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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4074

03/09/2026 Authored by Lillie
The bill was read for the first time and referred to the Committee on State Government Finance and Policy
04/20/2026 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to retirement; modifying expense apportionment among funds managed
1.3 by the State Board of Investment; making administrative changes to statutes
1.4 governing the retirement plans administered by the Minnesota State Retirement
1.5 System; clarifying that correctional employees remain in the correctional employees
1.6 retirement plan while working for a labor organization; making conforming changes
1.7 to retirement annuity application procedures; modifying enrollment procedures in
1.8 the state fire marshals subplan; clarifying that the correctional plan membership
1.9 committee is not subject to the open meeting law and agency appointment and
1.10 registration requirements; allowing current deputy fire marshals to elect coverage
1.11 by the state fire marshals subplan; amending Minnesota Statutes 2024, sections
1.12 11A.07, subdivision 5; 352.021, subdivision 2; 352.029, subdivisions 1, 2, 2a;
1.13 352.115, subdivisions 7a, 8, 9; 352.87, subdivisions 1, 2; Minnesota Statutes 2025
1.14 Supplement, sections 11A.04; 11A.07, subdivision 4; 352.029, subdivision 3;
1.15 352.905, by adding a subdivision; 352.907, by adding a subdivision; Laws 2025,
1.16 chapter 39, article 1, section 8; repealing Minnesota Statutes 2024, section 352.87,
1.17 subdivision 8.

1.18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.19 Section 1. Minnesota Statutes 2025 Supplement, section 11A.04, is amended to read:

1.20 11A.04 DUTIES AND POWERS; APPROPRIATION.

1.21 The state board shall:

1.22 (1) Act as trustees for each fund for which it invests or manages money in accordance
1.23 with the standard of care set forth in section 11A.09 if state assets are involved and in
1.24 accordance with chapter 356A if pension assets are involved.

1.25 (2) Formulate policies and procedures deemed necessary and appropriate to carry out
1.26 its functions. Procedures adopted by the state board must allow fund beneficiaries and
1.27 members of the public to become informed of proposed board actions. Procedures and
1.28 policies of the state board are not subject to the Administrative Procedure Act.

- 2.1 (3) Employ an executive director as provided in section 11A.07.
- 2.2 (4) ~~Employ~~ Retain investment advisors and consultants as it deems necessary.
- 2.3 (5) Prescribe policies concerning personal investments of all employees of the state
- 2.4 board to prevent conflicts of interest.
- 2.5 (6) Maintain a record of its proceedings.
- 2.6 (7) As it deems necessary, establish advisory committees subject to section 15.059 to
- 2.7 assist the state board in carrying out its duties.
- 2.8 (8) Not permit state funds to be used for the underwriting or direct purchase of municipal
- 2.9 securities from the issuer or the issuer's agent.
- 2.10 (9) Direct the commissioner of management and budget to sell property other than money
- 2.11 that has escheated to the state when the state board determines that sale of the property is
- 2.12 in the best interest of the state. Escheated property must be sold to the highest bidder in the
- 2.13 manner and upon terms and conditions prescribed by the state board.
- 2.14 (10) Undertake any other activities necessary to implement the duties and powers set
- 2.15 forth in this section.
- 2.16 (11) Establish a formula or formulas to measure management performance and return
- 2.17 on investment. Public pension funds in the state shall utilize the formula or formulas
- 2.18 developed by the state board.
- 2.19 (12) Except as otherwise provided in article XI, section 8, of the Constitution of the state
- 2.20 of Minnesota, ~~employ~~ retain, at its discretion, qualified ~~private~~ external firms to invest ~~and~~,
- 2.21 ~~manage, or provide services with respect to~~ the assets of funds over which the state board
- 2.22 has investment management responsibility. ~~There is annually appropriated to the state board,~~
- 2.23 ~~from the assets of the funds for which the state board utilizes a private investment manager,~~
- 2.24 ~~sums sufficient to pay the costs of employing private firms. Each year, by January 15, the~~
- 2.25 ~~board shall report to the governor and legislature on the cost and the investment~~ The state
- 2.26 board must include in the report required under section 11A.07, subdivision 4, clause (8),
- 2.27 the management fees paid under this clause and the performance of each investment manager
- 2.28 ~~employed~~ retained by the state board.
- 2.29 (13) Adopt an investment policy statement that includes investment objectives, asset
- 2.30 allocation, and the investment management structure for the retirement fund assets under
- 2.31 its control. The statement may be revised at the discretion of the state board. The state board
- 2.32 shall seek the advice of the council regarding its investment policy statement. Adoption of
- 2.33 the statement is not subject to chapter 14.

3.1 (14) Adopt a compensation plan setting the terms and conditions of employment for
3.2 unclassified employees of the state board pursuant to section 43A.18, subdivision 3b.

3.3 (15) Contract, as necessary, with the board of trustees of the Minnesota State Colleges
3.4 and Universities System for the provision of investment review and selection services under
3.5 section 354B.25, subdivision 3, and arrange for the receipt of payment for those services.

3.6 There is annually appropriated to the state board, from the assets of the funds for which
3.7 the state board provides investment services, sums sufficient to pay the ~~costs of all necessary~~
3.8 ~~expenses for the administration of the state board, including any fees or expenses charged~~
3.9 by advisors, consultants, or external firms. These sums will be deposited in the State Board
3.10 of Investment operating account, which must be established by the commissioner of
3.11 management and budget in the special revenue fund.

3.12 Sec. 2. Minnesota Statutes 2025 Supplement, section 11A.07, subdivision 4, is amended
3.13 to read:

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

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

3.19 (2) prepare and submit biennial and annual budgets to the state board and with the
3.20 approval of the state board submit the budgets to the Department of Management and Budget;

3.21 (3) employ professional and clerical staff as necessary;

3.22 (4) report to the state board on all operations under the executive director's control and
3.23 supervision;

3.24 (5) maintain accurate and complete records of securities transactions and official
3.25 activities;

3.26 (6) establish a policy, which is subject to state board approval, relating to the purchase
3.27 and sale of securities on the basis of competitive offerings or bids;

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

4.1 (8) prepare and file with the director of the Legislative Reference Library a report
 4.2 summarizing the activities of the state board, the council, and the executive director during
 4.3 the preceding fiscal year;

4.4 (9) include on the state board's website its annual report and an executive summary of
 4.5 its quarterly reports;

4.6 (10) require state officials from any department or agency to produce and provide access
 4.7 to any financial documents the state board deems necessary in the conduct of its investment
 4.8 activities;

4.9 (11) with respect to any fund for which the state board provides investment services,
 4.10 modify the billing procedure or apportionment of expenses under subdivision 5 to the extent
 4.11 the executive director determines is appropriate or necessary, with any such modification
 4.12 consistent with the applicable duties in this chapter and section 356A.04;

4.13 ~~(11)~~ (12) receive and expend legislative appropriations; and

4.14 ~~(12)~~ (13) undertake any other activities necessary to implement the duties and powers
 4.15 set forth in this subdivision consistent with chapter 356A.

4.16 Sec. 3. Minnesota Statutes 2024, section 11A.07, subdivision 5, is amended to read:

4.17 Subd. 5. **Apportionment of expenses.** (a) The annual expenses incurred by the State
 4.18 Board of Investment will state board, including any fees or expenses charged by advisors,
 4.19 consultants, or external firms, must be apportioned among the state general fund, the
 4.20 retirement funds administered by the Minnesota State Retirement System, Public Employees
 4.21 Retirement Association, and Teachers Retirement Association, and all other funds as follows:
 4.22 for which the state board provides investment services, in accordance with this subdivision.
 4.23 There is annually appropriated to the state board, from the assets of all funds for which the
 4.24 state board provides investment services, sums sufficient to pay the apportioned expenses.
 4.25 These sums must be deposited in the State Board of Investment operating account, which
 4.26 must be established by the commissioner of management and budget in the special revenue
 4.27 fund. The sums must be apportioned as follows:

4.28 ~~(1) on a biennial basis, the State Board of Investment, in accordance with biennial budget~~
 4.29 ~~procedures established by the commissioner of management and budget, may request a~~
 4.30 ~~direct appropriation that represents the portion of the State Board of Investment expenses~~
 4.31 ~~necessary to provide investment services to the state general fund. This appropriation must~~
 4.32 ~~be deposited in the State Board of Investment operating account;~~

5.1 ~~(2)~~ (1) the executive director shall first apportion the actual expenses allocable solely
5.2 to a specific fund, or in the case of multiple funds, among the funds proportionally based
5.3 on weighted average assets under management during the fiscal year; and

5.4 (2) next, the executive director shall apportion the expenses incurred by the State Board
5.5 of Investment state board, less the charge to the state general fund charges apportioned
5.6 under clause (1) and accounting for any modification made pursuant to subdivision 4, clause
5.7 (11), among the funds whose assets are invested by the State Board of Investment, with the
5.8 exception of the state general fund, for which the state board provides investment services,
5.9 with such expenses allocated proportionally based on the weighted average assets under
5.10 management during the fiscal year. The amounts necessary to pay these charges are
5.11 apportioned from the investment earnings of each fund. Receipts must be credited to the
5.12 State Board of Investment operating account;

5.13 ~~(3)~~ (b) The ~~actual~~ expenses apportioned and charged to the funds under paragraph (a),
5.14 with the exception of the state general fund and the retirement funds administered by the
5.15 Minnesota State Retirement System, Public Employees Retirement Association, and Teachers
5.16 Retirement Association, must be calculated, billed, and paid at least on a quarterly basis in
5.17 accordance with procedures for interdepartmental payments established by the commissioner
5.18 of management and budget; and. Sums received to pay the expenses must be deposited in
5.19 the operating account under section 11A.04.

5.20 ~~(4)~~ (c) The annual estimated expenses to be incurred by the ~~State Board of Investment~~
5.21 state board that will be payable by the retirement funds administered by the Minnesota State
5.22 Retirement System, Public Employees Retirement Association, and Teachers Retirement
5.23 Association must be deposited in the State Board of Investment operating account under
5.24 section 11A.04 on or about the first business day of each fiscal year. A reconciliation of the
5.25 actual expenses allocable to each retirement fund compared to the applicable estimated costs
5.26 expenses must occur at least annually at the end of each the fiscal year with any surplus or.
5.27 Any deficit being credited or debited to each of the respective funds. The State Board of
5.28 Investment must present a statement of accrued actual determined by such reconciliation
5.29 is due and payable to the State Board of Investment operating account promptly upon notice
5.30 of the amount due. Any fiscal year-end surplus may, at the executive director's discretion,
5.31 be retained in the operating account and credited against the following fiscal year's estimated
5.32 expenses to of each respective retirement fund at the end of each quarter during each fiscal
5.33 year. The executive director must refund to the respective retirement fund any portion of
5.34 any surplus not credited against the following fiscal year's estimated expenses.

6.1 Sec. 4. Minnesota Statutes 2024, section 352.021, subdivision 2, is amended to read:

6.2 Subd. 2. **State employees covered.** Every person who becomes a state employee as
6.3 defined in section 352.01 is covered by the general state employees retirement plan, unless
6.4 the state employee is covered by the correctional employees retirement plan under section
6.5 352.905. Acceptance of state employment or continuance in state service is deemed to be
6.6 consent by the state employee to have deductions made from salary for deposit to the credit
6.7 of the account of the state employee in the retirement fund of the plan that provides retirement
6.8 coverage for the state employee.

6.9 Sec. 5. Minnesota Statutes 2024, section 352.029, subdivision 1, is amended to read:

6.10 Subdivision 1. **Qualifications.** (a) Unless already specifically included under section
6.11 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision
6.12 2b, a state employee covered by the general state employees retirement plan who is on leave
6.13 of absence without pay to provide service as an employee or officer of a labor organization
6.14 that is an exclusive bargaining agent representing state employees may elect under
6.15 subdivision 2 to be covered by the general state employees retirement plan of the Minnesota
6.16 State Retirement System for service with the labor organization, subject to the limitations
6.17 set forth in subdivisions 2a and 2b.

6.18 (b) Unless specifically included under section 352.01, subdivision 2a, or unless
6.19 specifically excluded under section 352.01, subdivision 2b, a state employee covered by
6.20 the correctional employees retirement plan who is on leave of absence without pay to provide
6.21 service as an employee or officer of a labor organization that is an exclusive bargaining
6.22 agent representing state employees may elect under subdivision 2 to be covered by the
6.23 correctional employees retirement plan for service with the labor organization, subject to
6.24 the limitations set forth in subdivisions 2a and 2b.

6.25 Sec. 6. Minnesota Statutes 2024, section 352.029, subdivision 2, is amended to read:

6.26 Subd. 2. **Election.** A person described in subdivision 1 is covered by the ~~system~~ general
6.27 employees retirement plan under subdivision 1, paragraph (a), or the correctional employees
6.28 retirement plan under subdivision 1, paragraph (b), if the person delivers a written election
6.29 to be covered is delivered to the executive director within 90 days of being employed by
6.30 the labor organization, or within 90 days of starting the first leave of absence with an
6.31 exclusive bargaining agent to provide service as an employee or officer of a labor
6.32 organization, whichever is later.

7.1 Sec. 7. Minnesota Statutes 2024, section 352.029, subdivision 2a, is amended to read:

7.2 Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered salary
7.3 for a labor organization employee who is a member under section 352.01, subdivision 2a,
7.4 paragraph (a), or who qualifies for membership under this section ~~or section 352.75~~ is limited
7.5 to the lesser of:

7.6 (1) the employee's ~~actual~~ salary as defined under section 352.01, subdivision 13; or

7.7 (2) 75 percent of the salary of the governor as set under section 15A.082.

7.8 (b) The limited covered salary determined under this subdivision must be used in
7.9 determining employee, employer, and supplemental employer ~~additional~~ contributions under
7.10 ~~section~~ sections 352.04, subdivisions 2 and 3, and 352.92 and in determining retirement
7.11 annuities and other benefits under this chapter and chapter 356.

7.12 Sec. 8. Minnesota Statutes 2025 Supplement, section 352.029, subdivision 3, is amended
7.13 to read:

7.14 Subd. 3. **Contributions.** (a) The employee and employer contributions required by
7.15 section 352.04; for employees covered by the general state employees retirement plan or
7.16 by section 352.92 for employees covered by section 352.905; the correctional employees
7.17 retirement plan are the obligation of the employee who is a member under section 352.01,
7.18 subdivision 2a, paragraph (a), or who chooses coverage under this section. However, the
7.19 employing labor organization may pay the employer contributions to the general state
7.20 employees retirement fund as required by section 352.04 for employees covered by the
7.21 general state employees retirement plan or to the correctional employees retirement fund
7.22 as required by section 352.92 for employees covered by the correctional employees retirement
7.23 plan.

7.24 (b) Contributions made by the employee must be made by salary deduction. ~~The~~
7.25 ~~employing labor organization shall pay all contributions to the system as required by section~~
7.26 ~~352.04, or by section 352.92 for employees covered by section 352.905.~~

7.27 Sec. 9. Minnesota Statutes 2024, section 352.115, subdivision 7a, is amended to read:

7.28 Subd. 7a. **Application procedure.** (a) ~~The filing of an~~ application for an annuity, refund,
7.29 disability benefit, survivor benefit, death benefit, or other ~~monthly~~ benefit authorized by
7.30 this chapter or chapter 3A, 352B, 352D, or 490 must comply with this subdivision.

7.31 (b) Filing of an application ~~under paragraph (a) is not complete until~~ is effective on the
7.32 date an original application ~~and supporting documents are~~ is received in an office of the

8.1 system or received by a person authorized by the director. An original application may not
8.2 be an electronic copy or facsimile copy and if received in an office of the system, must be
8.3 delivered by personal service or mail.

8.4 (c) ~~In this subdivision,~~ To complete the application, supporting documents must be
8.5 received in an office of the system or received by a person authorized by the director no
8.6 later than 60 days after filing the application. Supporting documents are not required to be
8.7 original documents except as determined by the director. "Supporting documents" are:

8.8 (1) documents sufficient to verify birth date;

8.9 (2) documents sufficient to verify marital status or establish the terms of a divorce, if
8.10 applicable; and

8.11 (3) the spousal acknowledgment required by section 356.46, subdivision 3, paragraph
8.12 (b).

8.13 ~~Supporting documents are not required to be original documents except as determined by~~
8.14 ~~the director.~~

8.15 Sec. 10. Minnesota Statutes 2024, section 352.115, subdivision 8, is amended to read:

8.16 Subd. 8. **Accrual of annuity.** (a) The application for an annuity must not be ~~made~~ filed
8.17 more than 60 days before the ~~time~~ date the state employee or former state employee elects
8.18 to begin collecting a retirement annuity.

8.19 (b) If the director determines an applicant for annuity has fulfilled the legal requirements
8.20 for an annuity, the director shall authorize the annuity payment in accordance with this
8.21 chapter and payment must be made as authorized.

8.22 (c) An annuity shall begin to accrue no earlier than 180 days before the date the
8.23 application is filed with the director, but not before the day following the termination of
8.24 state service or before the day the employee is eligible to retire by reason of both age and
8.25 service requirements.

8.26 (d) The retirement annuity shall cease with the last payment which had accrued during
8.27 the lifetime of the retired employee unless an optional annuity provided in section 352.116,
8.28 subdivision 3, had been selected and had become payable. The joint and last survivor annuity
8.29 shall cease with the last payment received by the survivor during the lifetime of the survivor.
8.30 If a retired employee had not selected an optional annuity, or a survivor annuity is not
8.31 payable under the option, and a spouse survives, the spouse is entitled only to the annuity
8.32 for the calendar month in which the retired employee died. If an optional annuity is payable

9.1 after the death of the retired employee, the survivor is entitled to the annuity for the calendar
9.2 month in which the retired employee died.

9.3 Sec. 11. Minnesota Statutes 2024, section 352.115, subdivision 9, is amended to read:

9.4 Subd. 9. **Annuities payable monthly.** All annuities, and disability benefits authorized
9.5 by this chapter, must be paid in equal monthly installments and must not be increased,
9.6 decreased, or revoked except as provided in this chapter or chapter 356.

9.7 Sec. 12. Minnesota Statutes 2024, section 352.87, subdivision 1, is amended to read:

9.8 Subdivision 1. **Eligibility.** (a) A member of the general state employees retirement plan
9.9 who is employed by the Department of Public Safety, State Fire Marshal Division, as a
9.10 deputy state fire marshal, fire/arson investigator, ~~who elects special benefit coverage under~~
9.11 ~~subdivision 8,~~ is entitled to retirement benefits or disability benefits, as applicable, as stated
9.12 in this section for eligible service under this section rendered after July 1, 1999, for which
9.13 allowable service credit is received: if the member is first employed as a deputy state fire
9.14 marshal, fire/arson investigator:

9.15 (1) before July 1, 2026, and the member elected special benefit coverage under the laws
9.16 in effect on the day the member was first employed as a deputy state fire marshal, fire/arson
9.17 investigator; or

9.18 (2) after June 30, 2026.

9.19 (b) The covered member must be at least age 55 to qualify for the retirement annuity
9.20 specified in subdivision 3.

9.21 Sec. 13. Minnesota Statutes 2024, section 352.87, subdivision 2, is amended to read:

9.22 Subd. 2. **Retirement annuity eligibility.** A person specified in subdivision 1 who meets
9.23 all eligibility requirements specified in this chapter applicable to ~~general plan~~ members of
9.24 the general state employees retirement plan is eligible for retirement benefits as specified
9.25 in subdivision 3.

9.26 Sec. 14. Minnesota Statutes 2025 Supplement, section 352.905, is amended by adding a
9.27 subdivision to read:

9.28 Subd. 8. **Employees of labor organization.** Employees who meet the coverage and
9.29 election requirements of section 352.029 will continue to be covered by the correctional
9.30 employees retirement plan.

10.1 Sec. 15. Minnesota Statutes 2025 Supplement, section 352.907, is amended by adding a
 10.2 subdivision to read:

10.3 Subd. 7. **Certain laws not applicable to the membership committee.** (a) Meetings of
 10.4 the correctional plan membership committee are not subject to chapter 13D.

10.5 (b) The correctional plan membership committee is not an agency for the purposes of
 10.6 sections 15.0597 and 15.0599.

10.7 Sec. 16. Laws 2025, chapter 39, article 1, section 8, is amended to read:

10.8				139,000
10.9	Sec. 8. STATE BOARD OF INVESTMENT	\$	139,000	\$
				<u>-0-</u>

10.10 Sec. 17. **ELECTION OF COVERAGE FOR CURRENT DEPUTY STATE FIRE**
 10.11 **MARSHALS.**

10.12 Subdivision 1. **Definition.** For purposes of this section, "eligible employee" means a
 10.13 member of the general state employees retirement plan of the Minnesota State Retirement
 10.14 System who began employment with the Department of Public Safety, State Fire Marshal
 10.15 Division, as a deputy state fire marshal, fire/arson investigator, after July 31, 2021, and
 10.16 before October 5, 2022.

10.17 Subd. 2. **Election of coverage.** (a) An eligible employee may file a notice with the
 10.18 executive director of the Minnesota State Retirement System on a form prescribed by the
 10.19 executive director stating that the employee elects to be covered by section 352.87. Notice
 10.20 must be filed no later than 60 days after enactment of this section.

10.21 (b) Elections under this subdivision are irrevocable during any period of covered
 10.22 employment.

10.23 (c) An eligible employee who makes an election under this subdivision is entitled to
 10.24 retirement or disability benefits, as applicable, as stated in section 352.87. Elected coverage
 10.25 is effective retroactively from the first day of employment.

10.26 (d) A failure to file a timely notice is deemed a waiver of coverage by section 352.87.

10.27 Subd. 3. **Calculation of additional contributions due.** (a) Upon the request of an
 10.28 eligible employee before the eligible employee files the notice electing coverage under
 10.29 subdivision 2 or if an eligible employee files the notice electing coverage under subdivision
 10.30 2, the executive director of the Minnesota State Retirement System must calculate:

11.1 (1) the employee contributions that would have been deducted from the eligible
11.2 employee's salary starting with the first day of covered employment but were not deducted
11.3 because the eligible employee had not yet filed the notice electing coverage, plus interest
11.4 at the applicable rate or rates specified in section 356.59, subdivision 2; and

11.5 (2) the employer contributions that would have been paid by the employer starting with
11.6 the eligible employee's first day of covered employment but were not deducted because the
11.7 eligible employee had not yet filed the notice electing coverage, plus interest at the applicable
11.8 rate or rates specified in section 356.59, subdivision 2.

11.9 (b) The executive director must inform the eligible employee and the Department of
11.10 Public Service of the amounts calculated under paragraph (a) no later than 30 days after
11.11 receiving the request or the notice electing coverage from the eligible employee.

11.12 Subd. 4. **Payment of additional contributions.** (a) If an eligible employee files a notice
11.13 electing coverage under subdivision 2, the eligible employee must pay the employee
11.14 contributions and interest computed under subdivision 3, paragraph (a), to the general
11.15 employees retirement fund of the Minnesota State Retirement System in a lump sum.
11.16 Payment must be made within six months of filing the notice electing coverage under
11.17 subdivision 2 or on the date the eligible employee terminates employment as a deputy state
11.18 fire marshal, fire/arson investigator, whichever is earlier.

11.19 (b) The Department of Public Safety must pay the employer contributions and interest
11.20 computed under subdivision 3, paragraph (a), to the general employees retirement fund of
11.21 the Minnesota State Retirement System within 30 days of the date on which the executive
11.22 director of the Minnesota State Retirement System certifies to the Department of Public
11.23 Safety that the eligible employee made the payment required under paragraph (a).

11.24 **Sec. 18. REPEALER.**

11.25 Minnesota Statutes 2024, section 352.87, subdivision 8, is repealed.

11.26 **Sec. 19. EFFECTIVE DATE.**

11.27 Sections 1 to 18 are effective July 1, 2026.

352.87 STATE FIRE MARSHAL DIVISION EMPLOYEES.

Subd. 8. **Election of coverage.** To be covered by this section, an employee of the Department of Public Safety described in subdivision 1 who is employed in a position described in that subdivision must file a notice with the executive director of the system on a form prescribed by the executive director stating that the employee elects to be covered by this section. Notice must be filed within 90 days of employment. Elected coverage is effective retroactively as of the first day of employment. Amounts that would have been deducted from the employee's salary starting with the first day of employment but were not deducted because the employee had not yet filed the election must be deducted from the employee's future salary in accordance with a schedule of deductions determined by the executive director and the Department of Public Safety. Elections are irrevocable during any period of covered employment. A failure to file a timely notice is deemed a waiver of coverage by this section.