at market value. Unless ineligible or inappropriate, the transfer must be in the form of
68.26 investment securities and must include any accounts receivable that are determined by the
68.27 State Board of Investment as being capable of being collected. An amount, in cash, must
68.28 be transferred by the city of Minneapolis equal to the market value recognized by the relief
68.29 association of investment securities that are determined by the executive director of the
68.30 State Board of Investment not to be in compliance with the requirements and limitations
68.31 set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for
68.32 retention in light of the established investment objectives of the State Board of Investment
68.33 or of accounts receivable determined by the executive director of the State Board of
68.34 Investment as being incapable of being collected. Legal and beneficial title to assets that
68.35 are determined noncompliant or inappropriate securities or that are uncollectible accounts

69.1 receivable are transferred to the city of Minneapolis on the effective date of consolidation

69.2 under Laws 2011, First Special Session chapter 8, article 7, section 19. Any accounts

69.3 payable on the effective date of consolidation under Laws 2011, First Special Session

69.4 chapter 8, article 7, section 19, are an obligation of the public employees police and fire

69.5 retirement fund and reduce the asset value for purposes of subdivision 6. The transferred

69.6 assets must be deposited in the public employees police and fire retirement fund. The

69.7 amount of the health insurance account as of the date of the consolidation must remain

69.8 deposited in the financial institution retained by the former Minneapolis Police Relief

69.9 Association on May 1, 2011, and that financial institution must act as the custodian of the

69.10 account. The health insurance account may be transferred from the financial institution

69.11 that holds the account to a successor financial institution on June 30, 2012, under the

69.12 requirements of this subdivision and the terms of an agreement between the Minneapolis

69.13 Police Relief Association and the successor financial institution dated December 30,

69.14 2011, that provides for the transfer. The financial institution shall perform all trustee and

69.15 fiduciary duties with respect to the account as a condition to the retention of the account.

69.16 The executive director of the Minneapolis Police Relief Association, prior to the effective

69.17 date of consolidation, shall estimate three calendar years of the administrative expenses

69.18 related to the operation of the account and shall prepay those expenses from the account to

69.19 the financial institution prior to the effective date of consolidation. After the three-year

69.20 prepayment period, the beneficiaries of the account are responsible for the payment of the

69.21 administrative expenses related to the operation of the account.

69.22 (b) Upon the transfer of assets to the State Board of Investment under paragraph

69.23 (a), legal title to those transferred assets vests with the State Board of Investment on

69.24 behalf of the public employees police and fire retirement plan, and beneficial title to the

69.25 transferred assets remains with the former membership of the former Minneapolis Police

69.26 Relief Association.

69.27 (c) The public employees police and fire retirement plan and fund is the successor in

69.28 interest to all claims for or against the Minneapolis Police Relief Association. The public

69.29 employees police and fire retirement plan and fund is not liable for any claim against the

69.30 Minneapolis Police Relief Association, its governing board, or its administrative staff

69.31 acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon

69.32 a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were

69.33 not undertaken in good faith. The public employees police and fire retirement plan may

69.34 assert any applicable defense to any claim in any judicial or administrative proceeding

69.35 that the Minneapolis Police Relief Association, its board, or its administrative staff would

70.1 otherwise have been entitled to assert, and the public employees police and fire retirement
70.2 plan may assert any applicable defense that it has in its capacity as a statewide agency.

70.3 (d) The Public Employees Retirement Association shall indemnify any former
70.4 fiduciary of the Minneapolis Police Relief Association consistent with the provisions of
70.5 section 356A.11. The indemnification may be effected by the purchase by the Public
70.6 Employees Retirement Association of reasonable fiduciary liability tail insurance for the
70.7 officers and directors of the former Minneapolis Police Relief Association. Consistent
70.8 with section 69.80, the relief association may purchase reasonable fiduciary liability tail
70.9 insurance for its officers and directors prior to the effective date of consolidation under
70.10 Laws 2011, First Special Session chapter 8, article 7, section 19.

70.11 (e) Office equipment and other physical assets of the special fund of the Minneapolis
70.12 Police Relief Association that are not needed by the Public Employees Retirement
70.13 Association may be sold by the special fund of the Minneapolis Police Relief Association
70.14 to the general fund of the Minneapolis Police Relief Association or to any successor
70.15 fraternal organization of the Minneapolis Police Relief Association at fair market value,
70.16 with the proceeds of that sale deposited in the public employees police and fire retirement
70.17 fund and included in the transferred asset value under subdivision 6.

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

70.19 **Sec. 4. [353.669] CONSOLIDATION OF THE FAIRMONT POLICE RELIEF**
70.20 **ASSOCIATION.**

70.21 Subdivision 1. **Membership transfer.** On the effective date of consolidation, the
70.22 retired members, including surviving spouses, of the Fairmont Police Relief Association
70.23 are transferred to the public employees police and fire retirement plan, are no longer
70.24 members of the former Fairmont Police Relief Association, and are members of the public
70.25 employees police and fire retirement plan.

70.26 Subd. 2. **Benefit liability transfer.** The liability for the payment of retirement
70.27 annuities, service pensions, and survivor benefits of the retired members, service
70.28 pensioners, surviving spouses, and any other retirement benefit recipients of the former
70.29 Fairmont Police Relief Association, as contained in the transferred records of the former
70.30 relief association, is transferred to the public employees police and fire retirement plan on
70.31 the effective date of consolidation.

70.32 Subd. 3. **Transfer of records.** On the effective date of consolidation, the
70.33 chief administrative officer of the Fairmont Police Relief Association shall transfer all
70.34 records and documents relating to the special fund of the former Fairmont Police Relief

- 71.1 Association to the executive director of the Public Employees Retirement Association. To
- 71.2 the extent possible, original copies of all records and documents must be transferred.
- 71.3 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of
- 71.4 consolidation, the chief administrative officer of the Fairmont Police Relief Association
- 71.5 shall transfer the entire assets of the special fund of the Fairmont Police Relief Association
- 71.6 to the public employees police and fire retirement fund at market value. Unless ineligible
- 71.7 or inappropriate as determined by the State Board of Investment, the transfer must be
- 71.8 in the form of investment securities and must include any accounts receivable that are
- 71.9 determined by the State Board of Investment as being capable of being collected. The city
- 71.10 of Fairmont must transfer, in cash, an amount equal to the market value, as recognized by
- 71.11 the relief association of any investment securities that are determined by the executive
- 71.12 director of the State Board of Investment to be not in compliance with the requirements
- 71.13 and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24, or to be
- 71.14 inappropriate for retention in light of the established investment objectives of the State
- 71.15 Board of Investment, or of any accounts receivable that are determined by the executive
- 71.16 director as being incapable of being collected. The legal and beneficial title to assets that
- 71.17 are determined to be noncompliant or inappropriate securities or that are determined to be
- 71.18 uncollectable accounts receivable are transferred from the relief association special fund
- 71.19 to the city of Fairmont as of the effective date of consolidation. Any accounts payable
- 71.20 of the special fund of the Fairmont Police Relief Association on the effective date of
- 71.21 consolidation, are an obligation of the public employees police and fire retirement fund
- 71.22 and reduce the value of the transferred relief association special fund assets for purposes
- 71.23 of subdivision 6. Assets transferred from the special fund of the Fairmont Police Relief
- 71.24 Association must be deposited in the public employees police and fire retirement fund
- 71.25 and must be managed by the State Board of Investment through the Minnesota combined
- 71.26 investment funds under section 11A.14.
- 71.27 (b) Upon the transfer of the assets to the management of the State Board of
- 71.28 Investment under paragraph (a), legal title to those transferred assets vests with the State
- 71.29 Board of Investment on behalf of the public employees police and fire retirement plan,
- 71.30 and beneficial title to the transferred assets remains with the former membership of the
- 71.31 former Fairmont Police Relief Association.
- 71.32 (c) The public employees police and fire retirement plan and fund is the successor in
- 71.33 interest to all claims for and against the Fairmont Police Relief Association. The public
- 71.34 employees police and fire retirement plan and fund is not liable for any claim against the
- 71.35 Fairmont Police Relief Association or its governing board acting in a fiduciary capacity
- 71.36 under chapter 356A or under common law which is founded upon a claim of a breach of

- 72.1 fiduciary duty if the act or acts constituting the claimed breach were not undertaken in
- 72.2 good faith. The public employees police and fire retirement plan may assert any applicable
- 72.3 defense to any claim in any judicial or administrative proceeding that the former Fairmont
- 72.4 Police Relief Association or its former governing board would otherwise have been
- 72.5 entitled to assert and the public employees police and fire retirement plan may assert any
- 72.6 applicable defense that it has in its capacity as a statewide agency.
- 72.7 (d) The Public Employees Retirement Association shall indemnify any former
- 72.8 fiduciary of the Fairmont Police Relief Association consistent with the provisions of
- 72.9 section 356A.11. The indemnification may be effected by the purchase by the Public
- 72.10 Employees Retirement Association of reasonable fiduciary liability tail insurance for the
- 72.11 officers and directors of the former Fairmont Police Relief Association.
- 72.12 Subd. 5. **Benefits.** (a) The annuities, service pensions, and other retirement benefits
- 72.13 of or attributable to retired members and surviving spouses of the Fairmont Police Relief
- 72.14 Association who had that status as of the effective date of consolidation, continue after
- 72.15 consolidation in the same amount and under the same terms as provided under Minnesota
- 72.16 Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws
- 72.17 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section
- 72.18 4, except as provided in paragraph (b).
- 72.19 (b) The annual base salary figure for pension and benefit determinations upon
- 72.20 consolidation and for the balance of calendar year 2012 is \$106,666.67. After December
- 72.21 31, 2012, annual postretirement adjustments of pensions and benefits in force must be
- 72.22 calculated solely under section 356.415, subdivision 1c.
- 72.23 Subd. 6. **Calculation of final funded status; employer contributions.** (a) As of
- 72.24 the effective date of consolidation, the approved actuary retained by the Public Employees
- 72.25 Retirement Association under section 356.214 shall determine the final funded status of
- 72.26 the Fairmont Police Relief Association special fund. The final funded status is the present
- 72.27 value of future benefits payable from the Fairmont Police Relief Association as of the
- 72.28 effective date of consolidation after subtracting the market value of the transferred assets
- 72.29 of the Fairmont Police Relief Association as of the effective date of consolidation. The
- 72.30 present value of future benefits figure must be calculated using the applicable actuarial
- 72.31 assumptions for the public employees police and fire retirement plan specified in or
- 72.32 established under section 356.215. If there is a remainder present value of future benefits
- 72.33 amount, the city of Fairmont shall pay to the public employees police and fire retirement
- 72.34 fund an amount sufficient, on a level annual dollar basis, to amortize the calculated
- 72.35 remainder present value of future benefits amount by December 31, 2020. Payments shall
- 72.36 be made annually on or before December 31, beginning in 2012.

73.1 (b) If there are assets of the former Fairmont Police Relief Association in excess of
73.2 the present value of future benefits as of the effective date of consolidation, these assets
73.3 must be credited to an interest bearing suspense account within the public employees
73.4 police and fire retirement fund, must be used to offset any amount payable under paragraph
73.5 (c) until June 30, 2015, and, after June 30, 2015, must be paid to the city of Fairmont. The
73.6 suspense account must be credited with the same rate of investment return as the public
73.7 employees police and fire retirement fund.
73.8 (c) If, after the effective date of consolidation, the postretirement or preretirement
73.9 interest rate actuarial assumption applicable to the public employees police and fire
73.10 retirement plan under section 356.215, subdivision 8, is modified from the rates specified
73.11 in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of
73.12 future benefits amount calculation under paragraph (a), updated for the passage of time,
73.13 must be revised and the amortization contribution by the city of Fairmont for the balance
73.14 of the amortization period must be redetermined and certified to the city of Fairmont.
73.15 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set
73.16 by the board of the Public Employees Retirement Association in consultation with the
73.17 State Board of Investment, but not later than June 29, 2012.

73.18 **Sec. 5. [353.6691] MERGER OF THE VIRGINIA FIRE DEPARTMENT**
73.19 **RELIEF ASSOCIATION.**

73.20 Subdivision 1. **Merger authorized.** On the effective date of merger, the Virginia
73.21 fire department consolidation account of the Public Employees Retirement Association
73.22 under chapter 353A becomes a part of the public employees police and fire retirement plan
73.23 and fund governed by sections 353.63 to 353.659.
73.24 Subd. 2. **Benefit liability transfer.** All current and future liabilities of the Virginia
73.25 fire department consolidation account under chapter 353A are liabilities of the public
73.26 employees police and fire retirement plan and fund as of the effective date of merger and
73.27 the accrued benefits of the members of the consolidation account are the obligation of the
73.28 public employees police and fire retirement plan and fund.

73.29 Subd. 3. **Transfer of assets; transfer to title assets.** On the effective date of merger,
73.30 the assets of the Virginia fire department consolidation account must be transferred to the
73.31 public employees police and fire retirement fund. Upon transfer, the market value of the
73.32 assets of the consolidation account, less any amount of residual assets under subdivision 5,
73.33 are assets of the public employees police and fire fund as of the effective date of merger,
73.34 and the assets, excluding the distribution amount under subdivision 5, become an asset of
73.35 the public employees police and fire retirement fund. The public employees police and

- 74.1 fire retirement fund also must be credited as an asset with the amount of any receivable
- 74.2 assets from employer contributions under subdivision 5.
- 74.3 Subd. 4. **Benefits.** A person who received a service pension, a disability benefit, or a
- 74.4 survivor benefit from the Virginia fire department consolidation account for the month
- 74.5 prior to the effective date of merger and who has not previously elected postretirement
- 74.6 adjustments under section 356.415, subdivision 1c, rather than the postretirement
- 74.7 adjustment mechanism of the Virginia Fire Department Relief Association under section
- 74.8 353A.08, subdivision 1, may elect future postretirement adjustments under section
- 74.9 356.415, subdivision 1c, or the retention of the former Virginia Fire Department Relief
- 74.10 Association postretirement adjustment mechanism. The election must be made in writing
- 74.11 on a form prescribed by the executive director on or before September 1, 2012. Unless
- 74.12 modified by an election under this subdivision, the benefit plan election by any person or
- 74.13 on behalf of any person under section 353A.08 remains binding.
- 74.14 Subd. 5. **Calculation of final funded status; employer contributions.** (a) As of
- 74.15 the effective date of merger, the approved actuary retained by the Public Employees
- 74.16 Retirement Association under section 356.214 shall determine the final funded status of the
- 74.17 former Virginia Fire Department Relief Association special fund. The final funded status is
- 74.18 the present value of future benefits payable from the Virginia fire department consolidation
- 74.19 account as of the effective date of merger after subtracting the market value of the
- 74.20 transferred assets of the Virginia fire department consolidation account as of the effective
- 74.21 date of merger. The present value of future benefits figure must be calculated using the
- 74.22 applicable actuarial assumptions for the public employees police and fire retirement plan
- 74.23 specified in or established under section 356.215. If there is a remainder present value
- 74.24 of future benefits amount, the city of Virginia shall pay to the public employees police
- 74.25 and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize
- 74.26 the calculated remainder present value of future benefits amount by December 31, 2020.
- 74.27 Payments shall be made annually on or before December 31, beginning in 2012.
- 74.28 (b) If there are assets of the former Virginia fire department consolidation account in
- 74.29 excess of the present value of future benefits as of the effective date of merger, these assets
- 74.30 shall be credited to an interest bearing suspense account within the public employees police
- 74.31 and fire retirement fund until January 1, 2013. The suspense account must be credited with
- 74.32 the same rate of investment return as the public employees police and fire retirement fund.
- 74.33 (c) If, after the effective date of merger, the postretirement or preretirement interest
- 74.34 rate actuarial assumption applicable to the public employees police and fire retirement plan
- 74.35 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
- 74.36 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future

75.1 benefits amount calculation under paragraph (a), updated for the passage of time, must be
 75.2 revised and any amortization contribution by the city of Virginia for the balance of the
 75.3 amortization period must be redetermined and certified to the city of Virginia.
 75.4 (d) On January 1, 2013, one-half of any suspense account under paragraph (b)
 75.5 must be paid as an additional ad hoc postretirement adjustment to the service pensioners,
 75.6 disabiltants, and surviving spouses of the former Virginia fire consolidation account. The
 75.7 additional ad hoc postretirement adjustment for each recipient is the total amount available
 75.8 for the adjustment divided by the total number of recipients as of January 1, 2013, of the
 75.9 former Virginia fire consolidation account. On January 1, 2014, if the suspense account
 75.10 has earned investment income equal to or greater than the preretirement interest rate
 75.11 assumption applicable to the public employees police and fire retirement plan under section
 75.12 356.215, subdivision 8, the balance remaining of the suspense account under paragraph (b)
 75.13 must be paid as an additional ad hoc postretirement adjustment to the service pensioners,
 75.14 disabiltants, and surviving spouses of the former Virginia fire consolidation account,
 75.15 divided by the total number of recipients as of January 1, 2014. Nothing in this paragraph
 75.16 may be deemed to authorize the payment of a postretirement adjustment to an estate.

75.17 **EFFECTIVE DATE.** This section is effective on June 29, 2012, which is the
 75.18 effective date of merger.

75.19 Sec. 6. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
 75.20 amended to read:

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

	preretirement interest rate assumption	postretirement interest rate assumption
75.24	8.5%	6.0%
75.25	8.5	6.0
75.26	8.5	6.0
75.27	8.5	6.0
75.28	8.5	6.0
75.29	8.5	6.0
75.30	8.5	6.0
75.31	8.5	6.0
75.32	8.5	6.0
75.33	8.5	6.0
75.34	8.5	6.0
75.35	8.5	6.0
75.36	8.5	6.0
75.37	8.5	6.0

76.1	Duluth teachers retirement plan	8.5	8.5
76.2	St. Paul teachers retirement plan	8.5	8.5
76.3	Fairmont Police-Relief Association	5.0	5.0
76.4	Virginia Fire Department-Relief Association	5.0	5.0
76.5	Bloomington Fire Department Relief Association	6.0	6.0
76.6			
76.7	local monthly benefit volunteer firefighters relief associations	5.0	5.0
76.8			
76.9	(b) Before July 1, 2010, the actuarial valuation must use the applicable following		
76.10	single rate future salary increase assumption, the applicable following modified single		
76.11	rate future salary increase assumption, or the applicable following graded rate future		
76.12	salary increase assumption:		
76.13	(1) single rate future salary increase assumption		
76.14	plan		future salary increase assumption
76.15	legislators retirement plan		5.0%
76.16	judges retirement plan		4.0
76.17	Fairmont Police-Relief Association		3.5
76.18	Virginia Fire Department-Relief Association		3.5
76.19	Bloomington Fire Department Relief Association		4.0
76.20			
76.21	(2) age-related select and ultimate future salary increase assumption or graded rate		
76.22	future salary increase assumption		
76.23	plan		future salary increase assumption
76.24	correctional state employees retirement plan		assumption D
76.25	State Patrol retirement plan		assumption C
76.26	local government correctional service retirement plan		assumption C
76.27	Duluth teachers retirement plan		assumption A
76.28	St. Paul teachers retirement plan		assumption B
76.29	The select calculation is: during the		
76.30	designated select period, a designated		
76.31	percentage rate is multiplied by the result of		
76.32	the designated integer minus T, where T is		
76.33	the number of completed years of service,		
76.34	and is added to the applicable future salary		
76.35	increase assumption. The designated select		
76.36	period is five years and the designated		
76.37	integer is five for the general state employees		
76.38	retirement plan. The designated select period		
76.39	is ten years and the designated integer is ten		

77.1 for all other retirement plans covered by

77.2 this clause. The designated percentage rate

77.3 is: (1) 0.2 percent for the correctional state

77.4 employees retirement plan, the State Patrol

77.5 retirement plan, and the local government

77.6 correctional service retirement plan; (2)

77.7 0.6 percent for the general state employees

77.8 retirement plan; and (3) 0.3 percent for the

77.9 teachers retirement plan, the Duluth Teachers

77.10 Retirement Fund Association, and the St.

77.11 Paul Teachers Retirement Fund Association.

77.12 The select calculation for the Duluth Teachers

77.13 Retirement Fund Association is 8.00 percent

77.14 per year for service years one through seven,

77.15 7.25 percent per year for service years seven

77.16 and eight, and 6.50 percent per year for

77.17 service years eight and nine.

77.18 The ultimate future salary increase assumption is:

77.19	age	A	B	C	D
77.20	16	8.00%	6.90%	7.7500%	7.2500%
77.21	17	8.00	6.90	7.7500	7.2500
77.22	18	8.00	6.90	7.7500	7.2500
77.23	19	8.00	6.90	7.7500	7.2500
77.24	20	6.90	6.90	7.7500	7.2500
77.25	21	6.90	6.90	7.1454	6.6454
77.26	22	6.90	6.90	7.0725	6.5725
77.27	23	6.85	6.85	7.0544	6.5544
77.28	24	6.80	6.80	7.0363	6.5363
77.29	25	6.75	6.75	7.0000	6.5000
77.30	26	6.70	6.70	7.0000	6.5000
77.31	27	6.65	6.65	7.0000	6.5000
77.32	28	6.60	6.60	7.0000	6.5000
77.33	29	6.55	6.55	7.0000	6.5000
77.34	30	6.50	6.50	7.0000	6.5000
77.35	31	6.45	6.45	7.0000	6.5000
77.36	32	6.40	6.40	7.0000	6.5000
77.37	33	6.35	6.35	7.0000	6.5000
77.38	34	6.30	6.30	7.0000	6.5000
77.39	35	6.25	6.25	7.0000	6.5000
77.40	36	6.20	6.20	6.9019	6.4019

78.1	37	6.15	6.15	6.8074	6.3074
78.2	38	6.10	6.10	6.7125	6.2125
78.3	39	6.05	6.05	6.6054	6.1054
78.4	40	6.00	6.00	6.5000	6.0000
78.5	41	5.90	5.95	6.3540	5.8540
78.6	42	5.80	5.90	6.2087	5.7087
78.7	43	5.70	5.85	6.0622	5.5622
78.8	44	5.60	5.80	5.9048	5.4078
78.9	45	5.50	5.75	5.7500	5.2500
78.10	46	5.40	5.70	5.6940	5.1940
78.11	47	5.30	5.65	5.6375	5.1375
78.12	48	5.20	5.60	5.5822	5.0822
78.13	49	5.10	5.55	5.5404	5.0404
78.14	50	5.00	5.50	5.5000	5.0000
78.15	51	4.90	5.45	5.4384	4.9384
78.16	52	4.80	5.40	5.3776	4.8776
78.17	53	4.70	5.35	5.3167	4.8167
78.18	54	4.60	5.30	5.2826	4.7826
78.19	55	4.50	5.25	5.2500	4.7500
78.20	56	4.40	5.20	5.2500	4.7500
78.21	57	4.30	5.15	5.2500	4.7500
78.22	58	4.20	5.10	5.2500	4.7500
78.23	59	4.10	5.05	5.2500	4.7500
78.24	60	4.00	5.00	5.2500	4.7500
78.25	61	3.90	5.00	5.2500	4.7500
78.26	62	3.80	5.00	5.2500	4.7500
78.27	63	3.70	5.00	5.2500	4.7500
78.28	64	3.60	5.00	5.2500	4.7500
78.29	65	3.50	5.00	5.2500	4.7500
78.30	66	3.50	5.00	5.2500	4.7500
78.31	67	3.50	5.00	5.2500	4.7500
78.32	68	3.50	5.00	5.2500	4.7500
78.33	69	3.50	5.00	5.2500	4.7500
78.34	70	3.50	5.00	5.2500	4.7500

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

78.36	general state employees retirement plan of the	assumption A
78.37	Minnesota State Retirement System	
78.38	general employees retirement plan of the Public	assumption B
78.39	Employees Retirement Association	
78.40	Teachers Retirement Association	assumption C
78.41	public employees police and fire retirement plan	assumption D

	A	B	C	D
79.1	service			
79.2	length			
79.3	1	10.75%	12.00%	13.00%
79.4	2	8.35	9.00	11.00
79.5	3	7.15	8.00	9.00
79.6	4	6.45	7.50	8.00
79.7	5	5.95	7.25	6.50
79.8	6	5.55	7.00	6.10
79.9	7	5.25	6.85	5.80
79.10	8	4.95	6.70	5.60
79.11	9	4.75	6.55	5.40
79.12	10	4.65	6.40	5.30
79.13	11	4.45	6.25	5.20
79.14	12	4.35	6.00	5.10
79.15	13	4.25	5.75	5.00
79.16	14	4.05	5.50	4.90
79.17	15	3.95	5.25	4.80
79.18	16	3.85	5.00	4.80
79.19	17	3.75	4.75	4.80
79.20	18	3.75	4.50	4.80
79.21	19	3.75	4.25	4.80
79.22	20	3.75	4.00	4.80
79.23	21	3.75	3.90	4.70
79.24	22	3.75	3.80	4.60
79.25	23	3.75	3.70	4.50
79.26	24	3.75	3.60	4.50
79.27	25	3.75	3.50	4.50
79.28	26	3.75	3.50	4.50
79.29	27	3.75	3.50	4.50
79.30	28	3.75	3.50	4.50
79.31	29	3.75	3.50	4.50
79.32	30 or more	3.75	3.50	4.50

79.33 (c) Before July 2, 2010, the actuarial valuation must use the applicable following

79.34 payroll growth assumption for calculating the amortization requirement for the unfunded

79.35 actuarial accrued liability where the amortization retirement is calculated as a level

79.36 percentage of an increasing payroll:

	plan	payroll growth assumption
79.37		
79.38	general state employees retirement plan of the	3.75%
79.39	Minnesota State Retirement System	
79.40	correctional state employees retirement plan	4.50
79.41	State Patrol retirement plan	4.50
79.42	legislators retirement plan	4.50

80.1	judges retirement plan	4.00
80.2	general employees retirement plan of the Public Employees Retirement Association	3.75
80.3	public employees police and fire retirement plan	3.75
80.4	local government correctional service retirement plan	4.50
80.5	teachers retirement plan	3.75
80.6	Duluth teachers retirement plan	4.50
80.7	St. Paul teachers retirement plan	5.00
80.8		
80.9	(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:	
80.10	(1) has been proposed by the governing board of the applicable retirement plan;	
80.11	(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and	
80.12	(3) has been approved or deemed approved under subdivision 18.	

80.16 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section

80.17 is effective as of the date for consolidation set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

80.20 (b) For the Virginia fire consolidation account, this section is effective on June 29, 2012, which is the effective date of merger.

80.22 Sec. 7. Laws 2002, chapter 392, article 1, section 8, is amended to read:

80.23 **Sec. 8. REVISOR INSTRUCTIONS.**

80.24 ~~(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall not print Minnesota Statutes, sections 423.41 to 423.62, but shall denote those sections as "[LOCAL, CITY OF FAIRMONT, POLICE PENSIONS]."~~

80.27 ~~(b)~~ In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall, in each section indicated in column A, replace the cross-reference specified in column B with the cross-reference set forth in column C:

Column A	Column B	Column C
80.30	69.021, subd. 10	69.77, subd. 2a
80.31	69.021, subd. 10	69.77, subd. 2b
80.32	69.021, subd. 10	69.77, subd. 2c
80.33	299A.465, subd. 5	424.03
80.34	353A.07, subd. 6	69.77, subd. 2a
80.35	353A.09, subd. 4	69.77, subd. 2a
80.36		Minnesota Statutes, 2000, 424.03
80.37		69.77, subd. 3
		69.77, subd. 3

81.1	356.216	69.77, subd. 2b	69.77, subd. 4
81.2	356.219, subd. 2	69.77, subd. 2g	69.77, subd. 9
81.3	423.01, subd. 2	69.77, subd. 2b	69.77, subd. 4
81.4	423A.18	69.77, subd. 2i	69.77, subd. 11
81.5	423A.19, subd. 4	69.77, subd. 2i	69.77, subd. 11
81.6	423B.06, subd. 1	69.77, subd. 2a	69.77, subd. 3
81.7	423B.06, subd. 1	69.77, subd. 2b	69.77, subd. 4
81.8	423B.06, subd. 1	69.77, subd. 2c	69.77, subd. 5
81.9	423B.06, subd. 1	69.77, subd. 2d	69.77, subd. 6
81.10	423B.06, subd. 1	69.77, subd. 2e	69.77, subd. 7
81.11	423B.06, subd. 1	69.77, subd. 2f	69.77, subd. 8
81.12	423B.21, subd. 1	69.77, subd. 2b	69.77, subd. 4

81.13 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set

81.14 by the board of the Public Employees Retirement Association in consultation with the

81.15 State Board of Investment, but not later than June 29, 2012.

81.16 Sec. 8. **TERMINATION OF THE FAIRMONT POLICE RELIEF**

81.17 **ASSOCIATION.**

81.18 On the effective date of consolidation, the Fairmont Police Relief Association

81.19 ceases to exist.

81.20 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set

81.21 by the board of the Public Employees Retirement Association in consultation with the

81.22 State Board of Investment, but not later than June 29, 2012.

81.23 Sec. 9. **TERMINATION OF THE VIRGINIA FIRE DEPARTMENT RELIEF**

81.24 **ASSOCIATION.**

81.25 On the effective date of merger, the Virginia fire department consolidation account

81.26 ceases to exist.

81.27 **EFFECTIVE DATE.** This section is effective on June 29, 2012, which is the

81.28 effective date of merger.

81.29 Sec. 10. **REPEALER.**

81.30 Subdivision 1. **Fairmont Police Relief Association.** (a) Laws 1963, chapter 423;

81.31 and Laws 1999, chapter 222, article 3, sections 3; 4; and 5, are repealed.

81.32 (b) Minnesota Statutes 2010, section 423A.06, is repealed.

- 82.1 (c) The revisor shall show Minnesota Statutes, sections 423.41, 423.42, 423.43, 423.44, 423.45, 423.46, 423.48, 423.49, 423.50, 423.51, 423.52, 423.53, 423.54, 423.55, 423.56, 423.57, 423.58, 423.59, 423.61, and 423.62, as repealed.
- 82.2
- 82.3
- 82.4 (d) Laws 1947, chapter 624, sections 1; 2; 3; 4; 5; 6; 8; 9; 10; 11; 12; 13; 14; 15; 16; 17; 18; 19; 21; and 22, are repealed.
- 82.5
- 82.6 Subd. 2. **Virginia fire department consolidation account.** Laws 1953, chapter 399, as amended by Laws 1961, chapter 420, section 1, Laws 1961, chapter 420, section 2, Laws 1961, chapter 420, section 3, Laws 1961, chapter 420, section 4, Laws 1961, chapter 420, section 5, Laws 1961, chapter 420, section 6, Laws 1963, chapter 407, section 1, Laws 1965, chapter 546, section 1, Laws 1965, chapter 546, section 2, Laws 1965, chapter 546, section 3, Laws 1969, chapter 578, section 1, Laws 1969, chapter 578, section 2, Laws 1969, chapter 578, section 3, Laws 1961, chapter 420, sections 2, as amended by Laws 1965, chapter 546, section 2, Laws 1965, chapter 546, section 3, Laws 1969, chapter 578, section 1, Laws 1969, chapter 578, section 2, as amended by Laws 1963, chapter 407, section 1, Laws 1969, chapter 578, section 3; Laws 1961, chapter 420, sections 2, as amended by Laws 1965, chapter 546, section 2, Laws 1965, chapter 546, section 3, Laws 1969, chapter 578, section 1; 3; 4; 5, as amended by Laws 1963, chapter 407, section 1, Laws 1969, chapter 578, section 2; and 6; Laws 1963, chapter 407, section 1, as amended by Laws 1969, chapter 578, section 2; Laws 1965, chapter 546, sections 1; 2, as amended by Laws 1969, chapter 578, section 1; and 3; Laws 1969, chapter 578, sections 1; 2; and 3; Laws 1974, chapter 183, as amended by Laws 1991, chapter 62, section 1; Laws 1982, chapter 574, section 1; Laws 1982, chapter 578, article 1, section 14; Laws 1983, chapter 69, section 1; Laws 1984, chapter 547, section 27; Laws 1987, chapter 372, article 2, section 14; Laws 1988, chapter 709, sections 1, as amended by Laws 1989, chapter 319, article 4, section 2, Laws 1989, chapter 319, article 18, section 11; and 2; Laws 1991, chapter 62, sections 1; and 2; and Laws 1992, chapter 465, section 1, are repealed.
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82.24 **EFFECTIVE DATE.** Subdivision 1 is effective as of the date for consolidation of the Fairmont Police Relief Association set by the board of the Public Employees Retirement Association in consultation with the State Board of Investment, but not later than June 29, 2012.

82.25

82.26

82.27

82.28 Subdivision 2 is effective for the Virginia fire consolidation account on June 29, 2012, which is the effective date of merger.

82.29

ARTICLE 12

VOLUNTEER FIRE RETIREMENT CHANGES

82.30

82.31

82.32 Section 1. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

82.33 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

82.34

82.35

- 83.1 (a) "Commissioner" means the commissioner of revenue.
- 83.2 (b) "Municipality" means:
- 83.3 (1) a home rule charter or statutory city;
- 83.4 (2) an organized town;
- 83.5 (3) a park district subject to chapter 398;
- 83.6 (4) the University of Minnesota;
- 83.7 (5) for purposes of the fire state aid program only, an American Indian tribal
- 83.8 government entity located within a federally recognized American Indian reservation;
- 83.9 (6) for purposes of the police state aid program only, an American Indian tribal
- 83.10 government with a tribal police department which exercises state arrest powers under
- 83.11 section 626.90, 626.91, 626.92, or 626.93;
- 83.12 (7) for purposes of the police state aid program only, the Metropolitan Airports
- 83.13 Commission; and
- 83.14 (8) for purposes of the police state aid program only, the Department of Natural
- 83.15 Resources and the Department of Public Safety with respect to peace officers covered
- 83.16 under chapter 352B.
- 83.17 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
- 83.18 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
- 83.19 leakage and extended coverage premiums received upon risks located or to be performed
- 83.20 in this state less return premiums and dividends.
- 83.21 (d) "Firetown" means the area serviced by any municipality having a qualified fire
- 83.22 department or a qualified incorporated fire department having a subsidiary volunteer
- 83.23 firefighters' relief association.
- 83.24 (e) "Market value" means latest available market value of all property in a taxing
- 83.25 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
- 83.26 taxation obtained from information which appears on abstracts filed with the commissioner
- 83.27 of revenue or equalized by the State Board of Equalization.
- 83.28 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
- 83.29 commissioner for reporting by each fire and casualty insurer of all premiums received
- 83.30 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
- 83.31 during the preceding calendar year, with reference to insurance written for insuring against
- 83.32 the perils contained in auto insurance coverages as reported in the Minnesota business
- 83.33 schedule of the annual financial statement which each insurer is required to file with
- 83.34 the commissioner in accordance with the governing laws or rules less return premiums
- 83.35 and dividends.
- 83.36 (g) "Peace officer" means any person:

- 84.1 (1) whose primary source of income derived from wages is from direct employment
- 84.2 by a municipality or county as a law enforcement officer on a full-time basis of not less
- 84.3 than 30 hours per week;
- 84.4 (2) who has been employed for a minimum of six months prior to December 31
- 84.5 preceding the date of the current year's certification under subdivision 2, clause (b);
- 84.6 (3) who is sworn to enforce the general criminal laws of the state and local
- 84.7 ordinances;
- 84.8 (4) who is licensed by the Peace Officers Standards and Training Board and is
- 84.9 authorized to arrest with a warrant; and
- 84.10 (5) who is a member of the ~~Minneapolis Police Relief Association, the State Patrol~~
- 84.11 retirement plan; or the public employees police and fire fund.
- 84.12 (h) "Full-time equivalent number of peace officers providing contract service" means
- 84.13 the integral or fractional number of peace officers which would be necessary to provide
- 84.14 the contract service if all peace officers providing service were employed on a full-time
- 84.15 basis as defined by the employing unit and the municipality receiving the contract service.
- 84.16 (i) "Retirement benefits other than a service pension" means any disbursement
- 84.17 authorized under section 424A.05, subdivision 3, clauses (3) and (4).
- 84.18 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:
- 84.19 (1) for the police state aid program and police relief association financial reports;
- 84.20 (i) the person who was elected or appointed to the specified position or, in the
- 84.21 absence of the person, another person who is designated by the applicable governing body;
- 84.22 (ii) in a park district, the ~~clerk is the~~ secretary of the board of park district
- 84.23 commissioners;
- 84.24 (iii) in the case of the University of Minnesota, the ~~clerk is that~~ official designated
- 84.25 by the Board of Regents;
- 84.26 (iv) for the Metropolitan Airports Commission, the ~~clerk is the~~ person designated
- 84.27 by the commission;
- 84.28 (v) for the Department of Natural Resources or the Department of Public Safety,
- 84.29 the ~~clerk is the~~ respective commissioner;
- 84.30 (vi) for a tribal police department which exercises state arrest powers under section
- 84.31 626.90, 626.91, 626.92, or 626.93, the ~~clerk is the~~ person designated by the applicable
- 84.32 American Indian tribal government; and
- 84.33 (2) for the fire state aid program and fire relief association financial reports, the
- 84.34 person who was elected or appointed to the specified position, or, for governmental
- 84.35 entities other than counties, if the governing body of the governmental entity designates

- 85.1 the position to perform the function, the chief financial official of the governmental entity
- 85.2 or the chief administrative official of the governmental entity.
- 85.3 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.
- 85.4
- 85.5 **EFFECTIVE DATE.** This section is effective July 1, 2012.
- 85.6 Sec. 2. Minnesota Statutes 2010, section 69.051, subdivision 1, is amended to read:
- 85.7 Subdivision 1. **Financial report and audit.** (a) The board of each salaried
- 85.8 firefighters relief association, police relief association, and volunteer firefighters relief
- 85.9 association as defined in section 424A.001, subdivision 4, with assets of at least \$200,000
- 85.10 or liabilities of at least \$200,000 in the prior year or in any previous year, according to
- 85.11 the applicable actuarial valuation or financial report if no valuation is required, shall: ~~(1)~~
- 85.12 prepare a financial report covering the special and general funds of the relief association
- 85.13 for the preceding fiscal year ~~on a form prescribed by the state auditor,~~ file the financial
- 85.14 report, and submit financial statements.
- 85.15 (b) The financial report must contain financial statements and discloses which
- 85.16 present the true financial condition of the relief association and the results of relief
- 85.17 association operations in conformity with generally accepted accounting principles and in
- 85.18 compliance with the regulatory, financing and funding provisions of this chapter and any
- 85.19 other applicable laws. The financial report must be countersigned by:
- 85.20 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
- 85.21 association is located if the relief association is a firefighters relief association which is
- 85.22 directly associated with a municipal fire department or is a police relief association; or
- 85.23 countersigned by the secretary of the independent nonprofit firefighting corporation and
- 85.24 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population
- 85.25 which contracts with the independent nonprofit firefighting corporation if the volunteer
- 85.26 firefighter relief association is a subsidiary of an independent nonprofit firefighting
- 85.27 corporation and by the secretary of the independent nonprofit firefighting corporation; or
- 85.28 (3) by the chief financial official of the county in which the volunteer firefighter
- 85.29 relief association is located or primarily located if the relief association is associated with
- 85.30 a fire department that is not located in or associated with an organized municipality.
- 85.31 ~~(2)~~ file (c) The financial report must be retained in its office for public inspection
- 85.32 and present it to must be filed with the city council governing body of the government
- 85.33 subdivision in which the associated fire department is located after the close of the fiscal
- 85.34 year. One copy of the financial report must be furnished to the state auditor after the
- 85.35 close of the fiscal year; and,

86.1 ~~(3) submit to the state auditor (d) Audited financial statements which have been must~~
 86.2 be attested to by a certified public accountant, public accountant, or the state auditor and
 86.3 must be filed with the state auditor within 180 days after the close of the fiscal year. The
 86.4 state auditor may accept this report in lieu of the report required in ~~clause (2) paragraph (c).~~

86.5 **EFFECTIVE DATE.** This section is effective July 1, 2011.

86.6 Sec. 3. Minnesota Statutes 2010, section 69.051, subdivision 1a, is amended to read:

86.7 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
 86.8 association, as defined in section 424A.001, subdivision 4, that is not required to file
 86.9 a financial report and audit under subdivision 1 must prepare a detailed statement of
 86.10 the financial affairs for the preceding fiscal year of the relief association's special and
 86.11 general funds in the style and form prescribed by the state auditor. The detailed statement
 86.12 must show the sources and amounts of all money received; all disbursements, accounts
 86.13 payable and accounts receivable; the amount of money remaining in the treasury; total
 86.14 assets including a listing of all investments; the accrued liabilities; and all items necessary
 86.15 to show accurately the revenues and expenditures and financial position of the relief
 86.16 association.

86.17 (b) The detailed financial statement required under paragraph (a) must be certified
 86.18 by an independent public accountant or auditor or by the auditor or accountant who
 86.19 regularly examines or audits the financial transactions of the municipality. In addition to
 86.20 certifying the financial condition of the special and general funds of the relief association,
 86.21 the accountant or auditor conducting the examination shall give an opinion as to the
 86.22 condition of the special and general funds of the relief association, and shall comment
 86.23 upon any exceptions to the report. The independent accountant or auditor must have at
 86.24 least five years of public accounting, auditing, or similar experience, and must not be an
 86.25 active, inactive, or retired member of the relief association or the fire or police department.

86.26 (c) The detailed statement required under paragraph (a) must be countersigned by:

86.27 (1) the municipal clerk or clerk-treasurer of the municipality; or,

86.28 (2) where applicable, by the secretary of the independent nonprofit firefighting
 86.29 corporation and by the municipal clerk or clerk-treasurer of the largest municipality in
 86.30 population which contracts with the independent nonprofit firefighting corporation if the
 86.31 relief association is a subsidiary of an independent nonprofit firefighting corporation; and
 86.32 by the secretary of the independent nonprofit firefighting corporation; or

86.33 (3) by the chief financial official of the county in which the volunteer firefighter

86.34 relief association is located or primarily located if the relief association is associated with
 86.35 a fire department that is not located in or associated with an organized municipality.

87.1 (d) The volunteer firefighters' relief association board must file the detailed statement
87.2 required under paragraph (a) in the relief association office for public inspection and
87.3 present it to the city council within 45 days after the close of the fiscal year, and must
87.4 submit a copy of the detailed statement to the state auditor within 90 days of the close of
87.5 the fiscal year.

87.6 **EFFECTIVE DATE.** This section is effective July 1, 2012.

87.7 Sec. 4. Minnesota Statutes 2010, section 69.051, subdivision 3, is amended to read:

87.8 Subd. 3. **Report by certain municipalities.** (a) Each municipality which has
87.9 an organized fire department but which does not have a firefighters' relief association
87.10 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted
87.11 under paragraph (b) shall annually prepare a detailed financial report of the receipts and
87.12 disbursements by the municipality for fire protection service during the preceding calendar
87.13 year, on a form prescribed by the state auditor. The financial report must contain any
87.14 information which the state auditor deems necessary to disclose the sources of receipts
87.15 and the purpose of disbursements for fire protection service. The financial report must be
87.16 signed by the municipal clerk or clerk-treasurer of the municipality. The financial report
87.17 must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before
87.18 July 1 annually. ~~The state auditor shall forward one copy to the county auditor of the~~
87.19 ~~county wherein the municipality is located.~~ The municipality shall not qualify initially to
87.20 receive, or be entitled subsequently to retain, state aid under this chapter if the financial
87.21 reporting requirement or the applicable requirements of this chapter or any other statute or
87.22 special law have not been complied with or are not fulfilled.

87.23 (b) Each municipality that has an organized fire department and provides retirement
87.24 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
87.25 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and
87.26 retained in the statewide lump-sum volunteer firefighter retirement fund without filing
87.27 a detailed financial report if the executive director of the Public Employees Retirement
87.28 Association certifies compliance by the municipality with the requirements of sections
87.29 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements
87.30 of section 353G.07.

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

87.32 Sec. 5. Minnesota Statutes 2010, section 69.772, subdivision 4, is amended to read:

- 88.1 Subd. 4. **Certification of financial requirements and minimum municipal**
- 88.2 **obligation; levy.** (a) The officers of the relief association shall certify the financial
- 88.3 requirements of the special fund of the relief association and the minimum obligation of
- 88.4 the municipality with respect to the special fund of the relief association as determined
- 88.5 under subdivision 3 ~~to the governing body of the municipality~~ on or before August 1 of
- 88.6 each year. The certification must be made to the entity that is responsible for satisfying
- 88.7 the minimum obligation with respect to the special fund of the relief association. If the
- 88.8 responsible entity is a joint powers entity, the certification must be made in the manner
- 88.9 specified in the joint powers agreement, or if the joint powers agreement is silent on this
- 88.10 point, the certification must be made to the chair of the joint powers board.
- 88.11 (b) The financial requirements of the relief association and the minimum municipal
- 88.12 obligation must be included in the financial report or financial statement under section
- 88.13 69.051. The schedule forms related to the determination of the financial requirements
- 88.14 must be filed with the state auditor by March 31, annually, if the relief association is
- 88.15 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,
- 88.16 annually, if the relief association is required to file a financial report and audit under
- 88.17 section 69.051, subdivision 1.
- 88.18 ~~(b)~~ (c) The municipality shall provide for at least the minimum obligation of the
- 88.19 municipality with respect to the special fund of the relief association by tax levy or from
- 88.20 any other source of public revenue.
- 88.21 ~~(c)~~ (d) The municipality may levy taxes for the payment of the minimum municipal
- 88.22 obligation without any limitation as to rate or amount and irrespective of any limitations
- 88.23 imposed by other provisions of law upon the rate or amount of taxation until the balance
- 88.24 of the special fund or any fund of the relief association has attained a specified level. In
- 88.25 addition, any taxes levied under this section must not cause the amount or rate of any other
- 88.26 taxes levied in that year or to be levied in a subsequent year by the municipality which are
- 88.27 subject to a limitation as to rate or amount to be reduced.
- 88.28 ~~(d)~~ (e) If the municipality does not include the full amount of the minimum
- 88.29 municipal obligations in its levy for any year, the officers of the relief association shall
- 88.30 certify that amount to the county auditor, who shall spread a levy in the amount of the
- 88.31 certified minimum municipal obligation on the taxable property of the municipality.
- 88.32 ~~(e)~~ (f) If the state auditor determines that a municipal contribution actually made
- 88.33 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
- 88.34 (5), the state auditor may request a copy of the certifications under this subdivision
- 88.35 from the relief association or from the city. The relief association or the city, whichever

89.1 applies, must provide the certifications within 14 days of the date of the request from
89.2 the state auditor.

89.3 **EFFECTIVE DATE.** This section is effective July 1, 2012.

89.4 Sec. 6. Minnesota Statutes 2010, section 69.773, subdivision 5, is amended to read:

89.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association
89.6 shall determine the minimum obligation of the municipality with respect to the special
89.7 fund of the relief association for the following calendar year on or before August 1 of each
89.8 year in accordance with the requirements of this subdivision.

89.9 (b) The minimum obligation of the municipality with respect to the special fund is
89.10 an amount equal to the financial requirements of the special fund of the relief association
89.11 determined under subdivision 4, reduced by the estimated amount of any fire state
89.12 aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by
89.13 the municipality for transmittal to the special fund of the relief association during the
89.14 following year and the amount of any anticipated contributions to the special fund
89.15 required by the relief association bylaws from the active members of the relief association
89.16 reasonably anticipated to be received during the following calendar year. A reasonable
89.17 amount of anticipated fire state aid is an amount that does not exceed the fire state aid
89.18 actually received in the prior year multiplied by the factor 1.035.

89.19 (c) The officers of the relief association shall certify the financial requirements of
89.20 the special fund of the relief association and the minimum obligation of the municipality
89.21 with respect to the special fund of the relief association as determined under subdivision 4
89.22 and this subdivision ~~to the governing body of the municipality~~ by August 1 of each year.
89.23 The certification must be made to the entity that is responsible for satisfying the minimum
89.24 obligation with respect to the special fund of the relief association. If the responsible
89.25 entity is a joint powers entity, the certification must be made in the manner specified in
89.26 the joint powers agreement, or if the joint powers agreement is silent on this point, the
89.27 certification must be made to the chair of the joint powers board.

89.28 (d) The financial requirements of the relief association and the minimum municipal
89.29 obligation must be included in the financial report or financial statement under section
89.30 69.051.

89.31 ~~(d)~~ (e) The municipality shall provide for at least the minimum obligation of the
89.32 municipality with respect to the special fund of the relief association by tax levy or from
89.33 any other source of public revenue. The municipality may levy taxes for the payment of the
89.34 minimum municipal obligation without any limitation as to rate or amount and irrespective
89.35 of any limitations imposed by other provisions of law or charter upon the rate or amount

90.1 of taxation until the balance of the special fund or any fund of the relief association has
90.2 attained a specified level. In addition, any taxes levied under this section must not cause
90.3 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year
90.4 by the municipality which are subject to a limitation as to rate or amount to be reduced.
90.5 ~~(e)~~ (f) If the municipality does not include the full amount of the minimum municipal
90.6 obligation in its levy for any year, the officers of the relief association shall certify that
90.7 amount to the county auditor, who shall spread a levy in the amount of the minimum
90.8 municipal obligation on the taxable property of the municipality.
90.9 ~~(f)~~ (g) If the state auditor determines that a municipal contribution actually made
90.10 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
90.11 (5), the state auditor may request from the relief association or from the city a copy of
90.12 the certifications under this subdivision. The relief association or the city, whichever
90.13 applies, must provide the certifications within 14 days of the date of the request from
90.14 the state auditor.

90.15 **EFFECTIVE DATE.** This section is effective July 1, 2012.

90.16 Sec. 7. Minnesota Statutes 2010, section 69.80, is amended to read:

90.17 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

90.18 (a) Notwithstanding any provision of law to the contrary, the payment of the
90.19 following necessary, reasonable and direct expenses of maintaining, protecting and
90.20 administering the special fund, when provided for in the bylaws of the association and
90.21 approved by the board of trustees, constitutes authorized administrative expenses of a
90.22 police, salaried firefighters', or volunteer firefighters' relief association organized under
90.23 any law of this state:

90.24 (1) office expense, including, but not limited to, rent, utilities, equipment, supplies,
90.25 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative
90.26 personnel;

90.27 (2) salaries of the president, secretary, and treasurer of the association, or
90.28 their designees, and any other official salaries of the members of the board of trustees of
90.29 the relief association to whom a salary is payable under bylaws or articles of incorporation
90.30 in effect on January 1, 1986 if the salary amounts are approved by the governing body of
90.31 the entity that is responsible for meeting any minimum obligation under section 69.77.

90.32 69.772, or 69.773, and their the itemized expenses of relief association officers and board
90.33 members that are incurred as a result of fulfilling their responsibilities as administrators
90.34 of the special fund;

- 91.1 (3) tuition, registration fees, organizational dues, and other authorized expenses
- 91.2 of the officers or members of the board of trustees incurred in attending educational
- 91.3 conferences, seminars, or classes relating to the administration of the relief association;
- 91.4 (4) audit, actuarial, medical, legal, and investment and performance evaluation
- 91.5 expenses;
- 91.6 (5) filing and application fees payable by the relief association to federal or other
- 91.7 governmental entities;
- 91.8 (6) reimbursement to the officers and members of the board of trustees, or their
- 91.9 designees, for reasonable and necessary expenses actually paid and incurred in the
- 91.10 performance of their duties as officers or members of the board; and
- 91.11 ~~(6)~~ (7) premiums on fiduciary liability insurance and official bonds for the officers,
- 91.12 members of the board of trustees, and employees of the relief association.
- 91.13 (b) Any other expenses of the relief association must be paid from the general fund
- 91.14 of the association, if one exists. If a relief association has only one fund, that fund is the
- 91.15 special fund for purposes of this section. If a relief association has a special fund and
- 91.16 a general fund, and any expense of the relief association that is directly related to the
- 91.17 purposes for which both funds were established, the payment of that expense must be
- 91.18 apportioned between the two funds on the basis of the benefits derived by each fund.
- 91.19 **EFFECTIVE DATE.** This section is effective July 1, 2012, with respect to the
- 91.20 amendment to paragraph (a), clause (2), and is effective retroactively from January 1,
- 91.21 2010, with respect to the amendment to paragraph (a), clauses (5), (6), and (7).
- 91.22 Sec. 8. Minnesota Statutes 2010, section 353G.08, is amended by adding a subdivision
- 91.23 to read:
- 91.24 Subd. 2a. **Additional municipal contributions authorized.** (a) At the discretion of
- 91.25 the municipality or the independent nonprofit firefighting corporation associated with a fire
- 91.26 department covered by a voluntary statewide lump-sum volunteer firefighter retirement
- 91.27 plan account, the municipality or the corporation may make additional contributions
- 91.28 to the applicable account.
- 91.29 (b) The executive director of the Public Employees Retirement Association
- 91.30 may specify requirements as to the form, timing, and accompanying information for
- 91.31 contributions made under this subdivision.
- 91.32 (c) Any contributions made under this subdivision must be included as total present
- 91.33 assets of the account for the calculation of any subsequent annual funding requirements
- 91.34 for the account under subdivision 1 or for the calculation of any cash flow funding
- 91.35 requirement under subdivision 2.

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

92.2 Sec. 9. Minnesota Statutes 2010, section 424A.001, subdivision 4, is amended to read:

92.3 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters'

92.4 relief association" means (†) a volunteer firefighters' relief association or a volunteer

92.5 firefighters' division or account of a partially salaried and partially volunteer firefighters'

92.6 relief association that is;

92.7 (1) organized and incorporated as a nonprofit corporation to provide retirement

92.8 benefits to volunteer firefighters under chapter 317A and any laws of the state;‡

92.9 (2) is governed by this chapter and chapter 69; sections 69.771 to 69.775; and

92.10 (3) is directly associated with;

92.11 (1) a fire department established by municipal ordinance; or

92.12 (2) any separately incorporated volunteer firefighters' relief association that is

92.13 subsidiary to and that provides service pension and retirement benefit coverage for

92.14 members of (ii) an independent nonprofit firefighting corporation that is organized under

92.15 the provisions of chapter 317A, is governed by this chapter; and that operates exclusively

92.16 primarily for firefighting purposes; or

92.17 (iii) a fire department operated as or by a joint powers entity that operates primarily

92.18 for firefighting purposes.

92.19 (b) "Relief association" or "volunteer firefighters' relief association" does not mean:

92.20 (1) the Bloomington Fire Department Relief Association governed by section 69.77;

92.21 Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

92.22 (2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed

92.23 by Minnesota Statutes, chapter 353G.

92.24 (c) A relief association or volunteer firefighters' relief association is a governmental

92.25 entity that receives and manages public money to provide retirement benefits for

92.26 individuals providing the governmental services of firefighting and emergency first

92.27 response.

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

92.29 Sec. 10. Minnesota Statutes 2010, section 424A.01, subdivision 6, is amended to read:

92.30 Subd. 6. **Return to active firefighting after break in service.** (a) The requirements

92.31 of this section apply to all breaks in service, except breaks in service mandated by federal

92.32 or state law.

92.33 (b)(1) If a firefighter who has ceased to perform or supervise fire suppression and

92.34 fire prevention duties for at least 60 days resumes performing active firefighting with the

93.1 fire department associated with the relief association, if the bylaws of the relief association
93.2 so permit, the firefighter may again become an active member of the relief association. A
93.3 firefighter who returns to active service and membership is subject to the service pension
93.4 calculation requirements under this section.

93.5 (2) A firefighter who has been granted an approved leave of absence not exceeding
93.6 one year by the fire department or by the relief association is exempt from the minimum
93.7 period of resumption service requirement of this section.

93.8 (3) A person who has a break in service not exceeding one year but has not been
93.9 granted an approved leave of absence and who has not received a service pension or
93.10 disability benefit may be made exempt from the minimum period of resumption service
93.11 requirement of this section by the relief association bylaws.

93.12 (4) If the bylaws so provide, a firefighter who returns to active relief association
93.13 membership under this paragraph may continue to collect a monthly service pension,
93.14 notwithstanding the service pension eligibility requirements under chapter 424A.

93.15 (c) If a former firefighter who has received a service pension or disability benefit
93.16 returns to active relief association membership under paragraph (b), the firefighter may
93.17 qualify for the receipt of a service pension from the relief association for the resumption
93.18 service period if the firefighter meets the service requirements of section 424A.016,
93.19 subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension
93.20 more than once for the same period of service.

93.21 (d) If a former firefighter who has not received a service pension or disability benefit
93.22 returns to active relief association membership under paragraph (b), the firefighter may
93.23 qualify for the receipt of a service pension from the relief association for the original
93.24 and resumption service period periods if the firefighter meets the minimum period of
93.25 resumption service specified in the relief association bylaws and the service requirements
93.26 of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and
93.27 resumption years of service credit.

93.28 (e) A firefighter who returns to active lump-sum relief association membership
93.29 under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d)
93.30 must have, upon a subsequent cessation of duties, any service pension for the resumption
93.31 service period calculated as a separate benefit. If a lump-sum service pension had
93.32 been paid to the firefighter upon the firefighter's previous cessation of duties, a second
93.33 lump-sum service pension for the resumption service period must be calculated to apply
93.34 by applying the service pension amount in effect on the date of the firefighter's termination
93.35 of the resumption service for all years of the resumption service. No firefighter may be
93.36 paid a service pension twice for the same period of service. If a lump-sum service pension

94.1 had not been paid to the firefighter upon the firefighter's previous cessation of duties and
94.2 the firefighter meets the minimum service requirement of section ~~424A.016~~, subdivision
94.3 ~~3~~, or 424A.02, subdivision 2, a service pension must be calculated to apply the service
94.4 pension amount in effect on the date of the firefighter's termination of the resumption
94.5 service for all years of service credit.

94.6 (f) A firefighter who had not been paid a lump-sum service pension returns to
94.7 active relief association membership under paragraph (b), who does did not qualify for
94.8 a service pension under paragraph (d) meet the minimum period of resumption service
94.9 requirement specified in the relief association's bylaws, but who does meet the minimum
94.10 service requirement of section ~~424A.016~~, ~~subdivision 3~~, or 424A.02, subdivision 2, based
94.11 on the firefighter's previous original and resumption years of active service, must have,
94.12 upon a subsequent cessation of duties, a service pension ~~calculated~~ for the ~~previous years~~
94.13 of original and resumption service based on periods calculated by applying the service
94.14 pension amount in effect on the date of the firefighter's termination of the resumption
94.15 service, or, if the bylaws so provide, based on the service pension amount in effect on the
94.16 date of the firefighter's previous cessation of duties. The service pension for a firefighter
94.17 who returns to active lump-sum relief association membership under this paragraph, but
94.18 who had met the minimum period of resumption service requirement specified in the relief
94.19 association's bylaws, must be calculated by applying the service pension amount in effect
94.20 on the date of the firefighter's termination of the resumption service.

94.21 (g) If a firefighter receiving a monthly benefit service pension returns to active
94.22 monthly benefit relief association membership under paragraph (b), and if the relief
94.23 association bylaws do not allow for the firefighter to continue collecting a monthly service
94.24 pension, any monthly benefit service pension payable to the firefighter is suspended as
94.25 of the first day of the month next following the date on which the firefighter returns to
94.26 active membership. If the firefighter was receiving a monthly benefit service pension, and
94.27 qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional
94.28 monthly benefit service pension upon a subsequent cessation of duties calculated based
94.29 on the resumption service credit and the service pension accrual amount in effect on the
94.30 date of the termination of the resumption service. A suspended initial service pension
94.31 resumes as of the first of the month next following the termination of the resumption
94.32 service. If the firefighter was not receiving a monthly benefit service pension and meets
94.33 the minimum service requirement of section 424A.02, subdivision 2, a service pension
94.34 must be calculated to apply by applying the service pension amount in effect on the date
94.35 of the firefighter's termination of the resumption service for all years of service credit.

- 95.1 (h) A firefighter who was not receiving a monthly benefit service pension returns to
- 95.2 active relief association membership under paragraph (b), who ~~does did not qualify for~~
- 95.3 ~~a service pension under paragraph (d)~~ meet the minimum period of resumption service
- 95.4 requirement specified in the relief association's bylaws, but who does meet the minimum
- 95.5 service requirement of section 424A.02, subdivision 2, based on the firefighter's previous
- 95.6 original and resumption years of active service, must have, upon a subsequent cessation
- 95.7 of duties, a service pension calculated for the previous years of original and resumption
- 95.8 service based on periods calculated by applying the service pension amount in effect on
- 95.9 the date of the firefighter's termination of the resumption service, or, if the bylaws so
- 95.10 provide, based on the service pension amount in effect on the date of the firefighter's
- 95.11 previous cessation of duties. The service pension for a firefighter who returns to active
- 95.12 relief association membership under this paragraph, but who had met the minimum period
- 95.13 of resumption service requirement specified in the relief association's bylaws, must be
- 95.14 calculated by applying the service pension amount in effect on the date of the firefighter's
- 95.15 termination of the resumption service.
- 95.16 (i) For defined contribution plans, a firefighter who returns to active relief
- 95.17 association membership under paragraph (b) and who qualifies for a service pension
- 95.18 under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service
- 95.19 pension for the resumption service period calculated as a separate benefit. If a service
- 95.20 pension had been paid to the firefighter upon the firefighter's previous cessation of duties,
- 95.21 and if the firefighter meets the minimum service requirement of section 424A.016,
- 95.22 subdivision 3, based on the resumption years of service, a second service pension for
- 95.23 the resumption service period must be calculated to include allocations credited to the
- 95.24 firefighter's individual account during the resumption period of service and deductions
- 95.25 for administrative expenses, if applicable.
- 95.26 (j) For defined contribution plans, if a firefighter who had not been paid a service
- 95.27 pension returns to active relief association membership under paragraph (b), and who
- 95.28 meets the minimum service requirement of section 424A.016, subdivision 3, based on
- 95.29 the firefighter's original and resumption years of service, must have, upon a subsequent
- 95.30 cessation of duties, a service pension for the original and resumption service periods
- 95.31 calculated to include allocations credited to the firefighter's individual account during the
- 95.32 resumption period of service and deductions for administrative expenses, if applicable,
- 95.33 less any amounts previously forfeited under section 424A.016, subdivision 4.

95.34 **EFFECTIVE DATE.** This section is effective July 1, 2012.

95.35 Sec. 11. Minnesota Statutes 2010, section 424A.016, subdivision 5, is amended to read:

96.1 Subd. 5. **Service pension installment payments.** (a) A defined contribution relief
96.2 association, if the governing bylaws so provide, may pay, at the option of the retiring
96.3 ~~member intended recipient~~ and in lieu of a single payment of a service pension or a
96.4 survivor benefit, the service pension or survivor benefit in installments.
96.5 (b) The election of installment payments is irrevocable and must be made by the
96.6 ~~retiring member intended recipient~~ in writing and filed with the secretary of the relief
96.7 association no later than 30 days before the commencement of payment of the service
96.8 pension or survivor benefit.
96.9 (c) The amount of the installment payments must be the fractional portion of the
96.10 remaining account balance equal to one divided by the number of remaining annual
96.11 installment payments.

96.12 **EFFECTIVE DATE.** This section is effective July 1, 2012.

96.13 Sec. 12. Minnesota Statutes 2010, section 424A.016, subdivision 6, is amended to read:

96.14 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled
96.15 to a deferred service pension if the member:

96.16 (1) has completed the lesser of the minimum period of active service with the fire
96.17 department specified in the bylaws or 20 years of active service with the fire department;
96.18 (2) has completed at least five years of active membership in the relief association;
96.19 and

96.20 (3) separates from active service and membership ~~before reaching age 50 or the~~
96.21 ~~minimum age for retirement and commencement of a service pension specified in the~~
96.22 ~~bylaws governing the relief association if that age is greater than age 50.~~ The requirement
96.23 that a member separate from active service and membership is waived for persons who
96.24 have discontinued their volunteer firefighter duties and who are employed on a full-time
96.25 basis under section 424A.015, subdivision 1.

96.26 (b) The deferred service pension is payable when the former member reaches
96.27 at least age 50, or at least the minimum age specified in the bylaws governing the relief
96.28 association if that age is greater than age 50, and when the former member makes a valid
96.29 written application.

96.30 (c) A defined contribution relief association may, if its governing bylaws so provide,
96.31 credit interest or additional investment performance on the deferred lump-sum service
96.32 pension during the period of deferral. If provided for in the bylaws, the interest must be
96.33 paid:

- 97.1 (1) at the investment performance rate actually earned on that portion of the assets
- 97.2 if the deferred benefit amount is invested by the relief association in a separate account
- 97.3 established and maintained by the relief association ~~or;~~
- 97.4 (2) at the investment performance rate actually earned on that portion of the assets
- 97.5 if the deferred benefit amount is invested in a separate investment vehicle held by the
- 97.6 relief association; or
- 97.7 ~~(2)~~ (3) at the investment return on the assets of the special fund of the defined
- 97.8 contribution volunteer firefighter relief association in proportion to the share of the assets
- 97.9 of the special fund to the credit of each individual deferred member account through
- 97.10 the accounting date on which the investment return is recognized by and credited to the
- 97.11 special fund.
- 97.12 (d) Unless the bylaws of a relief association that has elected to pay interest or
- 97.13 additional investment performance on deferred lump-sum service pensions under
- 97.14 paragraph (c) specifies a different interest or additional investment performance method,
- 97.15 including the interest or additional investment performance period starting date and ending
- 97.16 date, the interest or additional investment performance on a deferred service pension
- 97.17 is creditable as follows:
- 97.18 (1) for a relief association that has elected to pay interest or additional investment
- 97.19 performance under paragraph (c), clause (1) or (3), beginning on the date that the
- 97.20 member separates from active service and membership and ending on the accounting
- 97.21 date immediately before the deferred member commences receipt of the deferred service
- 97.22 pension; or
- 97.23 (2) for a relief association that has elected to pay interest or additional investment
- 97.24 performance under paragraph (c), clause (2), beginning on the date that the member
- 97.25 separates from active service and membership and ending on the date that the separate
- 97.26 investment vehicle is valued immediately before the date on which the deferred member
- 97.27 commences receipt of the deferred service pension.
- 97.28 (e) The deferred service pension is governed by and must be calculated under
- 97.29 the general statute, special law, relief association articles of incorporation, and relief
- 97.30 association bylaw provisions applicable on the date on which the member separated from
- 97.31 active service with the fire department and active membership in the relief association.
- 97.32 **EFFECTIVE DATE.** (a) This section is effective January 1, 2013.
- 97.33 (b) This section applies only to persons becoming deferred service pensioners after
- 97.34 January 1, 2013.

97.35 Sec. 13. Minnesota Statutes 2010, section 424A.02, subdivision 1, is amended to read:

98.1 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its

98.2 articles of incorporation or bylaws so provide, may pay out of the assets of its special

98.3 fund a defined benefit service pension to each of its members who: (1) separates from

98.4 active service with the fire department; (2) reaches age 50; (3) completes at least five

98.5 years of active service as an active member of the municipal fire department to which the

98.6 relief association is associated; (4) completes at least five years of active membership

98.7 with the relief association before separation from active service; and (5) complies with

98.8 any additional conditions as to age, service, and membership that are prescribed by the

98.9 bylaws of the relief association. A service pension computed under this section may be

98.10 prorated monthly for fractional years of service as the bylaws or articles of incorporation

98.11 of the relief association so provide. The bylaws or articles of incorporation may define

98.12 a "month," but the definition must require a calendar month to have at least 16 days of

98.13 active service. If the bylaws or articles of incorporation do not define a "month," a

98.14 "month" is a completed calendar month of active service measured from the member's

98.15 date of entry to the same date in the subsequent month. The service pension earned by a

98.16 volunteer firefighter under this chapter and the articles of incorporation and bylaws of the

98.17 volunteer firefighters' relief association may be paid whether or not the municipality or

98.18 nonprofit firefighting corporation to which the relief association is associated qualifies for

98.19 the receipt of fire state aid under chapter 69.

98.20 (b) In the case of a member who has completed at least five years of active service as

98.21 an active member of the fire department to which the relief association is associated on

98.22 the date that the relief association is established and incorporated, the requirement that

98.23 the member complete at least five years of active membership with the relief association

98.24 before separation from active service may be waived by the board of trustees of the relief

98.25 association if the member completes at least five years of inactive membership with the

98.26 relief association before the date of the payment of the service pension. During the

98.27 period of inactive membership, the member is not entitled to receive disability benefit

98.28 coverage, is not entitled to receive additional service credit towards computation of a

98.29 service pension, and is considered to have the status of a person entitled to a deferred

98.30 service pension under subdivision 7.

98.31 (c) No municipality or nonprofit firefighting corporation may delegate the power to

98.32 take final action in setting a service pension or ancillary benefit amount or level to the

98.33 board of trustees of the relief association or to approve in advance a service pension or

98.34 ancillary benefit amount or level equal to the maximum amount or level that this chapter

98.35 would allow rather than a specific dollar amount or level.

- 99.1 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a
- 99.2 defined benefit service pension or disability benefit to a former member of the relief
- 99.3 association if that person has not separated from active service with the fire department to
- 99.4 which the relief association is directly associated, unless:
- 99.5 (1) the person is employed subsequent to retirement by the municipality or the
- 99.6 independent nonprofit firefighting corporation, whichever applies, to perform duties within
- 99.7 the municipal fire department or corporation on a full-time basis;
- 99.8 (2) the governing body of the municipality or of the corporation has filed its
- 99.9 determination with the board of trustees of the relief association that the person's
- 99.10 experience with and service to the fire department in that person's full-time capacity
- 99.11 would be difficult to replace; and
- 99.12 (3) the bylaws of the relief association were amended to provide for the payment of
- 99.13 a service pension or disability benefit for such full-time employees.

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

99.15 Sec. 14. Minnesota Statutes 2010, section 424A.02, subdivision 7, is amended to read:

- 99.16 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief
- 99.17 association is entitled to a deferred service pension if the member:
- 99.18 (1) has completed the lesser of either the minimum period of active service with
- 99.19 the fire department specified in the bylaws or 20 years of active service with the fire
- 99.20 department;
- 99.21 (2) has completed at least five years of active membership in the relief association;
- 99.22 and
- 99.23 (3) separates from active service and membership before reaching age 50 or the
- 99.24 minimum age for retirement and commencement of a service pension specified in the
- 99.25 bylaws governing the relief association if that age is greater than age 50. The requirement
- 99.26 that a member separate from active service and membership is waived for persons who
- 99.27 have discontinued their volunteer firefighter duties and who are employed on a full-time
- 99.28 basis under section 424A.015, subdivision 1.
- 99.29 (b) The deferred service pension is payable when the former member reaches
- 99.30 at least age 50, or at least the minimum age specified in the bylaws governing the relief
- 99.31 association if that age is greater than age 50, and when the former member makes a valid
- 99.32 written application.
- 99.33 (c) A defined benefit relief association that provides a lump-sum service pension
- 99.34 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the

- 100.1 deferred lump-sum service pension during the period of deferral. If provided for in the
- 100.2 bylaws, interest must be paid in one of the following manners:
- 100.3 (1) at the investment performance rate actually earned on that portion of the assets
- 100.4 if the deferred benefit amount is invested by the relief association in a separate account
- 100.5 established and maintained by the relief association ~~or~~;
- 100.6 (2) at the investment performance rate actually earned on that portion of the assets
- 100.7 if the deferred benefit amount is invested in a separate investment vehicle held by the
- 100.8 relief association; or
- 100.9 ~~(2)~~ (3) at an interest rate of up to five percent, compounded annually, as set by the
- 100.10 board of directors and approved as provided in subdivision 10.
- 100.11 (d) Interest under paragraph (c), clause ~~(2)~~ (3), is payable following the date on
- 100.12 which the municipality has approved the deferred service pension interest rate established
- 100.13 by the board of trustees.
- 100.14 (e) Unless the bylaws of a relief association that has elected to pay interest or
- 100.15 additional investment performance on deferred lump-sum service pensions under
- 100.16 paragraph (c) specifies a different interest or additional investment performance method,
- 100.17 including the interest or additional investment performance period starting date and ending
- 100.18 date, the interest or additional investment performance on a deferred service pension
- 100.19 is creditable as follows:
- 100.20 (1) for a relief association that has elected to pay interest or additional investment
- 100.21 performance under paragraph (c), clause (1) or (3), beginning on the date that the
- 100.22 member separates from active service and membership and ending on the accounting
- 100.23 date immediately before the deferred member commences receipt of the deferred service
- 100.24 pension; or
- 100.25 (2) for a relief association that has elected to pay interest or additional investment
- 100.26 performance under paragraph (c), clause (2), beginning on the date that the member
- 100.27 separates from active service and membership and ending on the date that the separate
- 100.28 investment vehicle is valued immediately before the date on which the deferred member
- 100.29 commences receipt of the deferred service pension.
- 100.30 (f) For a deferred service pension that is transferred to a separate account established
- 100.31 and maintained by the relief association or separate investment vehicle held by the relief
- 100.32 association, the deferred member bears the full investment risk subsequent to transfer and
- 100.33 in calculating the accrued liability of the volunteer firefighters relief association that pays
- 100.34 a lump-sum service pension, the accrued liability for deferred service pensions is equal
- 100.35 to the separate relief association account balance or the fair market value of the separate
- 100.36 investment vehicle held by the relief association.

101.1 (ff) (g) The deferred service pension is governed by and must be calculated under
101.2 the general statute, special law, relief association articles of incorporation, and relief
101.3 association bylaw provisions applicable on the date on which the member separated from
101.4 active service with the fire department and active membership in the relief association.

101.5 **EFFECTIVE DATE.** (a) This section is effective January 1, 2013.

101.6 (b) This section applies only to persons becoming deferred service pensioners after
101.7 January 1, 2013.

101.8 Sec. 15. Minnesota Statutes 2010, section 424A.02, subdivision 9, is amended to read:

101.9 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
101.10 including any volunteer firefighters relief association governed by section 69.77 or any
101.11 volunteer firefighters division of a relief association governed by chapter 424, may only
101.12 pay ancillary benefits which would constitute an authorized disbursement as specified in
101.13 section 424A.05 subject to the following requirements or limitations:

101.14 (1) with respect to a defined benefit relief association in which governing bylaws
101.15 provide solely for a lump-sum service pension to a retiring member, or provide a retiring
101.16 member the choice of either a lump-sum service pension or a monthly service pension
101.17 and the lump-sum service pension was chosen, no ancillary benefit may be paid to any
101.18 former member or paid to any person on behalf of any former member after the former
101.19 member (i) terminates active service with the fire department and active membership
101.20 in the relief association; and (ii) commences receipt of a service pension as authorized
101.21 under this section; and

101.22 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
101.23 payable to any member, to any former member, or to any person on behalf of any member
101.24 or former member, may exceed in amount the total earned service pension of the member
101.25 or former member. The total earned service pension must be calculated by multiplying
101.26 the service pension amount specified in the bylaws of the relief association at the time of
101.27 death or disability, whichever applies, by the years of service credited to the member or
101.28 former member. The years of service must be determined as of (i) the date the member or
101.29 former member became entitled to the ancillary benefit; or (ii) the date the member or
101.30 former member died entitling a survivor or the estate of the member or former member to
101.31 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
101.32 member had attained the minimum amount of service and membership credit specified in
101.33 the governing bylaws. For active members, the amount of a permanent disability benefit
101.34 or a survivor benefit must be equal to the member's total earned service pension except
101.35 that the bylaws of a defined benefit relief association may provide for the payment of a

- 102.1 survivor benefit in an amount not to exceed five times the yearly service pension amount
- 102.2 specified in the bylaws on behalf of any member who dies before having performed five
- 102.3 years of active service in the fire department with which the relief association is affiliated.
- 102.4 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
- 102.5 incorporation or bylaws, the benefit must be paid:
- 102.6 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;
- 102.7 (B) as a survivor benefit to the surviving children of the deceased firefighter if
- 102.8 no surviving spouse;
- 102.9 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
- 102.10 surviving spouse or surviving children; or
- 102.11 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
- 102.12 surviving children and no beneficiary designated.
- 102.13 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
- 102.14 wholly or partially, the spouse's entitlement to a survivor benefit.
- 102.15 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
- 102.16 incorporation or bylaws, the benefit must be paid:
- 102.17 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;
- 102.18 (B) as a survivor benefit to the surviving children of the deceased firefighter if
- 102.19 no surviving spouse;
- 102.20 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
- 102.21 surviving spouse or surviving children; or
- 102.22 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
- 102.23 surviving spouse, no surviving children, and no beneficiary designated.
- 102.24 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
- 102.25 wholly or partially, the spouse's entitlement to a survivor benefit.
- 102.26 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
- 102.27 survivor benefit payable to a designated beneficiary, the relief association bylaws may
- 102.28 limit the total survivor benefit amount payable.
- 102.29 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
- 102.30 or for a combination lump-sum and monthly benefit volunteer fire relief association where
- 102.31 a monthly benefit service pension has been elected by or a monthly benefit is payable with
- 102.32 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
- 102.33 of this section, for a lump-sum volunteer fire relief association or for a combination
- 102.34 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
- 102.35 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
- 102.36 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to

103.1 the surviving children organized under chapter 501B as authorized by this section and
103.2 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding
103.3 a requirement of this section to the contrary.

103.4 **EFFECTIVE DATE.** This section is effective January 1, 2013.

103.5 Sec. 16. Minnesota Statutes 2010, section 424A.04, subdivision 3, is amended to read:

103.6 Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter
103.7 relief association employs or contracts with a consultant to provide legal or financial
103.8 advice, the secretary of the relief association shall obtain and the consultant shall provide
103.9 to the secretary of the relief association a copy of the consultant's certificate of insurance.
103.10 (b) A consultant is any person who is employed under contract to provide legal or
103.11 financial advice and who is or who represents to the volunteer firefighter relief association
103.12 that the person is:
103.13 (1) an actuary;
103.14 (2) ~~a licensed public accountant~~ or a certified public accountant;
103.15 (3) an attorney;
103.16 (4) an investment advisor or manager, or an investment counselor;
103.17 (5) an investment advisor or manager selection consultant;
103.18 (6) a pension benefit design advisor or consultant; or
103.19 (7) any other financial consultant.

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

103.21 Sec. 17. Minnesota Statutes 2010, section 424A.06, subdivision 2, is amended to read:

103.22 Subd. 2. **General fund assets and revenues.** ~~To~~ (a) The general fund, if established,
103.23 must be credited with the following:
103.24 (1) all moneys money received from dues; other than dues payable as contributions
103.25 under the bylaws of the relief association to the special fund;
103.26 (2) all money received from fines;
103.27 (3) all money received from initiation fees;
103.28 (4) all money received as entertainment revenues; and
103.29 (5) any moneys money or property donated, given, granted or devised by any
103.30 person, either for the support of the general fund of the relief association or for unspecified
103.31 uses purposes.
103.32 (b) The treasurer of the relief association is the custodian of the assets of the general
103.33 fund and must be the recipient on behalf of the general fund of all revenues payable to the

104.1 general fund. The treasurer shall maintain adequate records documenting any transaction
104.2 involving the assets or the revenues of the general fund. These records must be open for
104.3 inspection by any member of the relief association at reasonable times and places.

104.4 **EFFECTIVE DATE.** This section is effective July 1, 2012.

104.5 **ARTICLE 13**

104.6 **SMALL GROUP OR ONE PERSON RETIREMENT PROVISIONS**

104.7 Section 1. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 2a,
104.8 is amended to read:
104.9 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
104.10 whose salary exceeds \$425 in any month and who are not specifically excluded under
104.11 subdivision 2b or who have not been provided an option to participate under subdivision
104.12 2d, whether individually or by action of the governmental subdivision, must participate as
104.13 members of the association with retirement coverage by the general employees retirement
104.14 plan under this chapter, the public employees police and fire retirement plan under this
104.15 chapter, or the local government correctional employees retirement plan under chapter
104.16 353E, whichever applies. Membership commences as a condition of their employment on
104.17 the first day of their employment or on the first day that the eligibility criteria are met,
104.18 whichever is later. Public employees include but are not limited to:

104.19 (1) persons whose salary meets the threshold in this paragraph from employment in
104.20 one or more positions within one governmental subdivision;
104.21 (2) elected county sheriffs;
104.22 (3) persons who are appointed, employed, or contracted to perform governmental
104.23 functions that by law or local ordinance are required of a public officer, including, but
104.24 not limited to:
104.25 (i) town and city clerk or treasurer;
104.26 (ii) county auditor, treasurer, or recorder;
104.27 (iii) city manager as defined in section 353.028 who does not exercise the option
104.28 provided under subdivision 2d; or
104.29 (iv) emergency management director, as provided under section 12.25;
104.30 (4) physicians under section 353D.01, subdivision 2, who do not elect public
104.31 employees defined contribution plan coverage under section 353D.02, subdivision 2;
104.32 (5) full-time employees of the Dakota County Agricultural Society;
104.33 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
104.34 Police Relief Association who are not excluded employees under subdivision 2b due

- 105.1 to coverage by the relief association pension plan and who elected general employee
- 105.2 retirement plan coverage before August 20, 2009, ~~and~~
- 105.3 (7) employees of the Red Wing Port Authority who were first employed by the
- 105.4 Red Wing Port Authority before May 1, 2011, and who are not excluded employees
- 105.5 under subdivision 2b; and
- 105.6 (8) employees of the Seaway Port Authority of Duluth who are not excluded
- 105.7 employees under subdivision 2b.
- 105.8 (b) A public employee or elected official who was a member of the association on
- 105.9 June 30, 2002, based on employment that qualified for membership coverage by the public
- 105.10 employees retirement plan or the public employees police and fire plan under this chapter,
- 105.11 or the local government correctional employees retirement plan under chapter 353E as of
- 105.12 June 30, 2002, retains that membership for the duration of the person's employment in that
- 105.13 position or incumbency in elected office. Except as provided in subdivision 28, the person
- 105.14 shall participate as a member until the employee or elected official terminates public
- 105.15 employment under subdivision 11a or terminates membership under subdivision 11b.
- 105.16 (c) If the salary of an included public employee is less than \$425 in any subsequent
- 105.17 month, the member retains membership eligibility.
- 105.18 (d) For the purpose of participation in the MERF division of the general employees
- 105.19 retirement plan, public employees include employees who were members of the former
- 105.20 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
- 105.21 members of the MERF division of the association.
- 105.22 **EFFECTIVE DATE.** (a) This section is effective the day after the board of
- 105.23 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely
- 105.24 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
- 105.25 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires
- 105.26 on June 30, 2012.
- 105.27 Sec. 2. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 6, is
- 105.28 amended to read:
- 105.29 **Subd. 6. Governmental subdivision.** (a) "Governmental subdivision" means a
- 105.30 county, city, town, school district within this state, or a department, unit or instrumentality
- 105.31 of state or local government, or any public body established under state or local
- 105.32 authority that has a governmental purpose, is under public control, is responsible for the
- 105.33 employment and payment of the salaries of employees of the entity, and receives a major
- 105.34 portion of its revenues from taxation, fees, assessments or from other public sources.

- 106.1 (b) Governmental subdivision also means the Public Employees Retirement
- 106.2 Association, the League of Minnesota Cities, the Association of Metropolitan
- 106.3 Municipalities, charter schools formed under section 124D.10, service cooperatives
- 106.4 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers
- 106.5 boards organized under section 471.59, subdivision 11, paragraph (a), family service
- 106.6 collaboratives and children's mental health collaboratives organized under section 471.59,
- 106.7 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives
- 106.8 are governmental units that otherwise qualify for retirement plan membership, public
- 106.9 hospitals owned or operated by, or an integral part of, a governmental subdivision or
- 106.10 governmental subdivisions, the Association of Minnesota Counties, the Minnesota
- 106.11 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan
- 106.12 Airports Commission, the University of Minnesota with respect to police officers covered
- 106.13 by the public employees police and fire retirement plan, the Minneapolis Employees
- 106.14 Retirement Fund for employment initially commenced after June 30, 1979, the Range
- 106.15 Association of Municipalities and Schools, soil and water conservation districts, economic
- 106.16 development authorities created or operating under sections 469.090 to 469.108, the Port
- 106.17 Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing
- 106.18 Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna
- 106.19 Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center,
- 106.20 the Dakota County Agricultural Society, Hennepin Healthcare System, Inc., and the
- 106.21 Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association
- 106.22 with respect to staff covered by the Public Employees Retirement Association general plan.
- 106.23 (c) Governmental subdivision does not mean any municipal housing and
- 106.24 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
- 106.25 or any port authority organized under sections 469.048 to 469.089 other than the Port
- 106.26 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
- 106.27 the Red Wing Port Authority; or any hospital district organized or reorganized prior to
- 106.28 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board
- 106.29 of a family service collaborative or children's mental health collaborative organized
- 106.30 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
- 106.31 by representatives of governmental units.
- 106.32 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
- 106.33 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
- 106.34 governmental subdivision unless the entity has obtained a written advisory opinion from
- 106.35 the United States Department of Labor or a ruling from the Internal Revenue Service
- 106.36 declaring the entity to be an instrumentality of the state so as to provide that any future

107.1 contributions by the entity on behalf of its employees are contributions to a governmental
107.2 plan within the meaning of Internal Revenue Code, section 414(d).

107.3 (e) A public body created by state or local authority may request membership on
107.4 behalf of its employees by providing sufficient evidence that it meets the requirements in
107.5 paragraph (a).

107.6 (f) An entity determined to be a governmental subdivision is subject to the reporting
107.7 requirements of this chapter upon receipt of a written notice of eligibility from the
107.8 association.

107.9 **EFFECTIVE DATE.** (a) This section is effective the day after the board of
107.10 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely
107.11 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
107.12 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires
107.13 on June 30, 2012.

107.14 **Sec. 3. PERA-GENERAL; PRIOR SEAWAY PORT AUTHORITY OF DULUTH**
107.15 **SERVICE CREDIT TRANSFER.**

107.16 Subdivision 1. PERA-general coverage. Employees of the Seaway Port Authority
107.17 of Duluth on July 1, 2012, are public employees within the meaning of Minnesota
107.18 Statutes, section 353.01, subdivisions 2 and 2a, and are members of the general employees
107.19 retirement plan of the Public Employees Retirement Association as of that date.

107.20 Subd. 2. Service and salary credit for prior Seaway Port Authority of Duluth
107.21 employment. (a) Any employee of the Seaway Port Authority of Duluth on the effective
107.22 date of this section is eligible, on or after July 1, 2012, to transfer to the general employees
107.23 retirement plan of the Public Employees Retirement Association prior service credit
107.24 rendered in the employ of the Seaway Port Authority of Duluth as allowable service
107.25 credit, but not to exceed the maximum set forth in paragraph (c), and prior salary received
107.26 from employment by the Seaway Port Authority of Duluth as salary credit as provided in
107.27 paragraph (b).

107.28 (b) The amount of allowable service and salary credit to be transferred to the general
107.29 employees retirement plan for prior Seaway Port Authority of Duluth employment is that
107.30 portion of the total prior Seaway Port Authority of Duluth employment that bears the same
107.31 relationship that the assets transferred to the general employees retirement fund with
107.32 respect to each applicable person bear to the full actuarial value of the benefit attributable
107.33 to the prior service and salary under Minnesota Statutes, chapters 353 and 356. The full
107.34 actuarial value of the benefit attributable to the prior service under Minnesota Statutes,

- 108.1 chapters 353 and 356, is as provided in Minnesota Statutes, section 356.551. The assets
- 108.2 transferred with respect to each applicable person is the person's account balance in the
- 108.3 Seaway Port Authority of Duluth federal Internal Revenue Code Section 401(a) retirement
- 108.4 plan, the person's account balance in a federal Internal Revenue Code Section 457 deferred
- 108.5 compensation plan, the person's share of any purchase payment amounts that the Seaway
- 108.6 Port Authority of Duluth irrevocably commits to contribute to the general employees
- 108.7 retirement fund, and any purchase payment amount contributed by the applicable person
- 108.8 to the general employees retirement fund. Any amounts from the federal Internal Revenue
- 108.9 Code Section 401(a) retirement plan, the federal Internal Revenue Code Section 457
- 108.10 deferred compensation plan, or from a purchase payment amount provided by the Seaway
- 108.11 Port Authority of Duluth must be made on an institution-to-institution basis.
- 108.12 (c) If the assets transferred with respect to an applicable person under paragraph (b)
- 108.13 are less than the full actuarial value of the benefit attributable to the prior service under
- 108.14 Minnesota Statutes, section 356.551, as of the date of the asset transfer, the untransferred
- 108.15 balance of the prior service and salary may be purchased on June 30, 2014, by the
- 108.16 applicable person or a combination of the applicable person and the Seaway Port Authority
- 108.17 of Duluth by the payment of the balance of the full actuarial value payment amount under
- 108.18 Minnesota Statutes, section 356.551, plus compound interest at the rate of 0.71 percent per
- 108.19 month between the transfer date under paragraph (b) until June 30, 2014. No applicable
- 108.20 person may purchase more allowable service and salary credit from the general employees
- 108.21 retirement plan of the Public Employees Retirement Association than the person's period
- 108.22 of employment by the Seaway Port Authority of Duluth rendered before the effective date
- 108.23 of this section if the employment would have been eligible service and salary for general
- 108.24 employees retirement plan coverage if the service had been rendered or salary received
- 108.25 after the effective date of this section.
- 108.26 (d) An applicable person must provide any documentation related to eligibility
- 108.27 under the general employees retirement plan that is required by the executive director.
- 108.28 Allowable service and salary credit for any period must be transferred and recognized
- 108.29 by the general employees retirement plan for an applicable person upon receipt of the
- 108.30 associated transferred assets.
- 108.31 (e) Transferred service and salary credit related to the Seaway Port Authority of
- 108.32 Duluth before July 1, 1989, does not make a person eligible for a retirement annuity under
- 108.33 Minnesota Statutes, section 353.30, subdivision 1a.
- 108.34 (f) Authority to have service and salary credit transferred under this section expires
- 108.35 on July 1, 2013, or on the date that the applicable person terminates employment by the
- 108.36 Seaway Port Authority of Duluth, whichever is earlier.

109.1 Subd. 3. Status of service transfer amounts. Notwithstanding any provision of
109.2 Minnesota Statutes, section 353.32, 353.34, or 353.35, to the contrary, amounts transferred
109.3 to the general employees retirement fund of the Public Employees Retirement Association
109.4 under subdivision 2 must be considered to be an accumulated member contribution
109.5 deduction.

109.6 **EFFECTIVE DATE.** (a) This section is effective the day after the board of
109.7 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely
109.8 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.
109.9 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires
109.10 on June 30, 2012.

109.11 **Sec. 4. TEACHERS RETIREMENT ASSOCIATION; COVERAGE ELECTION**
109.12 **FOR CERTAIN MNSCU FACULTY MEMBER.**

109.13 (a) Notwithstanding any provision to the contrary in Minnesota Statutes, chapter
109.14 354B, an eligible person described in paragraph (b) may elect prospective and retroactive
109.15 retirement coverage under paragraph (c).
109.16 (b) An eligible person is a person who:
109.17 (1) was born on February 2, 1978;
109.18 (2) was initially employed by the Minnesota State Colleges and Universities system
109.19 on a part-time basis at Metropolitan State University on August 27, 2005;
109.20 (3) was also additionally employed within the Minnesota State Colleges and
109.21 Universities system at Inver Hills Community College and St. Paul College; and
109.22 (4) was covered by the higher education individual retirement account plan because
109.23 of a failure of Metropolitan State University to advise the eligible person about the
109.24 optional election and default retirement coverage provisions of Minnesota Statutes, section
109.25 354B.21, subdivisions 2 and 3.

109.26 (c) An eligible person may elect retirement coverage by the Teachers Retirement
109.27 Association rather than the higher education individual retirement account plan for faculty
109.28 employment rendered after the date of the retirement coverage election under this section
109.29 and for past Minnesota State Colleges and Universities system faculty employment from
109.30 August 27, 2005, until the date of the retirement coverage election. The election must
109.31 be made in writing, must be filed with the executive director of the Teachers Retirement
109.32 Association, and must be accompanied with any relevant documentation required by the
109.33 executive director of the Teachers Retirement Association.

109.34 (d) If an eligible person makes the retirement coverage election under paragraph (c),
109.35 the eligible person's member contributions to the higher education individual retirement

110.1 account plan must be transferred to the Teachers Retirement Association, with any earned
110.2 investment returns on those contributions. If the transferred member contributions and
110.3 investment earnings are less than the calculated amount of the member contribution that
110.4 the eligible person would have made to the Teachers Retirement Association on the
110.5 eligible person's compensation from the Minnesota State Colleges and Universities system
110.6 for the period from August 27, 2005, to the date of the retirement coverage election, if
110.7 the person had been covered by the Teachers Retirement Association during the period,
110.8 plus annual compound interest at the rate of 8.5 percent, the eligible person shall pay the
110.9 balance of that calculated member contribution obligation within 30 days of the retirement
110.10 coverage election. Any payment may be made through an institution-to-institution
110.11 transfer from the eligible person's account in the Minnesota state deferred compensation
110.12 program or the eligible person's tax-sheltered savings account under the federal Internal
110.13 Revenue Code, section 403(b).
110.14 (e) Upon the transfer of the equivalent member contribution amount and any
110.15 additional payments under paragraph (d), the balance of the eligible person's higher
110.16 education individual retirement account plan account must be transferred to the Teachers
110.17 Retirement Association. If the amounts under paragraph (d) and the higher education
110.18 individual retirement account plan account balance under this paragraph are less than
110.19 the prior service credit purchase payment amount calculated under Minnesota Statutes,
110.20 section 356.551, the Minnesota State Colleges and Universities system shall pay that
110.21 difference within 60 days of the retirement coverage election date.
110.22 (f) Upon the transfers and payments under paragraphs (d) and (e), the eligible person
110.23 must be credited by the Teachers Retirement Association with allowable and formula
110.24 service for Minnesota State Colleges and Universities system employment since August
110.25 27, 2005.
110.26 (g) The authority to make a retirement coverage election under this section expires
110.27 on January 1, 2013.

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

110.29 **Sec. 5. SERVICE CREDIT PURCHASE AUTHORIZATION FOR**
110.30 **UNCREDITED PRIOR PUBLIC EMPLOYMENT.**

110.31 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
110.32 service in the general employees retirement plan of the Public Employees Retirement
110.33 Association under Minnesota Statutes, section 353.01, subdivision 16, for the period
110.34 described in paragraph (c) upon the payment of the purchase requirement specified in
110.35 paragraph (e).

- 111.1 (b) An eligible person is a person who:
- 111.2 (1) was born on September 10, 1949;
- 111.3 (2) was first employed by Crookston Township on July 1, 1990;
- 111.4 (3) was enrolled in the general employees retirement plan of the Public Employees Retirement Association on September 15, 2010; and
- 111.5 (4) had omitted deductions paid for allowable service for Crookston Township back to January 1, 2007.
- 111.6 (c) The period of prior service credit available for purchase is the period of Crookston Township employment from July 1, 1990, to December 31, 2006, if the service was not that of an independent contractor and the compensation for the service met or exceeded the applicable minimum monthly salary threshold amount for plan coverage.
- 111.7 (d) The eligible person must apply with the executive director of the Public Employees Retirement Association to make the service credit purchase under this section. The application must be in writing and must include all necessary relevant documentation that the executive director may require.
- 111.8 (e) Allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, must be granted by the general employees retirement plan of the Public Employees Retirement Association to the eligible person in proportion to the portion of the prior service credit purchase payment amount bears to the total prior service credit purchase payment amount required under Minnesota Statutes, section 356.551. Of the total prior service credit purchase payment amount under Minnesota Statutes, section 356.551, the eligible person must pay a total amount equal to the employee contribution rates in effect during the uncredited employment period applied to the actual salary rates of the eligible person during the period. If the eligible person begins to make the payment, Crookston Township shall pay the remainder of the total prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.551. The executive director of the Public Employees Retirement Association shall notify the treasurer of Crookston Township that the member has begun paying the member contribution amount within 60 days of the receipt of that payment. If Crookston Township fails to pay its portion of the prior service credit purchase payment amount under this section, the executive director of the Public Employees Retirement Association shall collect the unpaid amount under Minnesota Statutes, section 353.28, subdivision 6, paragraph (a). The eligible person and Crookston Township may make monthly or quarterly installment payments of their purchase payment portions, with interest on the remaining balance of the portion at an 8.5 percent annual compounded rate.

112.1 (f) Authority for an eligible person and Crookston Township to make prior service
112.2 credit purchase installment payments under this section expires on June 30, 2017, or upon
112.3 the eligible person's termination of employment by Crookston Township, whereupon any
112.4 unpaid installments are due in a lump sum.

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

112.6 **Sec. 6. PERA-P&F; LATE RETROACTIVE DUTY DISABILITY BENEFIT**
112.7 **APPLICATION AUTHORIZED.**

112.8 (a) Notwithstanding any provision of Minnesota Statutes, section 353.031 or
112.9 353.656 to the contrary, an eligible person described in paragraph (b) is authorized to file,
112.10 on behalf of the deceased eligible person's spouse, an application for a disability benefit
112.11 from the public employees police and fire retirement plan retroactive to the date of the
112.12 duty disability injury.
112.13 (b) An eligible person is the surviving spouse of a person who:
112.14 (1) was born on February 9, 1983;
112.15 (2) was initially employed as a deputy sheriff by Mahnomen County on May 9, 2005;
112.16 (3) suffered two gunshot wounds while investigating a report of gunfire in
112.17 Mahnomen on February 18, 2009, including one gunshot wound to the head; and
112.18 (4) after periods at a rehabilitation hospital and at a hospice facility, died as a result
112.19 of the wounds and accompanying complications on August 9, 2010.

112.20 (c) If the eligible person files the disability benefit application under paragraph (a)
112.21 and if the late Mahnomen County deputy sheriff described in paragraph (b) is determined
112.22 by the Public Employees Retirement Association as being disabled while in the line of
112.23 duty, the eligible person is entitled to receive payment of the duty disability benefits that
112.24 would have been paid before August 10, 2010, to the late Mahnomen County deputy
112.25 described in paragraph (b) under Minnesota Statutes, section 353.656, subdivision 1a, if
112.26 a disability benefit application had been filed in a timely manner on or after February
112.27 18, 2009.

112.28 (d) The authority to file a disability benefit application under paragraph (a) expires
112.29 on July 1, 2013.

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

112.31 Delete the title and insert:

112.32 "A bill for an act
112.33 relating to retirement; statewide and local retirement plans; revising certain
112.34 statutory actuarial assumptions; requiring comprehensive annual retirement
112.35 plan fund reporting by Minnesota Management and Budget, modifying
112.36 various Department of Human Services employment classifications eligible

- 113.1 for correctional retirement coverage; modifying certain health care savings
 113.2 plan provisions; clarifying transfer eligibility for the unclassified state
 113.3 employees retirement program; making various modifications in retirement
 113.4 plans administered by the Public Employees Retirement Association, making
 113.5 various revisions in the public employees privatization law; making various
 113.6 administrative changes in the Teachers Retirement Association law, including
 113.7 revising state and local aid programs inherited from the former Minneapolis
 113.8 Teachers Retirement Fund Association; making various modifications to conform
 113.9 with the federal Internal Revenue Code retirement plan requirements; updating
 113.10 the public pension fund investment laws, merging the Fairmont Police Relief
 113.11 Association and the Virginia fire consolidation account with the public employees
 113.12 police and fire retirement plan; making various volunteer fire retirement
 113.13 law changes; and making various small group or single person retirement
 113.14 authorizations; amending Minnesota Statutes 2010, sections 11A.07, subdivision
 113.15 4; 11A.14, subdivision 14; 11A.24; 16A.06, subdivision 9; 69.011, subdivision
 113.16 1; 69.051, subdivisions 1, 1a, 3; 69.77, subdivision 9; 69.772, subdivision
 113.17 4; 69.773, subdivision 5; 69.775; 69.80; 126C.41, subdivision 3; 352.91,
 113.18 subdivisions 3c, 3d, 3f; 352.98, subdivisions 3, 4, 5, 8; 352D.02, subdivision
 113.19 3; 353.01, subdivision 47; 353.50, subdivision 7; 353.656, subdivision 2;
 113.20 353F.02, subdivision 4; 353F.04, subdivision 1; 353F.07; 353G.08, by adding a
 113.21 subdivision; 354.51, subdivision 5; 354A.08; 354A.12, subdivision 3c; 356.215,
 113.22 subdivisions 1, 11; 356.219, subdivisions 1, 8; 356.415, subdivision 1d; 356.611,
 113.23 subdivisions 2, 3, 3a, 4, by adding a subdivision; 356.635, subdivisions 6, 9;
 113.24 356A.01, subdivision 19; 356A.06, subdivisions 6, 7; 423A.02, subdivision 3;
 113.25 424A.001, subdivision 4; 424A.01, subdivision 6; 424A.016, subdivisions 5, 6;
 113.26 424A.02, subdivisions 1, 7, 9; 424A.04, subdivision 3; 424A.06, subdivision
 113.27 2; Minnesota Statutes 2011 Supplement, sections 69.77, subdivisions 1a, 4;
 113.28 353.01, subdivisions 2a, 6, 16; 353.668, subdivision 4; 356.215, subdivision 8;
 113.29 Laws 2002, chapter 392, article 1, section 8; proposing coding for new law in
 113.30 Minnesota Statutes, chapters 16A; 353; 354; repealing Minnesota Statutes 2010,
 113.31 sections 128D.18; 352.91, subdivision 3e; 354A.12, subdivision 3b; 356.219,
 113.32 subdivision 4; 423A.06; Laws 1947, chapter 624, sections 1; 2; 3; 4; 5; 6; 8;
 113.33 9; 10; 11; 12; 13; 14; 15; 16; 17; 18; 19; 21; 22; Laws 1953, chapter 399, as
 113.34 amended; Laws 1961, chapter 420, sections 2, as amended; 3; 4; 5, as amended;
 113.35 6; Laws 1963, chapter 407, section 1, as amended; Laws 1963, chapter 423;
 113.36 Laws 1965, chapter 546, sections 1; 2, as amended; 3; Laws 1969, chapter 578,
 113.37 sections 1; 2; 3; Laws 1974, chapter 183, as amended; Laws 1982, chapter 574,
 113.38 section 1; Laws 1982, chapter 578, article 1, section 14; Laws 1983, chapter 69,
 113.39 section 1; Laws 1984, chapter 547, section 27; Laws 1987, chapter 372, article
 113.40 2, section 14; Laws 1988, chapter 709, sections 1, as amended; 2; Laws 1991,
 113.41 chapter 62, sections 1; 2; Laws 1992, chapter 465, section 1; Laws 1999, chapter
 113.42 222, article 3, sections 3; 4; 5."