

1.1 **2015 OMNIBUS RETIREMENT BILL**  
 1.2 ..... moves to amend H.F. No. 1508; S.F. No. 1398, as follows:

1.3 Delete everything after the enacting clause and insert:

1.4 **"ARTICLE 1**  
 1.5 **INTEREST, SALARY, AND PAYROLL GROWTH ASSUMPTION CHANGES**

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

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

1.9 (1) select and ultimate interest rate assumption

	ultimate interest rate assumption
plan	
<del>general state employees retirement plan</del>	8.5%
<del>correctional state employees retirement plan</del>	8.5
<del>State Patrol retirement plan</del>	8.5
<del>legislators retirement plan, and for the constitutional officers calculation of total plan liabilities</del>	0
<del>judges retirement plan</del>	8.5
<del>general public employees retirement plan</del>	8.5
<del>public employees police and fire retirement plan</del>	8.5
<del>local government correctional service retirement plan</del>	8.5
teachers retirement plan	8.5%
<del>St. Paul teachers retirement plan</del>	8.5

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

1.28 (2) single rate interest rate assumption

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

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

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

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

2.34 (1) single rate future salary increase assumption

2.35	plan	future salary increase assumption
2.36	legislators retirement plan	5%
2.37	judges retirement plan	<u>32.75</u>
2.38	Bloomington Fire Department Relief	4
2.39	Association	

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

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

3.23 The ultimate future salary increase assumption is:

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

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

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

5.1	general state employees retirement plan of the						assumption A
5.2	Minnesota State Retirement System						
5.3	general employees retirement plan of the Public						assumption B
5.4	Employees Retirement Association						
5.5	Teachers Retirement Association						assumption C
5.6	public employees police and fire retirement plan						assumption D
5.7	State Patrol retirement plan						assumption E
5.8	correctional state employees retirement plan of the						assumption F
5.9	Minnesota State Retirement System						

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

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

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

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

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

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

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

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

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

## 6.24 ARTICLE 2

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

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

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

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

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

7.1 (d) However, the member may reinstate the rights and credit for service previously  
7.2 forfeited under this chapter if the member repays all refunds taken, plus interest at an  
7.3 ~~annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded  
7.4 annually from the date on which the refund was taken to the date on which the refund  
7.5 is repaid.

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

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

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

7.16 The employing department, at its option, may pay the employer amount on behalf  
7.17 of its employees. Payment made under this subdivision must include interest at the rate  
7.18 of 8.5 percent until June 30, 2015, and eight percent thereafter per year, and must be  
7.19 completed within one year of the return from leave of absence.

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

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

7.25 (b) If a department fails to take deductions past due for a period in excess of 60  
7.26 days from an employee's salary as provided in this section, the department, and not the  
7.27 employee, must pay on later payroll abstracts the employee and employer contributions  
7.28 and an amount equivalent to 8.5 percent until June 30, 2015, and eight percent thereafter  
7.29 of the total amount due in lieu of interest, or if the delay in payment exceeds one year, 8.5  
7.30 percent until June 30, 2015, and eight percent thereafter compound annual interest.

7.31 (c) If a department fails to take deductions past due for a period of 60 days or less  
7.32 and the employee is no longer in state service so that the required deductions cannot be  
7.33 taken from the salary of the employee, the department must nevertheless pay the required  
7.34 employer contributions. If any department fails to take deductions past due for a period in

8.1 excess of 60 days and the employee is no longer in state service, the omitted contributions  
8.2 must be recovered under paragraph (b).

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

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

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

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

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

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

8.29 **352.23 TERMINATION OF RIGHTS.**

8.30 When any employee accepts a refund as provided in section 352.22, all existing  
8.31 service credits and all rights and benefits to which the employee was entitled before  
8.32 accepting the refund terminate. They must not again be restored until the former employee  
8.33 acquires at least six months of allowable service credit after taking the last refund. In that  
8.34 event, the employee may repay all refunds previously taken from the retirement fund.

9.1 Repayment of refunds entitles the employee only to credit for service covered by (1)  
 9.2 salary deductions; (2) payments made in lieu of salary deductions; (3) payments made  
 9.3 to obtain credit for service as permitted by laws in effect when payment was made; and  
 9.4 (4) allowable service once credited while receiving temporary workers' compensation as  
 9.5 provided in section 352.01, subdivision 11, clause (5). Payments under this section for  
 9.6 repayment of refunds are to be paid with interest at ~~an annual~~ the rate of 8.5 percent until  
 9.7 June 30, 2015, and eight percent thereafter compounded annually. They may be paid in a  
 9.8 lump sum or by payroll deduction in the manner provided in section 352.04. Payment may  
 9.9 be made in a lump sum up to six months after termination from service.

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

9.11 **352.271 METROPOLITAN TRANSIT COMMISSION-TRANSIT**  
 9.12 **OPERATING DIVISION EMPLOYEES; CREDIT FOR MILITARY SERVICE.**

9.13 Any employee of the Metropolitan Transit Commission Operating Division who  
 9.14 was on a leave of absence to enter military service on July 1, 1978, who has not taken a  
 9.15 refund of employee contributions as authorized by article 12 of the Metropolitan Transit  
 9.16 Commission-Transit Operating Division employees retirement fund document or section  
 9.17 352.22, subdivision 2a, and who returns to service as an employee of the Metropolitan  
 9.18 Transit Commission-Transit Operating Division upon discharge from military service  
 9.19 as provided in section 192.262 is entitled to allowable service credit for the period of  
 9.20 military service. If an employee has taken a refund of employee contributions, and would  
 9.21 otherwise be entitled to allowable service credit under this section, the employee is  
 9.22 entitled to allowable service credit for the period of military service upon repayment to the  
 9.23 executive director of the system of the amount refunded plus interest at ~~an annual~~ the rate  
 9.24 of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually from  
 9.25 the date on which the refund was taken to the date of repayment. No employee is entitled  
 9.26 to allowable service credit for any voluntary extensions of military service at the instance  
 9.27 of the employee beyond any initial period of enlistment, induction, or call to active duty.

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

9.29 Subd. 4. **Reentry into state service.** When a former member, who has become  
 9.30 separated from state service that entitled the member to membership and has received a  
 9.31 refund of retirement payments, reenters the state service in a position that entitles the  
 9.32 member to membership, that member shall receive credit for the period of prior allowable  
 9.33 state service if the member repays into the fund the amount of the refund, plus interest  
 9.34 on it at ~~an annual~~ the rate of 8.5 percent until June 30, 2015, and eight percent thereafter

10.1 compounded annually, at any time before subsequent retirement. Repayment may be made  
10.2 in installments or in a lump sum.

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

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

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

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

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

10.16 **352D.12 TRANSFER OF PRIOR SERVICE CONTRIBUTIONS.**

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

10.21 (b) For participants with prior service credit in a plan governed by chapter 352, 353,  
10.22 354, 354A, or 422A, "prior service contributions" means the accumulated employee and  
10.23 equal employer contributions with interest at ~~an annual~~ the rate of 8.5 percent until June  
10.24 30, 2015, and eight percent thereafter compounded annually, based on fiscal year balances.

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

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

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

11.6 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee  
11.7 deductions and employer contributions under this section, section 353.50, 353.65, or  
11.8 353E.03 were erroneously transmitted to the association, but should have been transmitted  
11.9 to a plan covered by chapter 352D, 353D, 354B, or 354D, the executive director shall  
11.10 transfer the erroneous employee deductions and employer contributions to the appropriate  
11.11 retirement fund or individual account, as applicable. The time limitations specified in  
11.12 subdivisions 7 and 12 do not apply. The transfer to the applicable defined contribution  
11.13 plan account must include interest at the rate of 0.71 percent per month until June 30,  
11.14 2015, and 0.667 percent per month thereafter, compounded annually, from the first day of  
11.15 the month following the month in which coverage should have commenced in the defined  
11.16 contribution plan until the end of the month in which the transfer occurs.

11.17 (b) A potential transfer under paragraph (a) that is reasonably determined to cause  
11.18 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue  
11.19 Code, as amended, must not be made by the executive director of the association. Within  
11.20 30 days after being notified by the Public Employees Retirement Association of an  
11.21 unmade potential transfer under this paragraph, the employer of the affected person  
11.22 must transmit an amount representing the applicable salary deductions and employer  
11.23 contributions, without interest, to the retirement fund of the appropriate Minnesota public  
11.24 pension plan, or to the applicable individual account if the proper coverage is by a defined  
11.25 contribution plan. The association must provide the employing unit a credit for the amount  
11.26 of the erroneous salary deductions and employer contributions against future contributions  
11.27 from the employer. If the employing unit receives a credit under this paragraph, the  
11.28 employing unit is responsible for refunding to the applicable employee any amount that  
11.29 had been erroneously deducted from the person's salary.

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

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

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

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

12.13           (c) When the omission period of an employee exceeds 60 days, the governmental  
12.14 subdivision shall furnish to the association sufficient data and documentation upon which  
12.15 the obligation for omitted employee and employer contributions can be calculated.  
12.16 The omitted employee deductions must be deducted from the employee's subsequent  
12.17 salary payment or payments and remitted to the association for deposit in the applicable  
12.18 retirement fund. The employee shall pay omitted employee deductions due for the 60  
12.19 days prior to the end of the last pay period in the omission period during which salary  
12.20 was earned. The employer shall pay any remaining omitted employee deductions and any  
12.21 omitted employer contributions, plus cumulative interest at ~~an~~ the annual rate of 8.5  
12.22 percent until June 30, 2015, and eight percent thereafter compounded annually, from the  
12.23 date or dates each omitted employee contribution was first payable.

12.24           (d) An employer shall not hold an employee liable for omitted employee deductions  
12.25 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee  
12.26 those employee deductions paid by the employer on behalf of the employee. Omitted  
12.27 deductions due under paragraph (c) which are not paid by the employee constitute a  
12.28 liability of the employer that failed to deduct the omitted deductions from the employee's  
12.29 salary. The employer shall make payment with interest at ~~an~~ the annual rate of 8.5 percent  
12.30 until June 30, 2015, and eight percent thereafter compounded annually. Omitted employee  
12.31 deductions are no longer due if an employee terminates public service before making  
12.32 payment of omitted employee deductions to the association, but the employer remains  
12.33 liable to pay omitted employer contributions plus interest at ~~an~~ the annual rate of 8.5  
12.34 percent until June 30, 2015, and eight percent thereafter compounded annually from the  
12.35 date the contributions were first payable.

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

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

13.10 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee  
13.11 who was a member of the general employees retirement plan of the Public Employees  
13.12 Retirement Association, the public employees police and fire retirement plan, or the local  
13.13 government correctional employees retirement plan and who has a period of employment  
13.14 in which previously omitted employer contributions were made under subdivision 12  
13.15 but for whom no, or only partial, omitted employee contributions have been made, or  
13.16 a member who had prior coverage in the association for which previously omitted  
13.17 employer contributions were made under subdivision 12 but who terminated service  
13.18 before required omitted employee deductions could be withheld from salary, may pay the  
13.19 omitted employee deductions for the period on which omitted employer contributions  
13.20 were previously paid plus interest at ~~an~~ the annual rate of 8.5 percent until June 30, 2015,  
13.21 and eight percent thereafter compounded annually. A terminated employee may pay the  
13.22 omitted employee deductions plus interest within six months of an initial notification from  
13.23 the association of eligibility to pay those omitted deductions. If a terminated employee  
13.24 is reemployed in a position covered under a public pension fund under section 356.30,  
13.25 subdivision 3, and elects to pay omitted employee deductions, payment must be made no  
13.26 later than six months after a subsequent termination of public service.

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

13.28 Subd. 5. **Interest chargeable on amounts due.** Any amount due under this section  
13.29 or section 353.27, subdivision 4, is payable with interest at ~~an~~ the annual compound rate  
13.30 of 8.5 percent until June 30, 2015, and eight percent thereafter from the date due until the  
13.31 date payment is received by the association, with a minimum interest charge of \$10.

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

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

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

14.6 (c) The rights and benefits of a former member must not be restored until the person  
14.7 returns to active service and acquires at least six months of allowable service credit after  
14.8 taking the last refund and repays the refund or refunds taken and interest received under  
14.9 section 353.34, subdivisions 1 and 2, plus interest at ~~an~~ the annual rate of 8.5 percent until  
14.10 June 30, 2015, and eight percent thereafter compounded annually. If the person elects to  
14.11 restore service credit in a particular fund from which the person has taken more than one  
14.12 refund, the person must repay all refunds to that fund. All refunds must be repaid within  
14.13 six months of the last date of termination of public service.

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

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

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

14.21 Subd. 3. **Computation of refund repayment amount.** If the coordinated member  
14.22 elects to repay a refund under subdivision 2, the repayment to the fund must be in an  
14.23 amount equal to refunds the member has accepted plus interest at the rate of 8.5 percent  
14.24 until June 30, 2015, and eight percent thereafter compounded annually from the date that  
14.25 the refund was accepted to the date that the refund is repaid.

14.26 Sec. 17. Minnesota Statutes 2014, section 356.44, is amended to read:

14.27 **356.44 PARTIAL PAYMENT OF PENSION PLAN REFUND.**

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

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

15.1 (c) The cost of the partial refund repayment is the product of the cost of the total  
15.2 repayment multiplied by the ratio of the restored service credit to the total forfeited service  
15.3 credit. The total repayment amount includes interest at the annual rate of 8.5 percent for  
15.4 any period for the Teachers Retirement Association and is 8.5 percent until June 30, 2015,  
15.5 and 8 percent thereafter for any other retirement plan listed in section 356.30, subdivision  
15.6 3, compounded annually, from the refund date to the date repayment is received.

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

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

15.13 Sec. 18. Minnesota Statutes 2014, section 490.124, subdivision 12, is amended to read:

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

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

15.19 (c) A person who becomes a judge again after taking a refund under paragraph (a)  
15.20 may reinstate the previously terminated allowable service credit, rights, and benefits  
15.21 by repaying the total amount of the previously received refund. The refund repayment  
15.22 must include interest on the total amount previously received at ~~an~~ the annual rate of 8.5  
15.23 percent, until June 30, 2015, and eight percent thereafter compounded annually, from the  
15.24 date on which the refund was received until the date on which the refund is repaid.

15.25 Sec. 19. **EFFECTIVE DATE.**

15.26 Sections 1 to 18 are effective July 1, 2015.

### 15.27 **ARTICLE 3**

#### 15.28 **CONFORMING CHANGES IN LEAVE AND PRIOR SERVICE CREDIT** 15.29 **PURCHASE PROVISIONS RELATED TO INTEREST ASSUMPTION CHANGE**

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

15.31 Subd. 2. **Purchase procedure.** (a) An employee covered by a plan specified in  
15.32 this chapter may purchase credit for allowable service in that plan for a period specified  
15.33 in subdivision 1 if the employee makes a payment as specified in paragraph (b) or (c),

16.1 whichever applies. The employing unit, at its option, may pay the employer portion of the  
16.2 amount specified in paragraph (b) on behalf of its employees.

16.3 (b) If payment is received by the executive director within one year from the date the  
16.4 employee returned to work following the authorized leave, the payment amount is equal to  
16.5 the employee and employer contribution rates specified in law for the applicable plan at  
16.6 the end of the leave period multiplied by the employee's hourly rate of salary on the date  
16.7 of return from the leave of absence and by the days and months of the leave of absence for  
16.8 which the employee is eligible for allowable service credit. The payment must include  
16.9 compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667  
16.10 percent per month thereafter from the last day of the leave period until the last day of the  
16.11 month in which payment is received. If payment is received by the executive director  
16.12 after one year, the payment amount is the amount determined under section 356.551.  
16.13 Payment under this paragraph must be made before the date of termination from public  
16.14 employment covered under this chapter.

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

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

16.23 **352.27 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**  
16.24 **SERVICE.**

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

16.32 (b) The employee may obtain credit by paying into the fund an equivalent employee  
16.33 contribution based upon the contribution rate or rates in effect at the time that the  
16.34 uniformed service was performed multiplied by the full and fractional years being  
16.35 purchased and applied to the annual salary rate. The annual salary rate is the average

17.1 annual salary during the purchase period that the employee would have received if the  
17.2 employee had continued to be employed in covered employment rather than to provide  
17.3 uniformed service, or, if the determination of that rate is not reasonably certain, the annual  
17.4 salary rate is the employee's average salary rate during the 12-month period of covered  
17.5 employment rendered immediately preceding the period of the uniformed service.

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

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

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

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

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

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

17.33 Subd. 3. **Payment of additional equivalent contributions.** (a) An eligible  
17.34 employee who is transferred to plan coverage and who elects to transfer past service  
17.35 credit under this section must pay an additional member contribution for that prior service

18.1 period. The additional member contribution is the amount computed under paragraph  
18.2 (b), plus the greater of the amount computed under paragraph (c), or 40 percent of the  
18.3 unfunded actuarial accrued liability attributable to the past service credit transfer.

18.4 (b) The executive director shall compute, for the most recent 12 months of service  
18.5 credit eligible for transfer, or for the entire period eligible for transfer if less than 12  
18.6 months, the difference between the employee contribution rate or rates for the general state  
18.7 employees retirement plan and the employee contribution rate or rates for the correctional  
18.8 state employees retirement plan applied to the eligible employee's salary during that  
18.9 transfer period, plus compound interest at a the monthly rate of 0.71 percent until June 30,  
18.10 2015, and 0.667 percent per month thereafter.

18.11 (c) The executive director shall compute, for any service credit being transferred  
18.12 on behalf of the eligible employee and not included under paragraph (b), the difference  
18.13 between the employee contribution rate or rates for the general state employees retirement  
18.14 plan and the employee contribution rate or rates for the correctional state employees  
18.15 retirement plan applied to the eligible employee's salary during that transfer period, plus  
18.16 compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667  
18.17 percent per month thereafter.

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

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

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

18.32 (g) If an eligible employee elects to transfer past service credit under this section  
18.33 and pays the additional equivalent member contribution amount under paragraph (a), the  
18.34 applicable department shall pay an additional equivalent employer contribution amount.  
18.35 The additional employer contribution is the amount computed under paragraph (d), plus

19.1 the greater of the amount computed under paragraph (e), or 60 percent of the unfunded  
19.2 actuarial accrued liability attributable to the past service credit transfer.

19.3 (h) The unfunded actuarial accrued liability attributable to the past service credit  
19.4 transfer is the present value of the benefit obtained by the transfer of the service credit  
19.5 to the correctional state employees retirement plan reduced by the amount of the asset  
19.6 transfer under subdivision 4, by the amount of the member contribution equivalent  
19.7 payment computed under paragraph (b), and by the amount of the employer contribution  
19.8 equivalent payment computed under paragraph (d).

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

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

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

19.19 (b) If payment is received by the executive director within one year from the date  
19.20 the employee returned to work following the authorized leave, the payment amount is  
19.21 equal to the employee and employer contribution rates specified in section 352B.02 at the  
19.22 end of the leave period multiplied by the employee's hourly rate of salary on the date of  
19.23 return from the leave of absence and by the days and months of the leave of absence for  
19.24 which the employee is eligible for allowable service credit. The payment must include  
19.25 compound interest at a the monthly rate of 0.71 percent until June 30, 2015, and 0.667  
19.26 percent per month thereafter from the last day of the leave period until the last day of the  
19.27 month in which payment is received. If payment is received by the executive director after  
19.28 one year from the date the employee returned to work following the authorized leave, the  
19.29 payment amount is the amount determined under section 356.551. Payment under this  
19.30 paragraph must be made before the date of termination from public employment covered  
19.31 under this chapter.

19.32 (c) If the employee terminates employment covered by this chapter during the leave  
19.33 or following the leave rather than returning to covered employment, payment must be  
19.34 received by the executive director within 30 days after the termination date. The payment  
19.35 amount is equal to the employee and employer contribution rates specified in section

20.1 352B.02 on the day prior to the termination date, multiplied by the employee's hourly rate of  
20.2 salary on that date and by the days and months of the leave of absence prior to termination.

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

20.4 **352B.085 SERVICE CREDIT FOR CERTAIN DISABILITY LEAVES OF**  
20.5 **ABSENCE.**

20.6 A member on leave of absence receiving temporary workers' compensation  
20.7 payments and a reduced salary or no salary from the employer who is entitled to allowable  
20.8 service credit for the period of absence under section 352B.011, subdivision 3, paragraph  
20.9 (b), may make payment to the fund for the difference between salary received, if any,  
20.10 and the salary that the member would normally receive if the member was not on leave  
20.11 of absence during the period. The member shall pay an amount equal to the member  
20.12 and employer contribution rate under section 352B.02, subdivisions 1b and 1c, on  
20.13 the differential salary amount for the period of the leave of absence. The employing  
20.14 department, at its option, may pay the employer amount on behalf of the member.  
20.15 Payment made under this subdivision must include interest at the rate of 8.5 percent until  
20.16 June 30, 2015, and eight percent thereafter per year, and must be completed within one  
20.17 year of the member's return from the leave of absence.

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

20.19 **352B.086 SERVICE CREDIT FOR UNIFORMED SERVICE.**

20.20 (a) A member who is absent from employment by reason of service in the uniformed  
20.21 services, as defined in United States Code, title 38, section 4303(13), and who returns to  
20.22 state employment in a position covered by the plan upon discharge from service in the  
20.23 uniformed services within the time frame required in United States Code, title 38, section  
20.24 4312(e), may obtain service credit for the period of the uniformed service, provided that  
20.25 the member did not separate from uniformed service with a dishonorable or bad conduct  
20.26 discharge or under other than honorable conditions.

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

21.1 salary rate is the member's average salary rate during the 12-month period of covered  
21.2 employment rendered immediately preceding the purchase period.

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

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

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

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

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

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

21.29 Subd. 2. **Payments by employee.** An employee entitled to purchase service credit  
21.30 may make the purchase by paying to the state retirement system an amount equal to  
21.31 the current employee contribution rate in effect for the state retirement system applied  
21.32 to the current or final salary rate multiplied by the months and days of prior temporary,  
21.33 intermittent, or contract legislative service. Payment shall be made in one lump sum  
21.34 unless the executive director of the state retirement system agrees to accept payment in  
21.35 installments over a period of not more than three years from the date of the agreement.

22.1 Installment payments shall be charged interest at ~~an annual~~ the rate of 8.5 percent until  
22.2 June 30, 2015, and eight percent thereafter compounded annually.

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

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

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

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

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

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

22.16 (5) a period of authorized personal, parental, or medical leave of absence without  
22.17 pay, including a leave of absence covered under the federal Family Medical Leave Act,  
22.18 that does not exceed one year, and for which a member obtained service credit for each  
22.19 month in the leave period by payment under section 353.0161 to the fund made in place of  
22.20 salary deductions. An employee must return to public service and render a minimum of  
22.21 three months of allowable service in order to be eligible to make payment under section  
22.22 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the  
22.23 employee must be granted allowable service credit for the purchased period;

22.24 (6) a periodic, repetitive leave that is offered to all employees of a governmental  
22.25 subdivision. The leave program may not exceed 208 hours per annual normal work cycle  
22.26 as certified to the association by the employer. A participating member obtains service  
22.27 credit by making employee contributions in an amount or amounts based on the member's  
22.28 average salary, excluding overtime pay, that would have been paid if the leave had not  
22.29 been taken. The employer shall pay the employer and additional employer contributions  
22.30 on behalf of the participating member. The employee and the employer are responsible to  
22.31 pay interest on their respective shares at the rate of 8.5 percent ~~a year~~ until June 30, 2015,  
22.32 and eight percent thereafter, compounded annually, from the end of the normal cycle  
22.33 until full payment is made. An employer shall also make the employer and additional  
22.34 employer contributions, plus 8.5 percent interest until June 30, 2015, and eight percent  
22.35 interest thereafter, compounded annually, on behalf of an employee who makes employee

23.1 contributions but terminates public service. The employee contributions must be made  
23.2 within one year after the end of the annual normal working cycle or within 30 days after  
23.3 termination of public service, whichever is sooner. The executive director shall prescribe  
23.4 the manner and forms to be used by a governmental subdivision in administering a  
23.5 periodic, repetitive leave. Upon payment, the member must be granted allowable service  
23.6 credit for the purchased period;

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

23.13 (8) a period during which a member is absent from employment by a governmental  
23.14 subdivision by reason of service in the uniformed services, as defined in United States  
23.15 Code, title 38, section 4303(13), if the member returns to public service with the same  
23.16 governmental subdivision upon discharge from service in the uniformed service within the  
23.17 time frames required under United States Code, title 38, section 4312(e), provided that  
23.18 the member did not separate from uniformed service with a dishonorable or bad conduct  
23.19 discharge or under other than honorable conditions. The service must be credited if the  
23.20 member pays into the fund equivalent employee contributions based upon the contribution  
23.21 rate or rates in effect at the time that the uniformed service was performed multiplied by  
23.22 the full and fractional years being purchased and applied to the annual salary rate. The  
23.23 annual salary rate is the average annual salary during the purchase period that the member  
23.24 would have received if the member had continued to be employed in covered employment  
23.25 rather than to provide uniformed service, or, if the determination of that rate is not  
23.26 reasonably certain, the annual salary rate is the member's average salary rate during the  
23.27 12-month period of covered employment rendered immediately preceding the period of the  
23.28 uniformed service. Payment of the member equivalent contributions must be made during  
23.29 a period that begins with the date on which the individual returns to public employment  
23.30 and that is three times the length of the military leave period, or within five years of the  
23.31 date of discharge from the military service, whichever is less. If the determined payment  
23.32 period is less than one year, the contributions required under this clause to receive service  
23.33 credit may be made within one year of the discharge date. Payment may not be accepted  
23.34 following 30 days after termination of public service under subdivision 11a. If the member  
23.35 equivalent contributions provided for in this clause are not paid in full, the member's  
23.36 allowable service credit must be prorated by multiplying the full and fractional number

24.1 of years of uniformed service eligible for purchase by the ratio obtained by dividing the  
24.2 total member contributions received by the total member contributions otherwise required  
24.3 under this clause. The equivalent employer contribution, and, if applicable, the equivalent  
24.4 additional employer contribution must be paid by the governmental subdivision employing  
24.5 the member if the member makes the equivalent employee contributions. The employer  
24.6 payments must be made from funds available to the employing unit, using the employer  
24.7 and additional employer contribution rate or rates in effect at the time that the uniformed  
24.8 service was performed, applied to the same annual salary rate or rates used to compute the  
24.9 equivalent member contribution. The governmental subdivision involved may appropriate  
24.10 money for those payments. The amount of service credit obtainable under this section  
24.11 may not exceed five years unless a longer purchase period is required under United States  
24.12 Code, title 38, section 4312. The employing unit shall pay interest on all equivalent  
24.13 member and employer contribution amounts payable under this clause. Interest must be  
24.14 computed at a the rate of 8.5 percent until June 30, 2015, and eight percent thereafter  
24.15 compounded annually from the end of each fiscal year of the leave or the break in service  
24.16 to the end of the month in which the payment is received. Upon payment, the employee  
24.17 must be granted allowable service credit for the purchased period; or

24.18 (9) a period specified under section 353.0162.

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

24.24 (c) No member may receive more than 12 months of allowable service credit in a  
24.25 year either for vesting purposes or for benefit calculation purposes. For an active member  
24.26 who was an active member of the former Minneapolis Firefighters Relief Association  
24.27 on December 29, 2011, "allowable service" is the period of service credited by the  
24.28 Minneapolis Firefighters Relief Association as reflected in the transferred records of the  
24.29 association up to December 30, 2011, and the period of service credited under paragraph  
24.30 (a), clause (1), after December 30, 2011. For an active member who was an active member  
24.31 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable  
24.32 service" is the period of service credited by the Minneapolis Police Relief Association as  
24.33 reflected in the transferred records of the association up to December 30, 2011, and the  
24.34 period of service credited under paragraph (a), clause (1), after December 30, 2011.

24.35 (d) MS 2002 [Expired]

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

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

25.7 (b) If payment is received by the executive director within one year from the date  
25.8 the member returned to work following the authorized leave, or within 30 days after the  
25.9 date of termination of public service if the member did not return to work, the payment  
25.10 amount is equal to the employee and employer contribution rates specified in law for  
25.11 the applicable plan at the end of the leave period, or at termination of public service,  
25.12 whichever is earlier, multiplied by the employee's average monthly salary, excluding  
25.13 overtime, upon which deductions were paid during the six months, or portion thereof,  
25.14 before the commencement of the leave of absence and by the number of months of the  
25.15 leave of absence for which the employee wants allowable service credit. Payments made  
25.16 under this paragraph must include compound interest at a the monthly rate of 0.71 percent  
25.17 until June 30, 2015, and 0.667 percent per month thereafter from the last day of the leave  
25.18 period until the last day of the month in which payment is received.

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

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

25.24 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

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

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

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

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

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

25.34 (c) The differential salary amount is the difference between the average monthly  
25.35 salary received by the member during the period of reduced salary under this section and

26.1 the average monthly salary of the member, excluding overtime, on which contributions  
26.2 to the applicable plan were made during the period of the last six months of covered  
26.3 employment occurring immediately before the period of reduced salary, applied to the  
26.4 member's normal employment period, measured in hours or otherwise, as applicable.

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

26.6 (1) the applicable employee contribution rate under section 353.27, subdivision  
26.7 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the  
26.8 differential salary amount;

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

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

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

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

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

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

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

27.2 **354A.096 MEDICAL LEAVE.**

27.3 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
27.4 Association who is on an authorized medical leave of absence and subsequently returns  
27.5 to teaching service is entitled to receive allowable service credit, not to exceed one year,  
27.6 for the period of leave, upon making the prescribed payment to the fund. This payment  
27.7 must include the required employee and employer contributions at the rates specified in  
27.8 section 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time  
27.9 monthly salary rate on the date the leave of absence commenced plus annual interest at  
27.10 the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year from the  
27.11 end of the fiscal year during which the leave terminates to the end of the month during  
27.12 which payment is made. The member must pay the total amount required unless the  
27.13 employing unit, at its option, pays the employer contributions. The total amount required  
27.14 must be paid by the end of the fiscal year following the fiscal year in which the leave of  
27.15 absence terminated or before the member retires, whichever is earlier. Payment must be  
27.16 accompanied by a copy of the resolution or action of the employing authority granting the  
27.17 leave and the employing authority, upon granting the leave, must certify the leave to the  
27.18 association in a manner specified by the executive director. A member may not receive  
27.19 more than one year of allowable service credit during any fiscal year by making payment  
27.20 under this section. A member may not receive disability benefits under section 354A.36  
27.21 and receive allowable service credit under this section for the same period of time.

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

27.23 **354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS'**  
27.24 **COMPENSATION.**

27.25 (a) A member of the Duluth Teachers Retirement Fund Association who is receiving  
27.26 temporary workers' compensation payments related to the member's teaching service  
27.27 and who either is receiving a reduced salary from the employer or is receiving no salary  
27.28 from the employer is entitled to receive allowable service credit for the period of time  
27.29 that the member is receiving the workers' compensation payments upon making the  
27.30 required payment amount.

27.31 (b) The required amount payable by the member must be calculated first by  
27.32 determining the differential salary amount, which is the difference between the salary  
27.33 received, if any, during the period of time that the member is collecting workers'  
27.34 compensation payments, and the salary that the member received for an identical length  
27.35 period immediately before collecting the workers' compensation payments. The member

28.1 shall pay an amount equal to the employee contribution rate under section 354A.12,  
28.2 subdivision 1, multiplied by the differential salary amount.

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

28.7 (d) Payments made under this subdivision are payable without interest if paid by  
28.8 June 30 of the year during which the workers' compensation payments are received by the  
28.9 member. If paid after June 30, payments made under this subdivision must include interest  
28.10 at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter per year. Payment  
28.11 under this section must be completed within one year of the termination of the workers'  
28.12 compensation payments to the member.

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

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

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

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

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

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

29.1           Subd. 2. **Service credit procedure.** (a) To obtain the public pension plan  
29.2 allowable service credit, the eligible person under subdivision 1 shall pay the required  
29.3 member contribution amount. The required member contribution amount is the member  
29.4 contribution rate or rates in effect for the pension plan during the period of service covered  
29.5 by the back pay award, applied to the unpaid gross salary amounts of the back pay award  
29.6 including unemployment insurance, workers' compensation, or wages from other sources  
29.7 which reduced the back award. No contributions may be made under this clause for  
29.8 compensation covered by a public pension plan listed in section 356.30, subdivision 3,  
29.9 for employment during the removal period. The person shall pay the required member  
29.10 contribution amount within 60 days of the date of receipt of the back pay award or within  
29.11 60 days of a billing from the retirement fund, whichever is later.

29.12           (b) The public employer who wrongfully discharged the public employee must pay  
29.13 an employer contribution on the back pay award. The employer contribution must be based  
29.14 on the employer contribution rate or rates in effect for the pension plan during the period of  
29.15 service covered by the back pay award, applied to the salary amount on which the member  
29.16 contribution amount was determined under paragraph (a). Interest on both the required  
29.17 member and employer contribution amount must be paid by the employer at the annual  
29.18 compound rate of 8.5 percent for any period for the Teachers Retirement Association and  
29.19 8.5 percent until June 30, 2015, and 8 percent thereafter, for any other retirement plan  
29.20 listed in section 356.30, subdivision 3, per year, expressed monthly, between the date the  
29.21 contribution amount would have been paid to the date of actual payment. The employer  
29.22 payment must be made within 30 days of the payment under paragraph (a).

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

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

29.30           (b) Calculation of this amount must be made using the preretirement interest rate  
29.31 applicable to the public pension plan specified in section 356.215, subdivision 8, and  
29.32 the mortality table adopted for the public pension plan. The calculation must assume  
29.33 continuous future service in the public pension plan until, and retirement at, the age at  
29.34 which the minimum requirements of the fund for normal retirement or retirement with an  
29.35 annuity unreduced for retirement at an early age, including section 356.30, are met with

30.1 the additional service credit purchased. The calculation must also assume a full-time  
30.2 equivalent salary, or actual salary, whichever is greater, and a future salary history that  
30.3 includes annual salary increases at the applicable salary increase rate for the plan specified  
30.4 in section 356.215, subdivision 4d.

30.5 (c) The prior service credit purchase amount may not be less than the amount  
30.6 determined by applying, for each year or fraction of a year being purchased, the sum of the  
30.7 employee contribution rate, the employer contribution rate, and the additional employer  
30.8 contribution rate, if any, applicable during that period, to the person's annual salary during  
30.9 that period, or fractional portion of a year's salary, if applicable, plus interest at the annual  
30.10 rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually  
30.11 from the end of the year in which contributions would otherwise have been made to  
30.12 the date on which the payment is received.

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

30.17 (e) However, the current employer or the prior employer may, at its discretion, pay  
30.18 all or any portion of the payment amount that exceeds an amount equal to the employee  
30.19 contribution rates in effect during the period or periods of prior service applied to the  
30.20 actual salary rates in effect during the period or periods of prior service, plus interest at the  
30.21 rate of 8.5 percent a year compounded annually from the date on which the contributions  
30.22 would otherwise have been made to the date on which the payment is made. If the  
30.23 employer agrees to payments under this subdivision, the purchaser must make the  
30.24 employee payments required under this subdivision within 90 days of the prior service  
30.25 credit authorization. If that employee payment is made, the employer payment under this  
30.26 subdivision must be remitted to the chief administrative officer of the public pension plan  
30.27 within 60 days of receipt by the chief administrative officer of the employee payments  
30.28 specified under this subdivision.

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

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

31.1 (b) "Allowable service" also means a period of authorized leave of absence for  
31.2 which the judge has made a payment in lieu of contributions, not in an amount in excess  
31.3 of the service credit limit under subdivision 22. To obtain the service credit, the judge  
31.4 shall pay an amount equal to the normal cost of the judges retirement plan on the date of  
31.5 return from the leave of absence, as determined in the most recent actuarial report for the  
31.6 plan filed with the Legislative Commission on Pensions and Retirement, multiplied by the  
31.7 judge's average monthly salary rate during the authorized leave of absence and multiplied  
31.8 by the number of months of the authorized leave of absence, plus annual compound  
31.9 interest at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter from  
31.10 the date of the termination of the leave to the date on which payment is made. The  
31.11 payment must be made within one year of the date on which the authorized leave of  
31.12 absence terminated. Service credit for an authorized leave of absence is in addition to a  
31.13 uniformed service leave under section 490.1211.

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

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

31.16 **490.1211 UNIFORMED SERVICE.**

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

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

31.33 (c) The equivalent employer contribution and, if applicable, the equivalent employer  
31.34 additional contribution, must be paid by the employing unit, using the employer and  
31.35 employer additional contribution rate or rates in effect at the time that the uniformed

32.1 service was performed, applied to the same annual salary rate or rates used to compute the  
32.2 equivalent member contribution.

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

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

32.15 (f) The amount of allowable service credit obtainable under this section and section  
32.16 490.121 may not exceed five years, unless a longer purchase period is required under  
32.17 United States Code, title 38, section 4312.

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

32.23 Sec. 18. **EFFECTIVE DATE.**

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

## 32.25 **ARTICLE 4**

### 32.26 **POSTRETIREMENT ADJUSTMENT FINANCIAL SUSTAINABILITY** 32.27 **TRIGGER MODIFICATIONS**

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

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

32.33 (b) On January 1, each ~~eligible~~ person who has been receiving an annuity or benefit  
32.34 under the articles of incorporation, the bylaws, or this chapter ~~for at least three calendar~~  
32.35 ~~months as of the end of the last day of the previous calendar year,~~ whose effective date

33.1 of benefit commencement occurred on or before July 1 of the calendar year immediately  
 33.2 before the adjustment, is eligible to receive a postretirement increase as specified in  
 33.3 subdivision 8 or 9.

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

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

33.6 Subd. 8. **Calculation of postretirement adjustments; transitional provision**  
 33.7 **percentage based.** (a) For purposes of computing postretirement adjustments for eligible  
 33.8 benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued  
 33.9 liability funding ratio based on the actuarial value of assets of the plan as determined by  
 33.10 the two most recent actuarial valuations prepared under sections 356.214 and 356.215  
 33.11 determines the postretirement increase, as follows:

33.12	Funding ratio	Postretirement increase
33.13	Less than 80 percent	1 percent
33.14	At least 80 percent but less than 90	
33.15	percent	2 percent

33.16 (b) The amount determined under paragraph (a) is the full postretirement increase to  
 33.17 be applied as a permanent increase to the regular payment of each eligible member on  
 33.18 January 1 of the next calendar year. For any eligible member whose effective date of  
 33.19 benefit commencement occurred ~~during~~ after January 1 of the calendar year immediately  
 33.20 before the postretirement increase is applied, the ~~full increase amount~~ determined under  
 33.21 paragraph (a) must be prorated on the basis of whole calendar quarters in benefit payment  
 33.22 status in the calendar year prior to the January 1 on which the postretirement increase is  
 33.23 applied, calculated to the third decimal place reduced by 50 percent.

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

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

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

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

34.1 Subd. 9. **Calculation of postretirement adjustments.** (a) This subdivision applies  
34.2 if the requirements of subdivision 8 has expired, paragraph (c), have been satisfied.

34.3 (b) A percentage adjustment must be ~~computed and~~ paid under this subdivision to  
34.4 eligible persons under subdivision 7. ~~This adjustment is determined by reference to the~~  
34.5 ~~Consumer Price Index for urban wage earners and clerical workers all items index as~~  
34.6 ~~reported by the Bureau of Labor Statistics within the United States Department of Labor~~  
34.7 ~~each year as part of the determination of annual cost-of-living adjustments to recipients of~~  
34.8 ~~federal old-age, survivors, and disability insurance. For calculations of postretirement~~  
34.9 ~~adjustments under paragraph (e), the term "average third quarter Consumer Price Index~~  
34.10 ~~value" means the sum of the monthly index values as initially reported by the Bureau of~~  
34.11 ~~Labor Statistics for the months of July, August, and September, divided by three.~~

34.12 (e) ~~Before January 1 of each year, the executive director must calculate the amount~~  
34.13 ~~of the postretirement adjustment by dividing the most recent average third quarter index~~  
34.14 ~~value by the same average third quarter index value from the previous year, subtract one~~  
34.15 ~~from the resulting quotient, and express the result as a percentage amount, which must be~~  
34.16 ~~rounded to the nearest one-tenth of one percent.~~

34.17 (d) ~~(c)~~ The amount calculated under paragraph (e) of 2.5 percent is the full  
34.18 postretirement adjustment to be applied as a permanent increase to the regular payment of  
34.19 each eligible member on January 1 of the next calendar year. For any eligible member  
34.20 whose effective date of benefit commencement occurred ~~during the~~ after January 1  
34.21 of the calendar year immediately before the postretirement adjustment is applied, the  
34.22 full increase postretirement adjustment amount must be ~~prorated on the basis of whole~~  
34.23 ~~calendar quarters in benefit payment status in the calendar year prior to the January 1 on~~  
34.24 ~~which the postretirement adjustment is applied, calculated to the third decimal place~~  
34.25 reduced by 50 percent.

34.26 (e) ~~The adjustment must not be less than zero nor greater than five percent.~~

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

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

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

34.34 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as  
34.35 otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability

35.1 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a  
 35.2 postretirement adjustment annually on January 1, as follows:

35.3 (1) a postretirement increase of 2.5 percent must be applied each year, effective  
 35.4 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who  
 35.5 has been receiving an annuity or a benefit for at least 12 full months ~~prior to the January~~  
 35.6 ~~1~~ increase as of the current June 30; and

35.7 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
 35.8 benefit amount for at least one full month, but less than 12 full months as of the current  
 35.9 June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month that the  
 35.10 person has been receiving an annuity or benefit must be applied, ~~effective on January 1~~  
 35.11 ~~following the calendar year in which the person has been retired for less than 12 months.~~

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

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

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

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

35.18 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement**

35.19 **System plans other than State Patrol retirement plan.** (a) Retirement annuity, disability  
 35.20 benefit, or survivor benefit recipients of the legislators retirement plans, including  
 35.21 constitutional officers as specified in chapter 3A, the general state employees retirement  
 35.22 plan, the correctional state employees retirement plan, and the unclassified state employees  
 35.23 retirement program, and the judges retirement plan are entitled to a postretirement  
 35.24 adjustment annually on January 1, as follows:

35.25 (1) for each successive January 1 if the definition of funding stability under  
 35.26 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable  
 35.27 retirement plan, a postretirement increase of two percent must be applied each year,  
 35.28 effective on January 1, to the monthly annuity or benefit of each annuitant or benefit  
 35.29 recipient who has been receiving an annuity or a benefit for at least 18 full months ~~before~~  
 35.30 ~~the January 1~~ increase as of the current June 30; and

35.31 (2) for each successive January 1 if the definition of funding stability under  
 35.32 paragraph (b) has not been met as of the prior July 1 for or with respect to the applicable  
 35.33 retirement plan, for each annuitant or benefit recipient who has been receiving an annuity  
 35.34 or a benefit for at least ~~six~~ one full month, but less than 12 full months as of the current  
 35.35 June 30, an annual postretirement increase of 1/12 of two percent for each month that the

36.1 person has been receiving an annuity or benefit must be applied, ~~effective January 1,~~  
36.2 ~~following the calendar year in which the person has been retired for at least six months,~~  
36.3 ~~but has been retired for less than 18 months.~~

36.4 (b) ~~The increases provided by this subdivision commence on January 1, 2011.~~  
36.5 Increases under this subdivision for the general state employees retirement plan, or the  
36.6 ~~correctional state employees retirement plan, or the judges retirement plan~~ terminate on  
36.7 December 31 of the calendar year in which two prior consecutive actuarial valuations  
36.8 prepared by the approved actuary under sections 356.214 and 356.215 and the standards for  
36.9 actuarial work promulgated by the Legislative Commission on Pensions and Retirement  
36.10 indicates that the market value of assets of the retirement plan equals or exceeds 90 percent  
36.11 of the actuarial accrued liability of the retirement plan and increases under subdivision 1  
36.12 recommence after that date. Increases under this subdivision for the legislators retirement  
36.13 ~~plan or the elected state officers retirement plan, including the constitutional officers, and~~  
36.14 for the unclassified state employees retirement program terminate on December 31 of the  
36.15 calendar year in which ~~the two prior consecutive actuarial valuation~~ valuations prepared  
36.16 by the approved actuary under sections 356.214 and 356.215 and the standards for  
36.17 actuarial work promulgated by the Legislative Commission on Pensions and Retirement  
36.18 indicates that the market value of assets of the general state employees retirement plan  
36.19 equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and  
36.20 increases under subdivision 1 recommence after that date.

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

36.26 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two  
36.27 consecutive actuarial valuations; or

36.28 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most  
36.29 recent actuarial valuation.

36.30 After having met the definition of funding stability under paragraph (b), the increase  
36.31 provided in paragraph (a), clauses (1) and (2), rather than an increase under subdivision  
36.32 1, for the legislators retirement plan, including the constitutional officers, and for the  
36.33 unclassified state employees retirement program, is again to be applied in a subsequent  
36.34 year or years if the market value of assets of the general state employees retirement plan  
36.35 equals or is less than:

37.1 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two  
 37.2 consecutive actuarial valuations; or

37.3 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most  
 37.4 recent actuarial valuation.

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

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

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

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

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

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

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

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

37.34 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the public  
 37.35 employees police and fire retirement plan are entitled to a postretirement adjustment

38.1 annually on each January 1 following the restoration of funding stability as defined under  
38.2 paragraph (c) and during the continuation of funding stability as defined under paragraph  
38.3 (c), as follows:

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

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

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

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

38.30 (1) 85 percent of the actuarial accrued liabilities of the applicable plan for two  
38.31 consecutive actuarial valuations; or

38.32 (2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most  
38.33 recent actuarial valuation.

38.34 (e) An increase in annuity or benefit payments under this section must be made  
38.35 automatically unless written notice is filed by the annuitant or benefit recipient with the

39.1 executive director of the Public Employees Retirement Association requesting that the  
39.2 increase not be made.

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

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

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

39.6 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers  
39.7 Retirement Association are entitled to a postretirement adjustment annually on January  
39.8 1, as follows:

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

39.10 (2) for ~~January 1, 2013, and~~ each successive January 1 until funding stability is  
39.11 restored, a postretirement increase of two percent must be applied each year, effective on  
39.12 January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient  
39.13 who has been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~prior to the~~  
39.14 ~~January 1 increase~~ as of the current June 30;

39.15 (3) ~~(2)~~ for ~~January 1, 2013, and~~ each successive January 1 until funding stability  
39.16 is restored, for each annuitant or benefit recipient who has been receiving an annuity or  
39.17 a benefit for at least ~~six~~ one full month, but less than 12 full months before the January  
39.18 ~~1 increase~~ as of the current June 30, an annual postretirement increase of 1/12 of two  
39.19 percent for each month the person has been receiving an annuity or benefit must be  
39.20 applied, ~~effective January 1, for which the person has been retired for at least six months~~  
39.21 ~~but less than 18 months~~;

39.22 (4) ~~(3)~~ for each January 1 following the restoration of funding stability, a  
39.23 postretirement increase of 2.5 percent must be applied each year, effective January 1, to  
39.24 the monthly annuity or benefit amount of each annuitant or benefit recipient who has  
39.25 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~prior to the January~~  
39.26 ~~1 increase~~ as of the current June 30; and

39.27 (5) ~~(4)~~ for each January 1 following the restoration of funding stability, for each  
39.28 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least ~~six~~  
39.29 one month, but less than 12 full months before the January 1 increase as of the current  
39.30 June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the  
39.31 person has been receiving an annuity or benefit must be applied, ~~effective January 1, for~~  
39.32 ~~which the person has been retired for at least six months but less than 18 months.~~

39.33 (b) Funding stability is restored when the market value of assets of the Teachers  
39.34 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities  
39.35 of the Teachers Retirement Association in the two most recent prior actuarial valuations

40.1 prepared under section 356.215 and the standards for actuarial work by the approved  
40.2 actuary retained by the Teachers Retirement Association under section 356.214.

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

40.7 (1) 85 percent of the actuarial accrued liabilities of the plan for two consecutive  
40.8 actuarial valuations; or

40.9 (2) 80 percent of the actuarial accrued liabilities of the plan for the most recent  
40.10 actuarial valuation.

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

40.15 ~~(d)~~ (e) The retirement annuity payable to a person who retires before becoming  
40.16 eligible for Social Security benefits and who has elected the optional payment as provided  
40.17 in section 354.35 must be treated as the sum of a period-certain retirement annuity  
40.18 and a life retirement annuity for the purposes of any postretirement adjustment. The  
40.19 period-certain retirement annuity plus the life retirement annuity must be the annuity  
40.20 amount payable until age 62, 65, or normal retirement age, as selected by the member  
40.21 at retirement, for an annuity amount payable under section 354.35. A postretirement  
40.22 adjustment granted on the period-certain retirement annuity must terminate when the  
40.23 period-certain retirement annuity terminates.

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

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

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

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

40.30 (1) a postretirement increase of one percent must be applied each year, effective on  
40.31 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has  
40.32 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January~~  
40.33 ~~1~~ increase as of the current June 30; and

40.34 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
40.35 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June

41.1 30, an annual postretirement increase of 1/12 of one percent for each month that the  
41.2 person has been receiving an annuity or benefit must be applied, ~~effective January 1,~~  
41.3 ~~following the calendar year in which the person has been retired for at least six months,~~  
41.4 ~~but has been retired for less than 18 months.~~

41.5 (b) ~~The increases provided by this subdivision commence on January 1, 2014.~~  
41.6 Increases under paragraph (a) for the State Patrol retirement plan terminate on December  
41.7 31 of the calendar year in which two prior consecutive actuarial valuations for the  
41.8 plan prepared by the approved actuary under sections 356.214 and 356.215 and the  
41.9 standards for actuarial work promulgated by the Legislative Commission on Pensions  
41.10 and Retirement indicates that the market value of assets of the retirement plan equals or  
41.11 exceeds 85 percent of the actuarial accrued liability of the retirement plan; however,  
41.12 thereafter, increases under paragraph (a) become effective again on the December 31 of  
41.13 the calendar year in which the actuarial valuation, or prior consecutive actuarial valuations  
41.14 for the plan prepared by the approved actuary under sections 356.214 and 356.215 and the  
41.15 standards for actuarial work promulgated by the Legislative Commission on Pensions and  
41.16 Retirement indicates that the market value of the assets of the retirement plan equals or is  
41.17 less than 80 percent of the actuarial accrued liability of the retirement plan for two years,  
41.18 or equals or is less than 75 percent of the actuarial accrued liability of the retirement plan  
41.19 for one year and increases under paragraph (c) recommence commence after that date.

41.20 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State  
41.21 Patrol retirement plan are entitled to a postretirement adjustment annually on January  
41.22 1, as follows:

41.23 (1) a postretirement increase of 1.5 percent must be applied each year, effective on  
41.24 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has  
41.25 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January~~  
41.26 ~~1~~ increase as of the current June 30; and

41.27 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
41.28 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June  
41.29 30, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person  
41.30 has been receiving an annuity or benefit must be applied, ~~effective January 1, following~~  
41.31 ~~the calendar year in which the person has been retired for at least six months, but has been~~  
41.32 ~~retired for less than 18 months.~~

41.33 (d) Increases under paragraph (c) for the State Patrol retirement plan terminate on  
41.34 December 31 of the calendar year in which two prior consecutive actuarial valuations  
41.35 prepared by the approved actuary under sections 356.214 and 356.215 and the standards  
41.36 for actuarial work adopted by the Legislative Commission on Pensions and Retirement

42.1 indicates that the market value of assets of the retirement plan equals or exceeds 90  
42.2 percent of the actuarial accrued liability of the retirement plan and increases under  
42.3 subdivision 1 recommence after that date.

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

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

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

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

42.14 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the  
42.15 judges retirement plan are entitled to a postretirement adjustment annually on January  
42.16 1, as follows:

42.17 (1) a postretirement increase of 1.75 percent must be applied each year, effective on  
42.18 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has  
42.19 been receiving an annuity or a benefit for at least ~~18~~ 12 full months ~~before the January~~  
42.20 ~~1 increase as of the current June 30~~; and

42.21 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
42.22 benefit for at least ~~six~~ one full month, but less than 12 full months as of the current June  
42.23 30, an annual postretirement increase of 1/12 of 1.75 percent for each month that the  
42.24 person has been receiving an annuity or benefit must be applied, ~~effective January 1,~~  
42.25 ~~following the calendar year in which the person has been retired for at least six months,~~  
42.26 ~~but has been retired for less than 18 months.~~

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

42.34 (d) An increase in annuity or benefit payments under this subdivision must be made  
42.35 automatically unless written notice is filed by the annuitant or benefit recipient with the

43.1 executive director of the applicable covered retirement plan requesting that the increase  
43.2 not be made.

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

43.4 Sec. 10. **REPEALER.**

43.5 Minnesota Statutes 2014, section 354A.42, is repealed.

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

## 43.7 **ARTICLE 5**

### 43.8 **CONTRIBUTION STABILIZER PROVISION MODIFICATIONS**

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

#### 43.10 **352.045 PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER** 43.11 **CONTRIBUTIONS IN CERTAIN INSTANCES.**

43.12 Subdivision 1. **Application.** This section applies to the general state employees  
43.13 retirement plan ~~and to~~ established under this chapter, the correctional state employees  
43.14 retirement plan established under this chapter, and ~~to~~ the state patrol retirement plan  
43.15 established under chapter 352B.

43.16 Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency  
43.17 exists if, for ~~purposes of~~ the applicable plan, the total of the employee contributions, the  
43.18 employer contributions, and any additional employer contributions, if applicable, exceeds  
43.19 the total of the normal cost, the administrative expenses, and the amortization contribution  
43.20 of the retirement plan as reported in the most recent actuarial valuation of the retirement  
43.21 plan prepared by the approved actuary retained under section 356.214 and prepared under  
43.22 section 356.215 and the standards for actuarial work of the Legislative Commission on  
43.23 Pensions and Retirement. For purposes of this section, a contribution deficiency exists  
43.24 if, for the applicable plan, the total employee contributions, employer contributions,  
43.25 and any additional employer contributions are less than the total of the normal cost, the  
43.26 administrative expenses, and the amortization contribution of the retirement plan as  
43.27 reported in the most recent actuarial valuation of the retirement plan prepared by the  
43.28 approved actuary retained under section 356.214 and prepared under section 356.215 and  
43.29 the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

43.30 Subd. 3a. **Contribution rate revision; general state employees retirement plan.**  
43.31 (a) Notwithstanding the contribution rates ~~stated in plan law~~ as specified in law governing  
43.32 the applicable retirement plan, the board of directors of the Minnesota State Retirement

44.1 System may adjust the employee and employer contribution rates for the general state  
44.2 employees retirement plan must be adjusted:

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

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

44.15 (b) If the actuarially required determined contribution of the plan is less than the  
44.16 total support provided by the combined employee and employer contribution rates by  
44.17 more than one percent of covered payroll, the plan employee and employer contribution  
44.18 rates ~~must~~ may be decreased incrementally over one or more years ~~by no more than~~  
44.19 ~~0.25 percent of pay each for employee and employer contribution rates to a level such~~  
44.20 ~~that there remains a contribution sufficiency of at least one percent of covered payroll.~~  
44.21 ~~No contribution rate~~ Any decrease may be made until at least two years have elapsed  
44.22 ~~since any adjustment under this paragraph has been fully implemented in employee and~~  
44.23 ~~employer contribution rates must not result in total contributions that are less than the sum~~  
44.24 ~~of the normal cost and administrative expenses of the retirement plan.~~

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

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

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

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

44.35 (d) To determine if an adjustment is to be made, the board of directors shall consult  
44.36 with the approved actuary retained under section 356.214 and shall take into consideration

45.1 factors that include, but are not limited to, the contribution rates calculated based on the  
45.2 actuarial value of assets and calculated based on the market value of assets; the funded  
45.3 ratio calculated based on the actuarial value of assets; the funded ratio calculated based on  
45.4 the market value of assets; the remaining number of years to the amortization target date;  
45.5 the recent experience of the investment markets; and the results of the 30-year funding,  
45.6 disbursements, and contribution projections prepared every other year as required under  
45.7 the standards for actuarial work adopted by the Legislative Commission on Pensions  
45.8 and Retirement.

45.9 (e) Any ~~recommended~~ adjustment to the contribution rates must be reported to  
45.10 the chair and the executive director of the Legislative Commission on Pensions and  
45.11 Retirement by January 15 following receipt of the most recent annual actuarial valuation  
45.12 prepared under section 356.215. The report must include draft legislation to revise the  
45.13 employee and employer contributions stated in plan law. If the Legislative Commission  
45.14 on Pensions and Retirement does not recommend against the rate change or does not  
45.15 recommend a modification in the rate change, the ~~recommended~~ adjustment becomes  
45.16 effective on the first day of the first full payroll period in the fiscal year following receipt  
45.17 of the most recent actuarial valuation that gave rise to the adjustment.

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

45.21 (f) (g) Before any reduction in contributions to eliminate a sufficiency in excess of  
45.22 one percent of covered pay may be ~~recommended~~ made, the executive director must  
45.23 review any need for a change in actuarial assumptions, as recommended by the approved  
45.24 actuary retained under section 356.214 in the most recent experience study of the general  
45.25 employees retirement plan prepared under section 356.215 and the standards for actuarial  
45.26 work promulgated by the Legislative Commission on Pensions and Retirement that may  
45.27 result in an increase in the actuarially ~~required~~ determined contribution and must report to  
45.28 the Legislative Commission on Pensions and Retirement any ~~recommendation~~ decision  
45.29 by the board to use the sufficiency exceeding one percent of covered payroll to offset the  
45.30 impact of an actuarial assumption change recommended by the actuary retained under  
45.31 section 356.214, subdivision 1, and reviewed by the actuary retained by the commission  
45.32 under section 356.214, subdivision 4.

45.33 (g) (h) No contribution sufficiency in excess of one percent of covered pay may be  
45.34 proposed to be used to increase benefits, and no benefit increase may be proposed that  
45.35 would initiate an ~~automatic~~ adjustment to increase contributions under this subdivision.  
45.36 Any proposed benefit improvement must include a recommendation, prepared by the

46.1 approved actuary retained under section 356.214, subdivision 1, and reviewed by the  
46.2 actuary retained by the Legislative Commission on Pensions and Retirement as provided  
46.3 under section 356.214, subdivision 4, on how the benefit modification will be funded.

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

46.9 (b) Any limitations on the amount of contribution rate changes stated in subdivision  
46.10 3a apply only to the amount of the employee contribution revision. The employer  
46.11 contribution for the correctional state employees retirement plan or the State Patrol  
46.12 retirement plan, whichever is applicable, must be adjusted so that the employer  
46.13 contribution is equal to 60 percent of the sum of employee plus employer contributions.

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

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

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

46.19 (a) For purposes of this section:

46.20 (1) a contribution sufficiency exists if the total of the employee contribution under  
46.21 subdivision 2, the employer contribution under subdivision 3, the additional employer  
46.22 contribution under subdivision 3a, and any additional contribution previously imposed  
46.23 under this subdivision exceeds the total of the normal cost, the administrative expenses,  
46.24 and the amortization contribution of the general employees retirement plan as reported in  
46.25 the most recent actuarial valuation of the retirement plan prepared by the actuary retained  
46.26 under section 356.214 and prepared under section 356.215 and the standards for actuarial  
46.27 work of the Legislative Commission on Pensions and Retirement; and

46.28 (2) a contribution deficiency exists if the total of the employee contributions under  
46.29 subdivision 2, the employer contributions under subdivision 3, the additional employer  
46.30 contribution under subdivision 3a, and any additional contribution previously imposed  
46.31 under this subdivision is less than the total of the normal cost, the administrative expenses,  
46.32 and the amortization contribution of the general employees retirement plan as reported in  
46.33 the most recent actuarial valuation of the retirement plan prepared by the actuary retained  
46.34 under section 356.214 and prepared under section 356.215 and the standards for actuarial  
46.35 work of the Legislative Commission on Pensions and Retirement.

47.1 (b) Notwithstanding the contribution rate provision specified under subdivisions 2,  
47.2 3, and 3a, the board of trustees of the Public Employees Retirement Association may  
47.3 adjust the employee and employer contributions to the general employees retirement plan  
47.4 under subdivisions 2 and 3 must be adjusted:

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

47.12 (2) if the regular actuarial valuation of the general employees retirement plan of the  
47.13 ~~Public Employees Retirement Association under section 356.215 indicates that there~~  
47.14 ~~is a contribution deficiency under paragraph (a) equal to or greater than 0.5~~ one-half  
47.15 of one percent of covered payroll and that the deficiency has existed for at least two  
47.16 ~~consecutive years, the coordinated program employee and employer contribution rates~~  
47.17 ~~must be increased as determined under paragraph (d) to a level such that no deficiency~~  
47.18 ~~exists based on the most recent actuarial valuation.~~

47.19 (c) If the actuarially ~~required~~ determined contribution of the general employees  
47.20 retirement plan is less than the total support provided by the combined employee and  
47.21 employer contribution rates under subdivisions 2, 3, and 3a, by more than one percent of  
47.22 covered payroll, the general employees retirement plan coordinated program employee  
47.23 and employer contribution rates under subdivisions 2 and 3 ~~must~~ may be decreased  
47.24 ~~incrementally over one or more years by no more than 0.25 percent of pay each for~~  
47.25 ~~employee and employer matching contribution rates to a level such that there remains a~~  
47.26 ~~contribution sufficiency of at least one percent of covered payroll. No contribution rate~~  
47.27 ~~decrease may be made until at least two years have elapsed since any adjustment under~~  
47.28 ~~this subdivision has been fully implemented. Any decrease in employee and employer~~  
47.29 contribution rates may not result in total contributions that are less than the total of the  
47.30 normal cost of the retirement plan and the administrative expenses of the retirement plan.

47.31 (d) If the actuarially ~~required~~ determined contribution exceeds the total support  
47.32 provided by the combined employee and employer contribution rates under subdivisions  
47.33 2, 3, and 3a, the board of trustees may increase the employee and matching employer  
47.34 contribution rates ~~must be increased equally to eliminate that contribution deficiency.~~  
47.35 ~~If the contribution deficiency is:~~

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

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

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

48.7 (e) ~~The general employees retirement plan contribution sufficiency or deficiency~~  
48.8 ~~determination under paragraphs (a) to (d) must be made without the inclusion of the~~  
48.9 ~~contributions to, the funded condition of, or the actuarial funding requirements of the~~  
48.10 ~~MERF division. To determine if an adjustment is to be made, the board of trustees shall~~  
48.11 ~~consult with the approved actuary retained under section 356.214 and shall take into~~  
48.12 ~~consideration factors that include, but are not limited to, the contribution rates based on~~  
48.13 ~~actuarial value of assets and contribution rates based on the market value of assets; the~~  
48.14 ~~funded ratio based on the actuarial value of assets and based on the market value of assets;~~  
48.15 ~~the number of years remaining to the amortization target date; the recent experience~~  
48.16 ~~of the investment markets; and the results of the 30-year funding, disbursements, and~~  
48.17 ~~contributions projections prepared every other year as required under the standards for~~  
48.18 ~~actuarial work adopted by the Legislative Commission on Pensions and Retirement.~~

48.19 (f) Any ~~recommended~~ adjustment to the contribution rates must be reported to  
48.20 the chair and the executive director of the Legislative Commission on Pensions and  
48.21 Retirement by January 15 following the receipt of the most recent annual actuarial  
48.22 valuation prepared under section 356.215. If the Legislative Commission on Pensions  
48.23 and Retirement does not recommend against the rate change or does not recommend  
48.24 a modification in the rate change, the recommended adjustment becomes effective for  
48.25 any salary paid on or after the January 1 next following the legislative session in which  
48.26 the Legislative Commission on Pensions and Retirement did not take any action to  
48.27 disapprove or modify the Public Employees Retirement Association Board of Trustees'  
48.28 ~~recommendation to adjust~~ adjustment to the employee and employer rates.

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

48.33 (h) Before any reduction in contributions to eliminate a sufficiency in excess of one  
48.34 percent of covered pay may be ~~recommended~~ made, the executive director must review  
48.35 any need for a change in actuarial assumptions, as recommended by the actuary retained  
48.36 under section 356.214 in the most recent experience study of the general employees

49.1 retirement plan prepared under section 356.215 and the standards for actuarial work  
 49.2 promulgated by the Legislative Commission on Pensions and Retirement that may result  
 49.3 in an increase in the actuarially ~~required~~ determined contribution and must report to the  
 49.4 Legislative Commission on Pensions and Retirement any ~~recommmendation~~ decision by the  
 49.5 board to use the sufficiency exceeding one percent of covered payroll to offset the impact  
 49.6 of an actuarial assumption change recommended by the actuary retained under section  
 49.7 356.214, subdivision 1, and reviewed by the actuary retained by the commission under  
 49.8 section 356.214, subdivision 4.

49.9 (i) No contribution sufficiency in excess of one percent of covered pay may be  
 49.10 proposed to be used to increase benefits, and no benefit increase may be proposed that  
 49.11 would initiate an ~~automatic~~ adjustment to increase contributions under this subdivision.  
 49.12 Any proposed benefit improvement must include a recommendation, prepared by the  
 49.13 approved actuary retained under section 356.214, subdivision 1, and reviewed by the  
 49.14 actuary retained by the Legislative Commission on Pensions and Retirement as provided  
 49.15 under section 356.214, subdivision 4, on how the benefit modification will be funded.

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

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

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

49.22 (1) ~~if, after June 30, 2015,~~ the regular actuarial valuation of the plan under section  
 49.23 356.215 indicates that there is a contribution sufficiency under subdivision 4a equal to or  
 49.24 greater than one percent of covered payroll ~~and the sufficiency has existed for at least two~~  
 49.25 ~~consecutive years, the employee and employer contribution rates for the plan may each be~~  
 49.26 ~~decreased to a level such that the sufficiency equals no more than one percent of covered~~  
 49.27 ~~payroll based on the most recent actuarial valuation; or~~

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

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

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

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

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

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

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

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

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

## 50.24 **ARTICLE 6**

### 50.25 **POLICE AND FIREFIGHTER RETIREMENT SUPPLEMENTAL STATE AID**

50.26 Section 1. Minnesota Statutes 2014, section 423A.022, subdivision 5, is amended to  
50.27 read:

50.28 Subd. 5. **Aid termination.** (a) The aid program under this section subdivision 2,  
50.29 paragraph (a), clauses (1) and (3), ends on the December 1 next following the actuarial  
50.30 valuation date on which the assets of the retirement plan on a market value basis equals  
50.31 or exceeds 90 percent of the total actuarial accrued liabilities of the retirement plan as  
50.32 disclosed in an actuarial valuation prepared under section 356.215 and the Standards for  
50.33 Actuarial Work promulgated by the Legislative Commission on Pensions and Retirement,

51.1 for the State Patrol retirement plan or the public employees police and fire retirement  
51.2 plan, whichever occurs last.

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

51.4 **ARTICLE 7**

51.5 **STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN LUMP**  
51.6 **SUM RETIREMENT DIVISION MODIFICATIONS**

51.7 Section 1. Minnesota Statutes 2014, section 353G.09, subdivision 3, is amended to read:

51.8 Subd. 3. **Alternative pension eligibility and computation.** (a) An active member  
51.9 of the retirement plan is entitled to an alternative lump-sum service pension from the  
51.10 retirement plan if the person:

51.11 (1) has separated from active service with the fire department for at least 30 days;

51.12 (2) has attained the age of at least 50 years or the age for receipt of a service pension  
51.13 under the benefit plan of the applicable former volunteer firefighters relief association as  
51.14 of the date immediately ~~prior to~~ before the election of the retirement coverage change,  
51.15 whichever is later;

51.16 (3) has completed at least five years of active service with the fire department and at  
51.17 least five years in total as a member of the applicable former volunteer firefighters relief  
51.18 association or of the retirement plan, but has not rendered at least five years of good time  
51.19 service credit as a member of the retirement plan; and

51.20 (4) applies in a manner prescribed by the executive director for the service pension.

51.21 (b) If retirement coverage ~~prior to~~ before statewide retirement plan coverage was  
51.22 provided by a defined benefit plan volunteer firefighters relief association, the alternative  
51.23 lump-sum service pension is the service pension amount specified in the bylaws of the  
51.24 applicable former volunteer firefighters relief association either as of the date immediately  
51.25 ~~prior to~~ before the election of the retirement coverage change or as of the date immediately  
51.26 before the termination of firefighting services, whichever is earlier, multiplied by the total  
51.27 number of years of service as a member of that volunteer firefighters relief association  
51.28 and as a member of the retirement plan. If retirement coverage ~~prior to~~ before statewide  
51.29 retirement plan coverage was provided by a defined contribution plan volunteer firefighters  
51.30 relief association, the alternative lump-sum service pension is an amount equal to that  
51.31 portion of the person's account balance that the person was vested for as of the date  
51.32 immediately ~~prior to~~ before the date on which statewide retirement plan coverage was first  
51.33 provided to the person plus six percent annual compound interest from that date until the  
51.34 date immediately ~~prior to~~ before the date of retirement.

51.35 Sec. 2. Minnesota Statutes 2014, section 353G.11, subdivision 1, is amended to read:

52.1 Subdivision 1. **Service pension levels.** Except as provided in subdivision 1a, the  
 52.2 retirement plan provides the following levels of service pension amounts per full year of  
 52.3 good time service credit to be selected at the election of coverage, or, if fully funded,  
 52.4 thereafter:

52.5	Level A	<del>\$500 per year of good time service credit</del>
52.6	Level B	<del>\$600 per year of good time service credit</del>
52.7	Level C	<del>\$700 per year of good time service credit</del>
52.8	Level D	<del>\$800 per year of good time service credit</del>
52.9	Level E	<del>\$900 per year of good time service credit</del>
52.10	Level F	<del>\$1,000 per year of good time service credit</del>
52.11	Level G	<del>\$1,250 per year of good time service credit</del>
52.12	Level H	<del>\$1,500 per year of good time service credit</del>
52.13	Level I	<del>\$2,000 per year of good time service credit</del>
52.14	Level J	<del>\$2,500 per year of good time service credit</del>
52.15	Level K	<del>\$3,000 per year of good time service credit</del>
52.16	Level L	<del>\$3,500 per year of good time service credit</del>
52.17	Level M	<del>\$4,000 per year of good time service credit</del>
52.18	Level N	<del>\$4,500 per year of good time service credit</del>
52.19	Level O	<del>\$5,000 per year of good time service credit</del>
52.20	Level P	<del>\$5,500 per year of good time service credit</del>
52.21	Level Q	<del>\$6,000 per year of good time service credit</del>
52.22	Level R	<del>\$6,500 per year of good time service credit</del>
52.23	Level S	<del>\$7,000 per year of good time service credit</del>
52.24	Level T	<del>\$7,500 per year of good time service credit</del>

52.25 (1) a minimum service pension level of \$500 per year;  
 52.26 (2) a maximum service pension level of \$7,500 per year; and  
 52.27 (3) 69 service pension levels between the minimum level and the maximum level  
 52.28 in \$100 increments.

52.29 Sec. 3. Minnesota Statutes 2014, section 353G.11, subdivision 1a, is amended to read:

52.30 Subd. 1a. **Continuation of prior service pension levels.** (a) If a municipality or  
 52.31 independent nonprofit firefighting corporation elects to be covered by the retirement plan  
 52.32 prior to before January 1, 2010, and selects the \$750 per year of good time service credit  
 52.33 service pension amount effective for January 1, 2010, that level continues for the volunteer  
 52.34 firefighters of that municipality or independent nonprofit firefighting corporation until a  
 52.35 different service pension amount is selected under subdivision 2 after January 1, 2010.

52.36 (b) If a municipality or independent nonprofit firefighting corporation elected to be  
 52.37 covered by the retirement plan before January 1, 2015, and selected a service pension  
 52.38 level under subdivision 1, other than a good time service credit service pension amount

53.1 under subdivision 1, that level continues for the volunteer firefighters of the municipality  
53.2 or independent nonprofit firefighting corporation until a different service pension amount  
53.3 is selected under subdivision 2 after January 1, 2014.

53.4 Sec. 4. Minnesota Statutes 2014, section 353G.11, subdivision 2, is amended to read:

53.5 Subd. 2. **Level selection.** ~~At the time of~~ After the election to transfer of retirement  
53.6 coverage, or on April 30 thereafter to the retirement plan, the governing body or bodies of  
53.7 the entity or entities operating the fire department whose firefighters are covered by the  
53.8 retirement plan may request a cost estimate from the executive director of an increase in  
53.9 the service pension level applicable to the active firefighters of the fire department. Within  
53.10 ~~90~~ 120 days of the receipt of the cost estimate prepared by the executive director using a  
53.11 procedure certified as accurate by the approved actuary retained by the Public Employees  
53.12 Retirement Association, the governing body or bodies may approve the service pension  
53.13 level change, effective for January 1 of the following calendar year unless the governing  
53.14 body or bodies specify in the approved document an effective date as the January 1 of the  
53.15 second year following the level increase approval. If the approval occurs after April 30,  
53.16 the required municipal contribution for the following calendar year must be recalculated  
53.17 and the results reported to the municipality or municipalities. If not approved in a timely  
53.18 fashion, the service pension level change is considered to have been disapproved.

53.19 Sec. 5. Minnesota Statutes 2014, section 353G.11, subdivision 4, is amended to read:

53.20 Subd. 4. **Ancillary benefits.** Other than as provided under section 353G.115, no  
53.21 disability, death, funeral, or other ancillary benefit beyond a service pension or a survivor  
53.22 benefit is payable from the retirement plan.

53.23 Sec. 6. Minnesota Statutes 2014, section 353G.13, subdivision 1, is amended to read:

53.24 Subdivision 1. **Eligibility.** An active firefighter who is a member of the retirement  
53.25 plan who also renders firefighting service and has good time service credit in the  
53.26 retirement plan from another fire department, if the number of years of good time service  
53.27 credit in the plan from a combination of nonconcurrent periods totals at least five years,  
53.28 is eligible, upon complying with the other requirements of section 353G.09, to receive  
53.29 a service pension upon filing an application in the manner prescribed by the executive  
53.30 director, computed as provided in subdivision 2.

53.31 Sec. 7. Minnesota Statutes 2014, section 353G.13, subdivision 2, is amended to read:

54.1 Subd. 2. **Combined service pension computation.** The service pension payable to  
 54.2 a firefighter who qualifies under subdivision 1 is the per year of good time service credit  
 54.3 service pension amount in effect for each account in which the firefighter has one or more  
 54.4 years of good time service credit as of the date on which the firefighter terminated active  
 54.5 service with the fire department associated with the applicable account, multiplied by  
 54.6 the number of years of good time service credit that the firefighter has in the applicable  
 54.7 account and adjusted for the vesting percentage based on the total number of years of good  
 54.8 time service covered in the applicable accounts.

54.9 Sec. 8. **EFFECTIVE DATE.**

54.10 Sections 1 to 7 are effective July 1, 2015.

54.11 **ARTICLE 8**

54.12 **STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN MONTHLY**  
 54.13 **BENEFIT RETIREMENT DIVISION CREATION**

54.14 Section 1. Minnesota Statutes 2014, section 11A.17, subdivision 2, is amended to read:

54.15 Subd. 2. **Assets.** (a) The assets of the supplemental investment fund consist of the  
 54.16 money certified and transmitted to the state board from the participating public retirement  
 54.17 plans and funds and from the voluntary statewide ~~lump-sum~~ volunteer firefighter  
 54.18 retirement plan under section 353G.08.

54.19 (b) With the exception of the assets of the voluntary statewide ~~lump-sum~~ volunteer  
 54.20 firefighter retirement fund, the assets must be used to purchase investment shares in  
 54.21 the investment accounts as specified by the plan or fund. The assets of the voluntary  
 54.22 statewide ~~lump-sum~~ volunteer firefighter retirement fund must be invested in the volunteer  
 54.23 firefighter account.

54.24 (c) These accounts must be valued at least on a monthly basis but may be valued  
 54.25 more frequently as determined by the State Board of Investment.

54.26 Sec. 2. Minnesota Statutes 2014, section 353G.01, subdivision 6, is amended to read:

54.27 Subd. 6. **Fund.** "Fund" means the voluntary statewide ~~lump-sum~~ volunteer  
 54.28 firefighter retirement fund established under section 353G.02, subdivision 3.

54.29 Sec. 3. Minnesota Statutes 2014, section 353G.01, subdivision 7, is amended to read:

54.30 Subd. 7. **Good time service credit.** "Good time service credit" means the length of  
 54.31 service credit for an active firefighter that is reported by the applicable fire chief based  
 54.32 on the minimum firefighter activity standards of the fire department. The credit may be  
 54.33 ~~recognized~~ reported on an annual or monthly basis.

55.1 Sec. 4. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision  
55.2 to read:

55.3 Subd. 7a. **Lump-sum account.** "Lump-sum account" means that portion of the  
55.4 retirement fund that contains the assets applicable to the lump-sum retirement division.

55.5 Sec. 5. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision  
55.6 to read:

55.7 Subd. 7b. **Lump-sum retirement division.** "Lump-sum retirement division" means  
55.8 the division of the plan governed by section 353G.11.

55.9 Sec. 6. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision  
55.10 to read:

55.11 Subd. 8a. **Monthly benefit account.** "Monthly benefit account" means that portion  
55.12 of the retirement fund that contains the assets applicable to the monthly benefit retirement  
55.13 division.

55.14 Sec. 7. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision  
55.15 to read:

55.16 Subd. 8b. **Monthly benefit retirement division.** "Monthly benefit retirement  
55.17 division" means the division of the plan governed by section 353G.113.

55.18 Sec. 8. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision  
55.19 to read:

55.20 Subd. 10a. **Retirement benefit plan document.** "Retirement benefit plan  
55.21 document", for an account in the monthly benefit retirement division, means the articles of  
55.22 incorporation and bylaws of the prior former volunteer firefighters relief association in  
55.23 effect on the day before the date on which the retirement coverage transfer under section  
55.24 353G.05 occurred or as provided in the most recent modification under section 353G.121.

55.25 Sec. 9. Minnesota Statutes 2014, section 353G.01, subdivision 11, is amended to read:

55.26 Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide  
55.27 ~~lump-sum~~ volunteer firefighter retirement fund established under section 353G.02,  
55.28 subdivision 3.

55.29 Sec. 10. Minnesota Statutes 2014, section 353G.01, subdivision 12, is amended to read:

56.1 Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan, either  
56.2 the lump-sum retirement division or the monthly benefit retirement division, established  
56.3 by this chapter.

56.4 Sec. 11. Minnesota Statutes 2014, section 353G.02, is amended to read:

56.5 **353G.02 PLAN AND FUND CREATION.**

56.6 Subdivision 1. **Retirement plan.** The voluntary statewide ~~lump-sum~~ volunteer  
56.7 firefighter retirement plan, consisting of a lump-sum retirement division and a monthly  
56.8 benefit retirement division, is created.

56.9 Subd. 2. **Administration.** The policy-making, management, and administrative  
56.10 functions related to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement  
56.11 plan and fund are vested in the board of trustees and the executive director of the Public  
56.12 Employees Retirement Association. Their duties, authority, and responsibilities are as  
56.13 provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken  
56.14 in a manner consistent with chapter 356A.

56.15 Subd. 3. **Retirement fund.** (a) The voluntary statewide ~~lump-sum~~ volunteer  
56.16 firefighter retirement fund, consisting of a lump-sum account and a monthly benefit  
56.17 account, is created. The fund contains the assets attributable to the voluntary statewide  
56.18 ~~lump-sum~~ volunteer firefighter retirement plan.

56.19 (b) The State Board of Investment shall invest those portions of the retirement  
56.20 fund not required for immediate purposes in the voluntary statewide lump-sum volunteer  
56.21 firefighter retirement plan in the statewide ~~lump-sum~~ volunteer firefighter account of the  
56.22 Minnesota supplemental investment fund under section 11A.17.

56.23 (c) The commissioner of management and budget is the ex officio treasurer of the  
56.24 voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund. The commissioner of  
56.25 management and budget's general bond to the state covers all liability for actions taken as  
56.26 the treasurer of the retirement fund.

56.27 (d) The revenues of the retirement plan beyond investment returns are governed by  
56.28 section 353G.08 and must be deposited in the retirement fund. The disbursements of the  
56.29 retirement plan are governed by section 353G.08. The commissioner of management and  
56.30 budget shall transmit a detailed statement showing all credits to and disbursements from  
56.31 the retirement fund to the executive director monthly.

56.32 Subd. 4. **Audit; actuarial valuation.** (a) The legislative auditor shall periodically  
56.33 audit the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund.

56.34 (b) An actuarial valuation of the lump-sum retirement division of the voluntary  
56.35 statewide ~~lump-sum~~ volunteer firefighter retirement plan may be performed periodically as

57.1 determined to be appropriate or useful by the board. An actuarial valuation of the monthly  
57.2 benefit retirement division of the voluntary statewide volunteer firefighter retirement plan  
57.3 must be performed as frequently as required by government sector generally accepted  
57.4 accounting standards. An actuarial valuation must be performed by the approved  
57.5 actuary retained under section 356.214 and must conform with section 356.215 and the  
57.6 standards for actuarial work. An actuarial valuation must contain sufficient detail for each  
57.7 participating employing entity to ascertain the actuarial condition of its account in the  
57.8 fund and the contribution requirement towards its account.

57.9 Subd. 5. **Legal advisor; attorney general.** (a) The legal advisor of the board  
57.10 and the executive director with respect to the voluntary statewide ~~lump-sum~~ volunteer  
57.11 firefighter retirement plan is the attorney general.

57.12 (b) The board may sue, petition, be sued, or be petitioned under this chapter with  
57.13 respect to the plan or the fund in the name of the board.

57.14 (c) The attorney general shall represent the board in all actions by the board or  
57.15 against the board with respect to the plan or the fund.

57.16 (d) Venue of all actions related to the plan or fund is in the court for the first judicial  
57.17 district unless the action is an appeal to the Court of Appeals under section 356.96.

57.18 Subd. 6. **Initial administrative expenses of the monthly benefit retirement**  
57.19 **division; allocation of reimbursement.** (a) The administration expenses of Public  
57.20 Employees Retirement Association incurred in the establishment of the monthly benefit  
57.21 retirement division of the voluntary statewide volunteer firefighters retirement plan,  
57.22 including any computer programming expenses and any actuarial consultant expenses, are  
57.23 payable from the assets of the initial monthly benefit volunteer firefighter relief association  
57.24 that elects to transfer its administration to the voluntary statewide volunteer firefighter  
57.25 retirement plan, following the transfer of assets.

57.26 (b) The administrative expenses in excess of \$33, 600 paid under paragraph (a) must  
57.27 be reimbursed by the next nine monthly benefit volunteer firefighter relief associations that  
57.28 transfer plan administration to the voluntary statewide volunteer firefighters retirement  
57.29 plan. The reimbursement charge for each of the nine is three-tenths of one percent of the  
57.30 market value of assets of the volunteer firefighter relief association as of December 31,  
57.31 2012. The reimbursement amounts, up to the amount of administrative expenses actually  
57.32 incurred under paragraph (a) in excess of \$33,600, must be credited to the account of the  
57.33 fire department associated with the former monthly benefit volunteer firefighter relief  
57.34 association that first transferred plan administration to the volunteer firefighter retirement  
57.35 plan.

58.1 Sec. 12. Minnesota Statutes 2014, section 353G.03, is amended to read:

58.2 **353G.03 VOLUNTARY STATEWIDE LUMP-SUM VOLUNTEER**  
 58.3 **FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.**

58.4 Subdivision 1. **Establishment.** A Voluntary Statewide ~~Lump-Sum~~ Volunteer  
 58.5 Firefighter Retirement Plan Advisory Board is created.

58.6 Subd. 2. **Function; purpose.** The advisory board shall meet periodically to provide  
 58.7 advice to the board of trustees of the Public Employees Retirement Association about the  
 58.8 retirement coverage needs of volunteer firefighters who are members of the retirement  
 58.9 plan and about the legislative and administrative changes that would assist the retirement  
 58.10 plan in accommodating volunteer firefighters who are not members of the retirement plan.

58.11 Subd. 3. **Composition.** (a) The advisory board consists of ~~seven~~ eight members.

58.12 (b) The advisory board members are:

58.13 (1) one representative of Minnesota townships, appointed by the Minnesota  
 58.14 Association of Townships;

58.15 (2) two representatives of Minnesota cities, appointed by the League of Minnesota  
 58.16 Cities;

58.17 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the  
 58.18 Minnesota State Fire Chiefs Association;

58.19 (4) two representatives of Minnesota volunteer firefighters, all who are active  
 58.20 volunteer firefighters, one of whom is covered by the lump-sum retirement division and  
 58.21 one of whom is covered by the monthly benefit retirement division, appointed by the  
 58.22 Minnesota State Fire Chiefs Association;

58.23 (5) one representative of Minnesota volunteer firefighters who is covered by  
 58.24 the lump-sum retirement division, appointed by the Minnesota State Fire Departments  
 58.25 Association; and

58.26 ~~(5)~~(6) one representative of the Office of the State Auditor, designated by the state  
 58.27 auditor.

58.28 Subd. 4. **Term.** (a) ~~The initial terms on the advisory board for the Minnesota~~  
 58.29 ~~townships representative and the Minnesota fire chiefs representative are one year. The~~  
 58.30 ~~initial terms on the advisory board for one of the Minnesota cities representatives and one~~  
 58.31 ~~of the Minnesota active volunteer firefighter representatives are two years. The initial~~  
 58.32 ~~terms on the advisory board for the other Minnesota cities representative and the other~~  
 58.33 ~~Minnesota active volunteer firefighter representative are three years. The term for the~~  
 58.34 Office of the State Auditor representative is determined by the state auditor.

58.35 (b) ~~Subsequent~~ Terms on the advisory board other than the Office of the State  
 58.36 Auditor representative are three years.

59.1 Subd. 5. **Compensation of advisory board.** The compensation of members of the  
59.2 advisory board, other than the Office of the State Auditor representative, is governed by  
59.3 section 15.0575, subdivision 3.

59.4 Sec. 13. Minnesota Statutes 2014, section 353G.04, is amended to read:

59.5 **353G.04 INFORMATION FROM MUNICIPALITIES AND FIRE**  
59.6 **DEPARTMENTS.**

59.7 The chief executive officers of municipalities and fire departments with volunteer  
59.8 firefighters covered by the voluntary ~~lump-sum~~ statewide volunteer firefighter retirement  
59.9 plan shall provide all relevant information and records requested by the board, the  
59.10 executive director, and the State Board of Investment as required to perform their duties.

59.11 Sec. 14. Minnesota Statutes 2014, section 353G.05, is amended to read:

59.12 **353G.05 PLAN COVERAGE ELECTION.**

59.13 Subdivision 1. **Coverage.** Any municipality or independent nonprofit firefighting  
59.14 corporation may elect to have its volunteer firefighters covered by the lump-sum  
59.15 retirement division or the monthly benefit retirement division of the retirement plan,  
59.16 whichever applies.

59.17 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of  
59.18 volunteer firefighters by the lump-sum retirement plan division is initiated by a request  
59.19 to the executive director for a cost analysis of the prospective retirement coverage under  
59.20 the lump-sum retirement division.

59.21 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer  
59.22 firefighters relief association or a defined contribution volunteer firefighters' relief  
59.23 association governed by chapter 424A, the cost analysis of the prospective retirement  
59.24 coverage must be requested jointly by the secretary of the volunteer firefighters relief  
59.25 association, following approval of the request by the board of the volunteer firefighters  
59.26 relief association, and the chief administrative officer of the entity associated with the relief  
59.27 association, following approval of the request by the governing body of the entity associated  
59.28 with the relief association. If the relief association is associated with more than one  
59.29 entity, the chief administrative officer of each associated entity must execute the request.  
59.30 If the volunteer firefighters are not currently covered by a volunteer firefighters relief  
59.31 association, the cost analysis of the prospective retirement coverage must be requested by  
59.32 the chief administrative officer of the entity operating the fire department. The request  
59.33 must be made in writing and must be made on a form prescribed by the executive director.

60.1 (c) The cost analysis of the prospective retirement coverage by the lump-sum  
60.2 retirement division of the statewide retirement plan must be based on the service pension  
60.3 amount under section 353G.11 closest to the service pension amount provided by the  
60.4 volunteer firefighters relief association if the relief association is a lump-sum defined  
60.5 benefit plan, or the amount equal to 95 percent of the most current average account  
60.6 balance per relief association member if the relief association is a defined contribution  
60.7 plan, or to the lowest service pension amount under section 353G.11 if there is no  
60.8 volunteer firefighters relief association, rounded up, and any other service pension amount  
60.9 designated by the requester or requesters. The cost analysis must be prepared using a  
60.10 mathematical procedure certified as accurate by an approved actuary retained by the  
60.11 Public Employees Retirement Association.

60.12 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists  
60.13 that has filed the information required under section 69.051 in a timely fashion, upon  
60.14 request by the executive director, the state auditor shall provide the most recent data  
60.15 available on the financial condition of the volunteer firefighters relief association, the most  
60.16 recent firefighter demographic data available, and a copy of the current relief association  
60.17 bylaws. If a cost analysis is requested, but no volunteer firefighters relief association  
60.18 exists, the chief administrative officer of the entity operating the fire department shall  
60.19 provide the demographic information on the volunteer firefighters serving as members  
60.20 of the fire department requested by the executive director.

60.21 ~~(e) If a cost analysis is requested, the executive director of the State Board of~~  
60.22 ~~Investment shall review the investment portfolio of the relief association, if applicable,~~  
60.23 ~~for compliance with the applicable provisions of chapter 11A and for appropriateness~~  
60.24 ~~for retention under the established investment objectives and investment policies of the~~  
60.25 ~~State Board of Investment. If the prospective retirement coverage change is approved~~  
60.26 ~~under paragraph (f), the State Board of Investment may require that the relief association~~  
60.27 ~~liquidate any investment security or other asset which the executive director of the State~~  
60.28 ~~Board of Investment has determined to be an ineligible or inappropriate investment for~~  
60.29 ~~retention by the State Board of Investment. The security or asset liquidation must occur~~  
60.30 ~~before the effective date of the transfer of retirement plan coverage. If requested to do so by~~  
60.31 ~~the chief administrative officer of the relief association, the executive director of the State~~  
60.32 ~~Board of Investment shall provide advice about the best means to conduct the liquidation.~~

60.33 (f) Upon receipt of the cost analysis, the governing body of the municipality  
60.34 or independent nonprofit firefighting corporation associated with the fire department  
60.35 shall either approve or disapprove the retirement coverage change within 120 days. If  
60.36 the retirement coverage change is not acted upon within 120 days, it is deemed to be

61.1 ~~disapproved. If the retirement coverage change is approved by the applicable governing~~  
61.2 ~~body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan~~  
61.3 ~~is effective on the next following January 1.~~

61.4 Subd. 3. Election of coverage; monthly benefit. (a) The process for electing  
61.5 coverage of volunteer firefighters by the monthly retirement division is initiated by a  
61.6 request to the executive director for an actuarial cost analysis of the prospective retirement  
61.7 coverage under the monthly benefit retirement division. This request must be made by  
61.8 the secretary of the volunteer firefighters relief association and the chief administrative  
61.9 officer of the entity associated with the relief association, both of which must first obtain  
61.10 approval of the request from their respective municipal governing body or independent  
61.11 nonprofit firefighting corporation. The request must be made in writing and must be made  
61.12 on a form prescribed by the executive director.

61.13 (b) Coverage by the monthly benefit retirement division may only be elected if  
61.14 the volunteer firefighters are covered by a monthly benefit volunteer firefighters relief  
61.15 association governed by chapter 424A.

61.16 (c) The cost analysis under paragraph (a) must be prepared by the approved actuary  
61.17 retained by the Public Employees Retirement Association. The cost analysis must be  
61.18 based on:

61.19 (1) the service pension and other retirement benefit types and amounts in effect for  
61.20 the volunteer firefighters relief association as of the date of the request and any other  
61.21 amount or amounts designated by the requesters, as disclosed in a special actuarial  
61.22 valuation prepared under sections 356.215 and 356.216; and

61.23 (2) the standards for actuarial work, and the actuarial assumptions utilized in the  
61.24 most recent prior actuarial valuation, except that the applicable interest rate actuarial  
61.25 assumption is six percent.

61.26 (d) The secretary of the volunteer firefighters relief association making the request  
61.27 must supply the demographic and financial data necessary for the cost analysis to be  
61.28 prepared.

61.29 Subd. 4. Invested assets review. If a cost analysis is requested under subdivision 2  
61.30 or 3, the executive director of the State Board of Investment shall review the investment  
61.31 portfolio of the relief association, if applicable, for compliance with the applicable  
61.32 provisions of chapter 11A and for appropriateness for retention under the established  
61.33 investment objectives and investment policies of the State Board of Investment. If the  
61.34 prospective retirement coverage change is approved under subdivision 5, the State  
61.35 Board of Investment may require that the relief association liquidate any investment  
61.36 security or other asset which the executive director of the State Board of Investment has

62.1 determined to be an ineligible or inappropriate investment for retention by the State Board  
 62.2 of Investment. The security or asset liquidation must occur before the effective date of  
 62.3 the transfer of retirement plan coverage. If requested to do so by the chief administrative  
 62.4 officer of the relief association, the executive director of the State Board of Investment  
 62.5 shall provide advice about the best means to conduct the liquidation.

62.6 Subd. 5. **Finalization; coverage transfer.** Upon receipt of the cost analysis  
 62.7 requested under subdivision 2 or 3, the governing body of the municipality or independent  
 62.8 nonprofit firefighting corporation associated with the fire department shall either approve  
 62.9 or disapprove the retirement coverage change within 120 days. If the retirement coverage  
 62.10 change is not acted upon within 120 days, it is deemed to be disapproved. If the retirement  
 62.11 coverage change is approved by the applicable governing body, coverage by the voluntary  
 62.12 statewide volunteer firefighter retirement plan is effective on the January 1 next following  
 62.13 the approval date.

62.14 Sec. 15. Minnesota Statutes 2014, section 353G.06, is amended to read:

62.15 **353G.06 DISESTABLISHMENT OF PRIOR VOLUNTEER FIREFIGHTERS**  
 62.16 **RELIEF ASSOCIATION SPECIAL FUND UPON RETIREMENT COVERAGE**  
 62.17 **CHANGE.**

62.18 Subdivision 1. **Special fund disestablishment.** On the date December 31  
 62.19 immediately prior to the effective date of the coverage change, the special fund of the  
 62.20 applicable volunteer firefighters relief association, if one exists, ceases to exist as a  
 62.21 pension fund of the association and legal title to the assets of the special fund transfers  
 62.22 to the State Board of Investment, with the undivided beneficial title to the assets of the  
 62.23 special fund remaining in the applicable volunteer firefighters as a group.

62.24 Subd. 2. **Other relief association changes.** In addition to the transfer and  
 62.25 disestablishment of the special fund under subdivision 1, notwithstanding any provisions  
 62.26 of chapter 424A or 424B to the contrary, upon the effective date of the change in  
 62.27 volunteer firefighter retirement coverage, if the relief association membership elects to  
 62.28 retain the relief association as a fraternal organization after the benefit coverage election,  
 62.29 the following changes must be implemented with respect to the applicable volunteer  
 62.30 firefighters relief association:

62.31 (1) the relief association board of trustees membership is reduced to five, comprised  
 62.32 of the fire chief of the fire department and four trustees elected by and from the relief  
 62.33 association membership;

62.34 (2) the relief association may only maintain a general fund, which continues to  
 62.35 be governed by section 424A.06;

63.1 (3) the relief association is not authorized to receive the proceeds of any state aid or  
63.2 to receive any municipal funds; and

63.3 (4) the relief association may not pay any service pension or benefit that was not  
63.4 authorized as a general fund disbursement under the articles of incorporation or bylaws of  
63.5 the relief association in effect immediately prior to the plan coverage election process.

63.6 Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of  
63.7 the volunteer firefighters relief association under this section, the voluntary statewide  
63.8 ~~lump-sum~~ volunteer firefighter retirement plan is the successor in interest of the special  
63.9 fund of the volunteer firefighters relief association for all claims against the special fund  
63.10 other than a claim against the special fund, the volunteer firefighters relief association,  
63.11 the municipality, the fire department, or any person connected with the volunteer  
63.12 firefighters relief association in a fiduciary capacity under chapter 356A or common law  
63.13 that was based on any act or acts which were not performed in good faith and which  
63.14 constituted a breach of a fiduciary obligation. As the successor in interest of the special  
63.15 fund of the volunteer firefighters relief association, the voluntary statewide ~~lump-sum~~  
63.16 volunteer firefighter retirement plan may assert any applicable defense in any judicial  
63.17 proceeding which the board of trustees of the volunteer firefighters relief association or the  
63.18 municipality would have been entitled to assert.

63.19 Sec. 16. Minnesota Statutes 2014, section 353G.07, is amended to read:

63.20 **353G.07 CERTIFICATION OF GOOD TIME SERVICE CREDIT.**

63.21 (a) Annually, by March 31, the fire chief of the fire department with firefighters who  
63.22 are active members of either the lump-sum retirement plan division or the monthly benefit  
63.23 retirement division shall certify to the executive director the good time service credit for the  
63.24 previous calendar year of each firefighter rendering active service with the fire department.

63.25 (b) The fire chief shall provide to each firefighter rendering active service with  
63.26 the fire department notification of the amount of good time service credit rendered by  
63.27 the firefighter for the calendar year. The good time service credit notification must be  
63.28 provided to the firefighter 60 days before its certification to the executive director of the  
63.29 Public Employees Retirement Association, along with an indication of the process for the  
63.30 firefighter to challenge the fire chief's determination of good time service credit. If the  
63.31 good time service credit amount is challenged in a timely fashion, the fire chief shall hold  
63.32 a hearing on the challenge, accept and consider any additional pertinent information,  
63.33 and make a final determination of good time service credit. The final determination of  
63.34 good time service credit by the fire chief is not reviewable by the executive director of

64.1 the Public Employees Retirement Association or by the board of trustees of the Public  
64.2 Employees Retirement Association.

64.3 (c) The good time service credit certification is an official public document. If a  
64.4 false good time service credit certification is filed or if false information regarding good  
64.5 time service credits is provided, section 353.19 applies.

64.6 (d) The good time service credit certification must be expressed as a percentage of a  
64.7 full year of service during which an active firefighter rendered at least the minimum level  
64.8 and quantity of fire suppression, emergency response, fire prevention, or fire education  
64.9 duties required by the fire department under the rules and regulations applicable to the  
64.10 fire department. No more than one year of good time service credit may be certified  
64.11 for a calendar year.

64.12 (e) If a firefighter covered by the retirement plan leaves active firefighting service  
64.13 to render active military service that is required to be ~~covered~~ governed by the federal  
64.14 Uniformed Services Employment and Reemployment Rights Act, as amended, the person  
64.15 must be certified as providing a full year of good time service credit in each year of the  
64.16 military service, up to the applicable limit of the federal Uniformed Services Employment  
64.17 and Reemployment Rights Act. If the firefighter does not return from the military service  
64.18 in compliance with the federal Uniformed Services Employment and Reemployment  
64.19 Rights Act, the good time service credits applicable to that military service credit period  
64.20 are forfeited and cancel at the end of the calendar year in which the federal law time  
64.21 limit occurs.

64.22 Sec. 17. Minnesota Statutes 2014, section 353G.08, is amended to read:

64.23 **353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

64.24 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)  
64.25 Annually, the executive director shall determine the funding requirements of each account  
64.26 in the lump-sum retirement division of the voluntary statewide ~~lump-sum~~ volunteer  
64.27 firefighter retirement plan on or before August 1. The funding requirements ~~as directed~~  
64.28 computed under this section, subdivision must be determined using a mathematical  
64.29 procedure developed and certified as accurate by ~~an~~ the approved actuary retained by the  
64.30 Public Employees Retirement Association and must be based on present value factors  
64.31 using a six percent interest rate, without any decrement assumptions. The funding  
64.32 requirements must be certified to the entity or entities associated with the fire department  
64.33 whose active firefighters are covered by the retirement plan.

64.34 (b) The overall funding balance of each lump-sum account for the current calendar  
64.35 year must be determined in the following manner:

65.1 (1) The total accrued liability for all active and deferred members of the account as  
65.2 of December 31 of the current year must be calculated based on the good time service  
65.3 credit of active and deferred members as of that date.

65.4 (2) The total present assets of the account projected to December 31 of the current  
65.5 year, including receipts by and disbursements from the account anticipated to occur on or  
65.6 before December 31, must be calculated. To the extent possible, the market value of assets  
65.7 must be utilized in making this calculation.

65.8 (3) The amount of the total present assets calculated under clause (2) must be  
65.9 subtracted from the amount of the total accrued liability calculated under clause (1). If the  
65.10 amount of total present assets exceeds the amount of the total accrued liability, then the  
65.11 account is considered to have a surplus over full funding. If the amount of the total present  
65.12 assets is less than the amount of the total accrued liability, then the account is considered  
65.13 to have a deficit from full funding. If the amount of total present assets is equal to the  
65.14 amount of the total accrued liability, then the special fund is considered to be fully funded.

65.15 (c) The financial requirements of each lump-sum account for the following calendar  
65.16 year must be determined in the following manner:

65.17 (1) The total accrued liability for all active and deferred members of the account  
65.18 as of December 31 of the calendar year next following the current calendar year must be  
65.19 calculated based on the good time service used in the calculation under paragraph (b),  
65.20 clause (1), increased by one year.

65.21 (2) The increase in the total accrued liability of the account for the following calendar  
65.22 year over the total accrued liability of the account for the current year must be calculated.

65.23 (3) The amount of anticipated future administrative expenses of the account must be  
65.24 calculated by multiplying the dollar amount of the administrative expenses for the most  
65.25 recent prior calendar year by the factor of 1.035.

65.26 (4) If the account is fully funded, the financial requirement of the account for the  
65.27 following calendar year is the total of the amounts calculated under clauses (2) and (3).

65.28 (5) If the account has a deficit from full funding, the financial requirement of the  
65.29 account for the following calendar year is the total of the amounts calculated under clauses  
65.30 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full  
65.31 funding of the account.

65.32 (6) If the account has a surplus over full funding, the financial requirement of  
65.33 the account for the following calendar year is the financial requirement of the account  
65.34 calculated as though the account was fully funded under clause (4) and, if the account has  
65.35 also had a surplus over full funding during the prior two years, additionally reduced by an  
65.36 amount equal to one-tenth of the amount of the surplus over full funding of the account.

66.1 (d) The required contribution of the entity or entities associated with the fire  
66.2 department whose active firefighters are covered by the lump-sum retirement plan division  
66.3 is the annual financial requirements of the lump-sum account of the retirement plan  
66.4 under paragraph (c) reduced by the amount of any fire state aid payable under sections  
66.5 69.011 to 69.051 or any police and firefighter retirement supplemental state aid payable  
66.6 under section 423A.022 that is reasonably anticipated to be received by the retirement  
66.7 plan attributable to the entity or entities during the following calendar year, and an  
66.8 amount of interest on the assets projected to be received during the following calendar  
66.9 year calculated at the rate of six percent per annum. The required contribution must be  
66.10 allocated between the entities if more than one entity is involved. A reasonable amount  
66.11 of anticipated fire state aid is an amount that does not exceed the fire state aid actually  
66.12 received in the prior year multiplied by the factor 1.035.

66.13 (e) The required contribution calculated in paragraph (d) must be paid to the  
66.14 retirement plan on or before December 31 of the year for which it was calculated. If  
66.15 the contribution is not received by the retirement plan by December 31, it is payable  
66.16 with interest at an annual compound rate of six percent from the date due until the date  
66.17 payment is received by the retirement plan. If the entity does not pay the full amount of  
66.18 the required contribution, the executive director shall collect the unpaid amount under  
66.19 section 353.28, subdivision 6.

66.20 Subd. 1a. **Annual funding requirements; monthly benefit retirement division.**

66.21 (a) Annually, the executive director shall determine the funding requirements of each  
66.22 monthly benefit account in the voluntary statewide volunteer firefighter retirement plan on  
66.23 or before August 1.

66.24 (b) The executive director must determine the funding requirements of a monthly  
66.25 benefit account under this subdivision from:

66.26 (1) the most recent actuarial valuation normal cost, administrative expense,  
66.27 including the cost of a regular actuarial valuation, and amortization results for the account  
66.28 determined by the approved actuary retained by the retirement association under sections  
66.29 356.215 and 356.216; and

66.30 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial  
66.31 assumption and other actuarial assumptions approved under section 356.215, subdivision  
66.32 18:

66.33 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit  
66.34 increase to be amortized over a period of 20 years from the date of the benefit change;

67.1 (ii) with that portion of any unfunded actuarial accrued liability attributable to an  
67.2 assumption change or an actuarial method change to be amortized over a period of 20  
67.3 years from the date of the assumption or method change;

67.4 (iii) with that portion of any unfunded actuarial accrued liability attributable to an  
67.5 investment loss to be amortized over a period of ten years from the date of investment  
67.6 loss; and

67.7 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized  
67.8 over a period of five years from the date of the actuarial valuation.

67.9 (c) The required contributions of the entity or entities associated with the fire  
67.10 department whose active firefighters are covered by the monthly benefit retirement  
67.11 division are the annual financial requirements of the monthly benefit account of the  
67.12 retirement plan under paragraph (b) reduced by the amount of any fire state aid payable  
67.13 under sections 69.011 to 69.051, or any police and firefighter retirement supplemental state  
67.14 aid payable under section 423A.022, that is reasonably anticipated to be received by the  
67.15 retirement plan attributable to the entity or entities during the following calendar year.

67.16 The required contribution must be allocated between the entities if more than one entity  
67.17 is involved. A reasonable amount of anticipated fire state aid is an amount that does not  
67.18 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

67.19 (d) The required contribution calculated in paragraph (c) must be paid to the  
67.20 retirement plan on or before December 31 of the year for which it was calculated. If  
67.21 the contribution is not received by the retirement plan by December 31, it is payable  
67.22 with interest at an annual compound rate of six percent from the date due until the date  
67.23 payment is received by the retirement plan. If the entity does not pay the full amount of  
67.24 the required contribution, the executive director shall collect the unpaid amount under  
67.25 section 353.28, subdivision 6.

67.26 **Subd. 2. Cash flow funding requirement.** If the executive director determines  
67.27 that ~~an~~ a lump-sum retirement or a monthly benefit retirement account in the voluntary  
67.28 statewide ~~lump-sum~~ volunteer firefighter retirement plan has insufficient assets to meet the  
67.29 service pensions ~~determined~~ expected to be payable from the account over the succeeding  
67.30 two years, the executive director shall certify the amount of the potential service pension  
67.31 shortfall to the municipality or municipalities and the municipality or municipalities shall  
67.32 make an additional employer contribution to the account within ten days of the certification.  
67.33 If more than one municipality is associated with the account, unless the municipalities agree  
67.34 to and implement a different allocation, the municipalities shall allocate the additional  
67.35 employer contribution one-half in proportion to the population of each municipality and  
67.36 one-half in proportion to the estimated market value of the property of each municipality.

68.1 Subd. 2a. **Additional municipal contributions authorized.** (a) At the discretion of  
 68.2 the municipality or the independent nonprofit firefighting corporation associated with a fire  
 68.3 department covered by a voluntary statewide ~~lump-sum~~ volunteer firefighter retirement  
 68.4 plan account, the municipality or the corporation may make additional contributions  
 68.5 to the applicable account.

68.6 (b) The executive director of the Public Employees Retirement Association  
 68.7 may specify requirements as to the form, timing, and accompanying information for  
 68.8 contributions made under this subdivision.

68.9 (c) Any contributions made under this subdivision must be included as total present  
 68.10 assets of the account for the calculation of any subsequent annual funding requirements  
 68.11 for the account under subdivision 1 or 1a or for the calculation of any cash flow funding  
 68.12 requirement under subdivision 2.

68.13 Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement  
 68.14 account or of a monthly benefit retirement account of the retirement fund may only be  
 68.15 disbursed for:

- 68.16 (1) the administrative expenses of the retirement plan;
- 68.17 (2) the investment expenses of the retirement fund;
- 68.18 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or  
 68.19 353G.15;
- 68.20 (4) the survivor benefits payable under section 353G.12; and
- 68.21 (5) the disability benefit coverage insurance premiums under section 353G.115.

68.22 Sec. 18. Minnesota Statutes 2014, section 353G.09, is amended to read:

68.23 **353G.09 RETIREMENT BENEFIT ELIGIBILITY.**

68.24 Subdivision 1. **Entitlement.** Except as provided in subdivision 3, an active member  
 68.25 of the retirement plan is entitled to a ~~lump-sum~~ service pension from the retirement plan  
 68.26 if the person:

- 68.27 (1) has separated from active service with the fire department for at least 30 days;
- 68.28 (2) has attained the age of at least 50 years;
- 68.29 (3) has completed at least five years of good time service credit as a member of the  
 68.30 retirement plan if the person is a member of the lump-sum retirement division or has  
 68.31 completed at least the minimum number of years of good time service credit as a member  
 68.32 of the retirement plan specified in the retirement benefit plan document attributable to the  
 68.33 applicable fire department if the person is a member of the monthly benefit retirement  
 68.34 division; and
- 68.35 (4) applies in a manner prescribed by the executive director for the service pension.

69.1 Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** (a) If an  
 69.2 active member of the lump-sum retirement division has completed less than 20 years of  
 69.3 good time service credit as a member of the lump-sum retirement division of the plan, the  
 69.4 person's entitlement to a service pension is equal to the nonforfeitable percentage of the  
 69.5 applicable service pension amount, as follows:

69.6	Completed years of good time	Nonforfeitable percentage of the
69.7	service credit	service pension
69.8	5	40 percent
69.9	6	44 percent
69.10	7	48 percent
69.11	8	52 percent
69.12	9	56 percent
69.13	10	60 percent
69.14	11	64 percent
69.15	12	68 percent
69.16	13	72 percent
69.17	14	76 percent
69.18	15	80 percent
69.19	16	84 percent
69.20	17	88 percent
69.21	18	92 percent
69.22	19	96 percent
69.23	20 and thereafter	100 percent

69.24 (b) If an active member of the monthly benefit retirement division has completed less  
 69.25 than 20 years of good time service credit as a member of the monthly benefit retirement  
 69.26 division of the plan, the person's entitlement to a service pension must be governed by the  
 69.27 retirement benefit plan document attributable to the applicable fire department.

69.28 Subd. 3. **Alternative lump-sum pension eligibility and computation.** (a) An  
 69.29 active member of the lump-sum retirement division of the retirement plan is entitled to an  
 69.30 alternative lump-sum service pension from the retirement plan if the person:

69.31 (1) has separated from active service with the fire department for at least 30 days;

69.32 (2) has attained the age of at least 50 years or the age for receipt of a service pension  
 69.33 under the benefit plan of the applicable former volunteer firefighters relief association as  
 69.34 of the date immediately prior to the election of the retirement coverage change, whichever  
 69.35 is later;

69.36 (3) has completed at least five years of active service with the fire department and  
 69.37 at least five years in total as a member of the applicable former volunteer firefighters  
 69.38 relief association or of the lump-sum retirement division of the retirement plan, but has

70.1 not rendered at least five years of good time service credit as a member of the lump-sum  
 70.2 retirement division of the plan; and

70.3 (4) applies in a manner prescribed by the executive director for the service pension.

70.4 (b) If retirement coverage prior to statewide retirement plan coverage was provided  
 70.5 by a defined benefit lump-sum retirement plan volunteer firefighters relief association,  
 70.6 the alternative lump-sum service pension is the service pension amount specified in the  
 70.7 bylaws of the applicable former volunteer firefighters relief association either as of the  
 70.8 date immediately ~~prior to~~ before the election of the retirement coverage change or as of  
 70.9 the date immediately before the termination of firefighting services, whichever is earlier,  
 70.10 multiplied by the total number of years of service as a member of that volunteer firefighters  
 70.11 relief association and as a member of the retirement plan. If retirement coverage ~~prior to~~  
 70.12 before statewide retirement plan coverage was provided by a defined contribution plan  
 70.13 volunteer firefighters relief association, the alternative lump-sum service pension is an  
 70.14 amount equal to the person's account balance as of the date immediately ~~prior to~~ before  
 70.15 the date on which statewide retirement plan coverage was first provided to the person plus  
 70.16 six percent annual compound interest from that date until the date immediately ~~prior~~  
 70.17 ~~to~~ before the date of retirement.

70.18 Sec. 19. Minnesota Statutes 2014, section 353G.10, is amended to read:

70.19 **353G.10 DEFERRED SERVICE PENSION AMOUNT.**

70.20 A person who was an active member of a fire department covered by either the  
 70.21 lump-sum retirement division or the monthly benefit retirement division of the retirement  
 70.22 plan who has separated from active firefighting service for at least 30 days and who has  
 70.23 completed at least five years of good time service credit, but has not attained the age of 50  
 70.24 years, is entitled to a deferred service pension on or after attaining the age of 50 years  
 70.25 and applying in a manner specified by the executive director for the service pension. The  
 70.26 service pension payable is the nonforfeitable percentage of the service pension under  
 70.27 section 353G.09, subdivision 2, and is payable without any interest on or increase in the  
 70.28 service pension over the period of deferral.

70.29 Sec. 20. Minnesota Statutes 2014, section 353G.11, is amended to read:

70.30 **353G.11 LUMP-SUM RETIREMENT DIVISION SERVICE PENSION**  
 70.31 **LEVELS.**

70.32 Subdivision 1. **Levels; lump-sum retirement division.** The lump-sum retirement  
 70.33 division of the retirement plan provides the following levels of service pension amounts to  
 70.34 be selected at the election of coverage, or, if fully funded, thereafter:

71.1	Level A	\$500 per year of good time service credit
71.2	Level B	\$600 per year of good time service credit
71.3	Level C	\$700 per year of good time service credit
71.4	Level D	\$800 per year of good time service credit
71.5	Level E	\$900 per year of good time service credit
71.6	Level F	\$1,000 per year of good time service credit
71.7	Level G	\$1,250 per year of good time service credit
71.8	Level H	\$1,500 per year of good time service credit
71.9	Level I	\$2,000 per year of good time service credit
71.10	Level J	\$2,500 per year of good time service credit
71.11	Level K	\$3,000 per year of good time service credit
71.12	Level L	\$3,500 per year of good time service credit
71.13	Level M	\$4,000 per year of good time service credit
71.14	Level N	\$4,500 per year of good time service credit
71.15	Level O	\$5,000 per year of good time service credit
71.16	Level P	\$5,500 per year of good time service credit
71.17	Level Q	\$6,000 per year of good time service credit
71.18	Level R	\$6,500 per year of good time service credit
71.19	Level S	\$7,000 per year of good time service credit
71.20	Level T	\$7,500 per year of good time service credit

71.21           Subd. 1a. **Continuation of prior lump-sum service pension levels.** If a  
71.22 municipality or independent nonprofit firefighting corporation elects elected to be covered  
71.23 by the lump-sum retirement division of the retirement plan ~~prior to~~ before January 1,  
71.24 2010, and selects selected the \$750 per year of good time service credit service pension  
71.25 amount effective for January 1, 2010, that level continues for the volunteer firefighters of  
71.26 that municipality or independent nonprofit firefighting corporation until a different service  
71.27 pension amount is selected under subdivision 2 after January 1, 2010.

71.28           Subd. 2. **Lump-sum retirement division level selection.** At the time of the election  
71.29 to transfer retirement coverage to the lump-sum retirement division of the retirement plan,  
71.30 or on April 30 thereafter, the governing body or bodies of the entity or entities operating  
71.31 the fire department whose firefighters are covered by the retirement plan may request  
71.32 a cost estimate from the executive director of an increase in the service pension level  
71.33 applicable to the active firefighters of the fire department. Within 90 days of the receipt of  
71.34 the cost estimate prepared by the executive director using a procedure certified as accurate  
71.35 by the approved actuary retained by the Public Employees Retirement Association, the  
71.36 governing body or bodies may approve the service pension level change, effective for the  
71.37 following calendar year. If not approved in a timely fashion, the service pension level  
71.38 change is considered to have been disapproved.

72.1 Subd. 3. **Supplemental benefit.** The lump-sum retirement account of the retirement  
72.2 plan also shall pay a supplemental benefit as provided for in section 424A.10.

72.3 Subd. 4. **Ancillary benefits.** Except as provided in section 353G.115 or 353G.12,  
72.4 no disability, death, funeral, or other ancillary benefit beyond a service pension or a  
72.5 survivor benefit is payable from the lump-sum retirement account of the retirement plan.

72.6 Sec. 21. **[353G.112] MONTHLY BENEFIT RETIREMENT DIVISION SERVICE**  
72.7 **PENSION LEVELS.**

72.8 The service pension amount for the firefighters of a fire department covered by the  
72.9 monthly benefit retirement division of the retirement plan is the amount specified in the  
72.10 retirement benefit plan document applicable to the fire department.

72.11 Sec. 22. Minnesota Statutes 2014, section 353G.115, is amended to read:

72.12 **353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**  
72.13 **CASUALTY INSURANCE.**

72.14 (a) Except as provided in paragraph (b) or (c), no disability benefit is payable from  
72.15 the statewide retirement plan.

72.16 (b) If the board approves the arrangement, disability coverage for the lump-sum  
72.17 retirement division of the statewide retirement plan members may be provided through  
72.18 a group disability insurance policy obtained from an insurance company licensed to do  
72.19 business in this state. The lump-sum retirement account of the voluntary statewide  
72.20 lump-sum volunteer firefighter retirement plan is authorized to pay the premium for the  
72.21 disability insurance authorized by this paragraph. The proportional amount of the total  
72.22 annual disability insurance premium must be added to the required contribution amount  
72.23 determined under section 353G.08.

72.24 (c) The disability benefit coverage for the monthly benefit retirement division is  
72.25 the disability service pension amount specified in the retirement benefit plan document  
72.26 applicable to the fire department, applicable former volunteer firefighters relief association  
72.27 in effect as of the last day before the date on which retirement coverage transferred to the  
72.28 voluntary statewide volunteer firefighter retirement plan, subject to all conditions and  
72.29 limitations in the disability service pension specified therein.

72.30 Sec. 23. Minnesota Statutes 2014, section 353G.12, subdivision 2, is amended to read:

72.31 Subd. 2. **Lump-sum retirement plan; survivor benefit amount.** The amount of  
72.32 the survivor benefit for the lump-sum retirement division is the amount of the lump-sum

73.1 service pension that would have been payable to the member of the lump-sum retirement  
73.2 plan division on the date of death if the member had been age 50 or older on that date.

73.3 Sec. 24. Minnesota Statutes 2014, section 353G.12, is amended by adding a  
73.4 subdivision to read:

73.5 Subd. 3. **Monthly benefit retirement plan; survivor benefit amount.** The amount  
73.6 of the survivor benefit for the monthly benefit retirement division is the survivor service  
73.7 pension amount specified in the retirement benefit plan document applicable to the fire  
73.8 department, subject to all conditions and limitations for the benefit specified therein.

73.9 Sec. 25. **[353G.121] MONTHLY BENEFIT RETIREMENT DIVISION;**  
73.10 **POST-TRANSFER BENEFIT PLAN DOCUMENT MODIFICATIONS.**

73.11 (a) The fire chief of a fire department that has an active membership who are covered  
73.12 by the monthly benefit retirement division of the statewide retirement plan may initiate the  
73.13 process of modifying the retirement benefit plan document under this section.

73.14 (b) The modification procedure is initiated when the applicable fire chief files with  
73.15 the executive director of the Public Employees Retirement Association a written summary  
73.16 of the desired benefit plan document modification, the proposed benefit plan document  
73.17 modification language, a written request for the preparation of an actuarial cost estimate  
73.18 for the proposed benefit plan document modification, and payment of the estimated cost of  
73.19 the actuarial cost estimate.

73.20 (c) Upon receipt of the modification request and related documents, the executive  
73.21 director shall review the language of the proposed benefit plan document modification  
73.22 and, if a clarification is needed in the submitted language, shall inform the fire chief  
73.23 of the necessary clarification. Once the proposed benefit plan document modification  
73.24 language has been clarified by the fire chief and resubmitted to the executive director, the  
73.25 executive director shall arrange for the approved actuary retained by the Public Employees  
73.26 Retirement Association to prepare a benefit plan document modification cost estimate  
73.27 under the applicable provisions of section 356.215 and of the standards for actuarial work  
73.28 adopted by the Legislative Commission on Pensions and Retirement. Upon completion of  
73.29 the benefit plan document modification cost estimate, the executive director shall forward  
73.30 the estimate to the fire chief who requested it and to the chief financial officer of the  
73.31 municipality or entity with which the fire department is primarily associated.

73.32 (d) The fire chief, upon receipt of the cost estimate, shall circulate the cost estimate  
73.33 with the active firefighters in the fire department and shall take reasonable steps to provide  
73.34 the estimate results to any affected retired members of the fire department and their

74.1 beneficiaries. The chief financial officer of the municipality or entity associated with the  
 74.2 fire department shall present the proposed modification language and the cost estimate to  
 74.3 the governing body of the municipality or entity for its consideration at a public hearing  
 74.4 held for that purpose.

74.5 (e) If the governing body of the municipality or entity approves the modification  
 74.6 language, the chief administrative officer of the municipality or entity shall notify the  
 74.7 executive director of the Public Employees Retirement Association of that approval. The  
 74.8 benefit plan document modification is effective on the January 1 next following the date of  
 74.9 filing the approval with the Public Employees Retirement Association and the state auditor.

74.10 Sec. 26. Minnesota Statutes 2014, section 353G.13, is amended to read:

74.11 **353G.13 LUMP-SUM RETIREMENT DIVISION; PORTABILITY.**

74.12 Subdivision 1. **Eligibility.** An active firefighter who is a member of the lump-sum  
 74.13 retirement division of the retirement plan who also renders firefighting service and has  
 74.14 good time service credit in the lump-sum retirement division of the retirement plan from  
 74.15 another fire department, if the good time service credit in the plan from a combination of  
 74.16 periods totals at least five years, is eligible, upon complying with the other requirements of  
 74.17 section 353G.09, to receive a lump-sum service pension upon filing an application in the  
 74.18 manner prescribed by the executive director, computed as provided in subdivision 2.

74.19 Subd. 2. **Combined service pension computation.** The lump-sum service pension  
 74.20 payable to a firefighter who qualifies under subdivision 1 is the per year of good time  
 74.21 lump-sum service credit service pension amount in effect for each lump-sum retirement  
 74.22 account in which the firefighter has good time service credit as of the date on which the  
 74.23 firefighter terminated active service with the fire department associated with the applicable  
 74.24 account, multiplied by the number of years of good time service credit that the firefighter  
 74.25 has in the applicable account.

74.26 Subd. 3. **Payment.** A lump-sum service pension under this section must be paid  
 74.27 in a single payment, with the applicable portion of the total lump-sum service pension  
 74.28 payment amount deducted from each lump-sum retirement account.

74.29 Sec. 27. Minnesota Statutes 2014, section 353G.14, is amended to read:

74.30 **353G.14 PURCHASE OF ANNUITY CONTRACTS.**

74.31 The executive director may purchase an annuity contract on behalf of a retiring  
 74.32 firefighter retiring from the lump-sum retirement division of the statewide retirement  
 74.33 plan with a total premium payment in an amount equal to the lump-sum service pension  
 74.34 payable under section 353G.09 if the purchase was requested by the retiring firefighter in a

75.1 manner prescribed by the executive director. The annuity contract must be purchased from  
 75.2 an insurance carrier that is licensed to do business in this state. If purchased, the annuity  
 75.3 contract is in lieu of any service pension or other benefit from the lump-sum retirement  
 75.4 plan of the retirement plan. The annuity contract may be purchased at any time after the  
 75.5 volunteer firefighter discontinues active service, but the annuity contract must stipulate that  
 75.6 no annuity amounts are payable before the former volunteer firefighter attains the age of 50.

75.7 Sec. 28. Minnesota Statutes 2014, section 353G.15, is amended to read:

75.8 **353G.15 INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.**

75.9 Upon receipt of a determination that the voluntary statewide volunteer firefighter  
 75.10 retirement plan is a qualified pension plan under section 401(a) of the Internal Revenue  
 75.11 Code, as amended, the executive director, upon request, shall transfer ~~the~~ a lump-sum  
 75.12 service pension amount under sections 353G.08 and 353G.11 of a former volunteer  
 75.13 firefighter who has terminated active firefighting services covered by the lump-sum  
 75.14 retirement division of the statewide plan and who has attained the age of at least 50 years  
 75.15 to the person's individual retirement account under section 408(a) of the federal Internal  
 75.16 Revenue Code, as amended. The transfer request must be in a manner prescribed by the  
 75.17 executive director and must be filed by the former volunteer firefighter who has sufficient  
 75.18 service credit to be entitled to a service pension or, following the death of a participating  
 75.19 active firefighter, must be filed by the deceased firefighter's surviving spouse.

75.20 Sec. 29. Minnesota Statutes 2014, section 353G.16, is amended to read:

75.21 **353G.16 EXEMPTION FROM PROCESS.**

75.22 The provisions of section 356.401 apply to the voluntary statewide volunteer  
 75.23 firefighter retirement plan.

75.24 Sec. 30. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

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

75.27 (1) select and ultimate interest rate assumption

75.28 75.29 plan	ultimate interest rate assumption
75.30 general state employees retirement plan	8.5%
75.31 correctional state employees retirement plan	8.5
75.32 State Patrol retirement plan	8.5

76.1	legislators retirement plan, and for the	0
76.2	constitutional officers calculation of total plan	
76.3	liabilities	
76.4	judges retirement plan	8.5
76.5	general public employees retirement plan	8.5
76.6	public employees police and fire retirement plan	8.5
76.7	local government correctional service	8.5
76.8	retirement plan	
76.9	teachers retirement plan	8.5
76.10	St. Paul teachers retirement plan	8.5

76.11 Except for the legislators retirement plan and the constitutional officers calculation  
 76.12 of total plan liabilities, the select preretirement interest rate assumption for the period after  
 76.13 June 30, 2012, through June 30, 2017, is 8 percent.

76.14 (2) single rate interest rate assumption

76.15	plan	interest rate
76.16		assumption
76.17	Bloomington Fire Department Relief Association	6
76.18	local monthly benefit volunteer firefighters relief	5
76.19	associations	
76.20	<u>monthly benefit retirement plans in the statewide</u>	<u>6</u>
76.21	<u>volunteer firefighter retirement plan</u>	

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

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

76.35 (c) The actuarial valuation must use the applicable following single rate future salary  
 76.36 increase assumption, the applicable following modified single rate future salary increase  
 76.37 assumption, or the applicable following graded rate future salary increase assumption:

76.38 (1) single rate future salary increase assumption

77.1	plan	future salary increase assumption
77.2	legislators retirement plan	5%
77.3	judges retirement plan	3
77.4	Bloomington Fire Department Relief Association	4

77.6 (2) age-related future salary increase age-related select and ultimate future salary  
 77.7 increase assumption or graded rate future salary increase assumption

77.8	plan	future salary increase assumption
77.9	local government correctional service retirement plan	assumption B
77.10	St. Paul teachers retirement plan	assumption A

77.11 For plans other than the St. Paul teachers  
 77.12 retirement plan and the local government  
 77.13 correctional service retirement plan, the  
 77.14 select calculation is: during the designated  
 77.15 select period, a designated percentage rate  
 77.16 is multiplied by the result of the designated  
 77.17 integer minus T, where T is the number of  
 77.18 completed years of service, and is added  
 77.19 to the applicable future salary increase  
 77.20 assumption. The designated select period  
 77.21 is ten years and the designated integer is  
 77.22 ten for the local government correctional  
 77.23 service retirement plan and 15 for the St.  
 77.24 Paul Teachers Retirement Fund Association.  
 77.25 The designated percentage rate is 0.2 percent  
 77.26 for the St. Paul Teachers Retirement Fund  
 77.27 Association.

77.28 The ultimate future salary increase assumption is:

77.29	age	A	B
77.30	16	5.9%	9%
77.31	17	5.9	9
77.32	18	5.9	9
77.33	19	5.9	9
77.34	20	5.9	9
77.35	21	5.9	8.75
77.36	22	5.9	8.5
77.37	23	5.85	8.25
77.38	24	5.8	8

78.1	25	5.75	7.75
78.2	26	5.7	7.5
78.3	27	5.65	7.25
78.4	28	5.6	7
78.5	29	5.55	6.75
78.6	30	5.5	6.75
78.7	31	5.45	6.5
78.8	32	5.4	6.5
78.9	33	5.35	6.5
78.10	34	5.3	6.25
78.11	35	5.25	6.25
78.12	36	5.2	6
78.13	37	5.15	6
78.14	38	5.1	6
78.15	39	5.05	5.75
78.16	40	5	5.75
78.17	41	4.95	5.75
78.18	42	4.9	5.5
78.19	43	4.85	5.25
78.20	44	4.8	5.25
78.21	45	4.75	5
78.22	46	4.7	5
78.23	47	4.65	5
78.24	48	4.6	5
78.25	49	4.55	5
78.26	50	4.5	5
78.27	51	4.45	5
78.28	52	4.4	5
78.29	53	4.35	5
78.30	54	4.3	5
78.31	55	4.25	4.75
78.32	56	4.2	4.75
78.33	57	4.15	4.5
78.34	58	4.1	4.25
78.35	59	4.05	4.25
78.36	60	4	4.25
78.37	61	4	4.25
78.38	62	4	4.25
78.39	63	4	4.25
78.40	64	4	4.25
78.41	65	4	4
78.42	66	4	4
78.43	67	4	4

79.1	68		4		4		
79.2	69		4		4		
79.3	70		4		4		
79.4	(3) service-related ultimate future salary increase assumption						
79.5	general state employees retirement plan of the Minnesota State Retirement System					assumption A	
79.6							
79.7	general employees retirement plan of the Public Employees Retirement Association					assumption B	
79.8							
79.9	Teachers Retirement Association					assumption C	
79.10	public employees police and fire retirement plan					assumption D	
79.11	State Patrol retirement plan					assumption E	
79.12	correctional state employees retirement plan of the Minnesota State Retirement System					assumption F	
79.13							
79.14	service length						
79.15		A	B	C	D	E	F
79.16	1	10.5%	12.03%	12%	13%	8%	6%
79.17	2	8.1	8.9	9	11	7.5	5.85
79.18	3	6.9	7.46	8	9	7	5.7
79.19	4	6.2	6.58	7.5	8	6.75	5.55
79.20	5	5.7	5.97	7.25	6.5	6.5	5.4
79.21	6	5.3	5.52	7	6.1	6.25	5.25
79.22	7	5	5.16	6.85	5.8	6	5.1
79.23	8	4.7	4.87	6.7	5.6	5.85	4.95
79.24	9	4.5	4.63	6.55	5.4	5.7	4.8
79.25	10	4.4	4.42	6.4	5.3	5.55	4.65
79.26	11	4.2	4.24	6.25	5.2	5.4	4.55
79.27	12	4.1	4.08	6	5.1	5.25	4.45
79.28	13	4	3.94	5.75	5	5.1	4.35
79.29	14	3.8	3.82	5.5	4.9	4.95	4.25
79.30	15	3.7	3.7	5.25	4.8	4.8	4.15
79.31	16	3.6	3.6	5	4.8	4.65	4.05
79.32	17	3.5	3.51	4.75	4.8	4.5	3.95
79.33	18	3.5	3.5	4.5	4.8	4.35	3.85
79.34	19	3.5	3.5	4.25	4.8	4.2	3.75
79.35	20	3.5	3.5	4	4.8	4.05	3.75
79.36	21	3.5	3.5	3.9	4.7	4	3.75
79.37	22	3.5	3.5	3.8	4.6	4	3.75
79.38	23	3.5	3.5	3.7	4.5	4	3.75
79.39	24	3.5	3.5	3.6	4.5	4	3.75
79.40	25	3.5	3.5	3.5	4.5	4	3.75
79.41	26	3.5	3.5	3.5	4.5	4	3.75
79.42	27	3.5	3.5	3.5	4.5	4	3.75
79.43	28	3.5	3.5	3.5	4.5	4	3.75

80.1	29	3.5	3.5	3.5	4.5	4	3.75
80.2	30 or more	3.5	3.5	3.5	4.5	4	3.75

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

80.7	plan	payroll growth assumption
80.8	general state employees retirement plan of the	3.75%
80.9	Minnesota State Retirement System	
80.10	correctional state employees retirement plan	3.75
80.11	State Patrol retirement plan	3.75
80.12	judges retirement plan	3
80.13	general employees retirement plan of the Public	3.75
80.14	Employees Retirement Association	
80.15	public employees police and fire retirement plan	3.75
80.16	local government correctional service retirement plan	3.75
80.17	teachers retirement plan	3.75
80.18	St. Paul teachers retirement plan	4

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

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

80.26 **Sec. 31. EFFECTIVE DATE.**

80.27 (a) The amendments to subdivisions 1, 2, 4, and 5 of section 12 are effective July  
 80.28 1, 2015, and the amendment to subdivision 3 of section 12 is effective the July 1 next  
 80.29 following the day on which one or more volunteer firefighter relief associations providing  
 80.30 monthly service pensions in whole or in part transfer administration of the retirement plan  
 80.31 to the Public Employees Retirement Association under Minnesota Statutes, chapter 353G.

80.32 (b) Section 30 is effective June 30, 2015.

80.33 (c) The balance of the sections are effective July 1, 2015.

81.1 **ARTICLE 9**

81.2 **VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION WORKING**  
81.3 **GROUP RECOMMENDATIONS**

81.4 Section 1. Minnesota Statutes 2014, section 69.051, subdivision 1a, is amended to read:

81.5 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief  
81.6 association, as defined in section 424A.001, subdivision 4, that is not required to file a  
81.7 financial report and audit under subdivision 1 must prepare a detailed statement of the  
81.8 financial affairs for the preceding fiscal year of the relief association's special and general  
81.9 funds in the style and form prescribed by the state auditor. The detailed statement must  
81.10 show:

- 81.11 (1) the sources and amounts of all money received;  
81.12 (2) all disbursements, accounts payable and accounts receivable;  
81.13 (3) the amount of money remaining in the treasury;  
81.14 (4) total assets, including a listing of all investments;  
81.15 (5) the accrued liabilities; and  
81.16 (6) all other items necessary to show accurately the revenues and expenditures and  
81.17 financial position of the relief association.

81.18 (b) The detailed financial statement of the special and general funds required under  
81.19 paragraph (a) must be certified by a certified public accountant or by the state auditor. ~~In~~  
81.20 ~~addition to certifying the financial condition of the special and general funds of the relief~~  
81.21 ~~association, the accountant or auditor conducting the examination shall give an opinion~~  
81.22 ~~as to the condition of the special and general funds of the relief association, and shall~~  
81.23 ~~comment upon any exceptions to the report~~ in accordance with agreed-upon procedures  
81.24 and forms prescribed by the state auditor. The accountant must have at least five years of  
81.25 public accounting, auditing, or similar experience, and must not be an active, inactive, or  
81.26 retired member of the relief association or the fire department.

81.27 (c) The detailed financial statement required under paragraph (a) must be  
81.28 countersigned by:

- 81.29 (1) the municipal clerk or clerk-treasurer of the municipality; or  
81.30 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest  
81.31 municipality in population which contracts with the independent nonprofit firefighting  
81.32 corporation if the relief association is a subsidiary of an independent nonprofit firefighting  
81.33 corporation and by the secretary of the independent nonprofit firefighting corporation; or  
81.34 (3) by the chief financial official of the county in which the volunteer firefighter  
81.35 relief association is located or primarily located if the relief association is associated with  
81.36 a fire department that is not located in or associated with an organized municipality.

82.1 (d) The volunteer firefighters' relief association board must file the detailed financial  
82.2 statement required under paragraph (a) in the relief association office for public inspection  
82.3 and present it to the governing body of the municipality within 45 days after the close of  
82.4 the fiscal year, and must submit a copy of the certified detailed financial statement to the  
82.5 state auditor within 90 days of the close of the fiscal year.

82.6 (e) A certified public accountant or auditor who performs the agreed-upon  
82.7 procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

82.8 **EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to financial  
82.9 statements prepared for calendar year 2015 and thereafter.

82.10 Sec. 2. Minnesota Statutes 2014, section 69.80, is amended to read:

82.11 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

82.12 (a) Notwithstanding any provision of law to the contrary, the payment of the  
82.13 following necessary, reasonable and direct expenses of maintaining, protecting and  
82.14 administering the special fund, when provided for in the bylaws of the association and  
82.15 approved by the board of trustees, constitutes authorized administrative expenses of a  
82.16 volunteer firefighters' relief association organized under any law of this state or the  
82.17 Bloomington Fire Department Relief Association:

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

82.21 (2) salaries of the officers of the association, or their designees, and salaries of the  
82.22 members of the board of trustees of the association if the salary amounts are approved by  
82.23 the governing body of the entity that is responsible for meeting any minimum obligation  
82.24 under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to  
82.25 42, and the itemized expenses of relief association officers and board members that are  
82.26 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

82.27 (3) tuition, registration fees, organizational dues, and other authorized expenses  
82.28 of the officers or members of the board of trustees incurred in attending educational  
82.29 conferences, seminars, or classes relating to the administration of the relief association;

82.30 (4) audit, and audit-related services, and accounting and accounting-related services,  
82.31 actuarial, medical, legal, and investment and performance evaluation expenses;

82.32 (5) filing and application fees payable by the relief association to federal or other  
82.33 governmental entities;

83.1 (6) reimbursement to the officers and members of the board of trustees, or their  
83.2 designees, for reasonable and necessary expenses actually paid and incurred in the  
83.3 performance of their duties as officers or members of the board; and

83.4 (7) premiums on fiduciary liability insurance and official bonds for the officers,  
83.5 members of the board of trustees, and employees of the relief association.

83.6 (b) Any other expenses of the relief association must be paid from the general fund  
83.7 of the association, if one exists. If a relief association has only one fund, that fund is the  
83.8 special fund for purposes of this section. If a relief association has a special fund and  
83.9 a general fund, and any expense of the relief association that is directly related to the  
83.10 purposes for which both funds were established, the payment of that expense must be  
83.11 apportioned between the two funds on the basis of the benefits derived by each fund.

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

83.13 Sec. 3. Minnesota Statutes 2014, section 424A.001, is amended by adding a  
83.14 subdivision to read:

83.15 Subd. 12. **Membership start date.** Membership in a volunteer firefighters relief  
83.16 association begins upon the date of hire by a municipality, a joint powers board, or an  
83.17 independent nonprofit firefighting corporation with which the relief association is directly  
83.18 associated, unless otherwise specified in the relief association bylaws.

83.19 **EFFECTIVE DATE.** This section is effective January 1, 2016.

83.20 Sec. 4. Minnesota Statutes 2014, section 424A.002, subdivision 1, is amended to read:

83.21 Subdivision 1. **Authorization.** A municipal fire department or an independent  
83.22 nonprofit firefighting corporation, with approval by the applicable municipality or  
83.23 municipalities, may establish a new volunteer firefighters relief association or may retain  
83.24 an existing volunteer firefighters relief association. A municipal fire department or an  
83.25 independent nonprofit firefighting corporation may be associated with only one volunteer  
83.26 firefighters relief association at one time.

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

83.28 Sec. 5. Minnesota Statutes 2014, section 424A.016, subdivision 4, is amended to read:

83.29 Subd. 4. **Individual accounts.** (a) An individual account must be established for  
83.30 each firefighter who is a member of the relief association.

83.31 (b) To each individual active member account must be credited an equal share of:

84.1 (1) any amounts of fire state aid and police and firefighter retirement supplemental  
84.2 state aid received by the relief association;

84.3 (2) any amounts of municipal contributions to the relief association raised from  
84.4 levies on real estate or from other available municipal revenue sources exclusive of fire  
84.5 state aid; and

84.6 (3) any amounts equal to the share of the assets of the special fund to the credit of:

84.7 (i) any former member who terminated active service with the fire department to  
84.8 which the relief association is associated before meeting the minimum service requirement  
84.9 provided for in subdivision 2, paragraph (b), and has not returned to active service with  
84.10 the fire department for a period no shorter than five years; or

84.11 (ii) any retired member who retired before obtaining a full nonforfeitable interest in  
84.12 the amounts credited to the individual member account under subdivision 2, paragraph  
84.13 (b), and any applicable provision of the bylaws of the relief association. In addition, any  
84.14 investment return on the assets of the special fund must be credited in proportion to the  
84.15 share of the assets of the special fund to the credit of each individual active member  
84.16 account. Administrative expenses of the relief association payable from the special  
84.17 fund may be deducted from individual accounts in a manner specified in the bylaws of  
84.18 the relief association.

84.19 (c) If the bylaws so permit and as the bylaws define, the relief association may credit  
84.20 any investment return on the assets of the special fund to the accounts of inactive members.

84.21 (d) Amounts to be credited to individual accounts must be allocated uniformly  
84.22 for all years of active service and allocations must be made for all years of service,  
84.23 except for caps on service credit if so provided in the bylaws of the relief association.

84.24 Amounts forfeited under paragraph (b), clause (3), before a resumption of active service  
84.25 and membership under section 424A.01, subdivision 6, remain forfeited and may not be  
84.26 reinstated upon the resumption of active service and membership. The allocation method  
84.27 may utilize monthly proration for fractional years of service, as the bylaws or articles of  
84.28 incorporation of the relief association so provide. The bylaws or articles of incorporation  
84.29 may define a "month," but the definition must require a calendar month to have at least 16  
84.30 days of active service. If the bylaws or articles of incorporation do not define a "month," a  
84.31 "month" is a completed calendar month of active service measured from the member's  
84.32 date of entry to the same date in the subsequent month.

84.33 (e) At the time of retirement under subdivision 2 and any applicable provision of the  
84.34 bylaws of the relief association, a retiring member is entitled to that portion of the assets  
84.35 of the special fund to the credit of the member in the individual member account which is

85.1 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
85.2 association based on the number of years of service to the credit of the retiring member.

85.3 (f) Annually, the secretary of the relief association shall certify the individual  
85.4 account allocations to the state auditor at the same time that the annual financial statement  
85.5 or financial report and audit of the relief association, whichever applies, is due under  
85.6 section 69.051.

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

85.8 Sec. 6. Minnesota Statutes 2014, section 424A.02, subdivision 3, is amended to read:

85.9 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August  
85.10 1 as part of the certification of the financial requirements and minimum municipal  
85.11 obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5,  
85.12 as applicable, the secretary or some other official of the relief association designated in the  
85.13 bylaws of each defined benefit relief association shall calculate and certify to the governing  
85.14 body of the applicable municipality the average amount of available financing per active  
85.15 covered firefighter for the most recent three-year period. The amount of available financing  
85.16 includes any amounts of fire state aid and police and firefighter retirement supplemental  
85.17 state aid received or receivable by the relief association, any amounts of municipal  
85.18 contributions to the relief association raised from levies on real estate or from other  
85.19 available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in  
85.20 excess of the accrued liabilities of the relief association calculated under section 424A.092,  
85.21 subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

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

85.26 (c) For a defined benefit relief association where the governing bylaws provide for  
85.27 a monthly service pension to a retiring member, the maximum monthly service pension  
85.28 amount per month for each year of service credited that may be provided for in the bylaws  
85.29 is the greater of the service pension amount provided for in the bylaws on the date of the  
85.30 calculation of the average amount of the available financing per active covered firefighter  
85.31 or the maximum service pension figure corresponding to the average amount of available  
85.32 financing per active covered firefighter:

	Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
86.1		
86.2		
86.3		
86.4	\$ ...	\$ .25
86.5	41	.50
86.6	81	1.00
86.7	122	1.50
86.8	162	2.00
86.9	203	2.50
86.10	243	3.00
86.11	284	3.50
86.12	324	4.00
86.13	365	4.50
86.14	405	5.00
86.15	486	6.00
86.16	567	7.00
86.17	648	8.00
86.18	729	9.00
86.19	810	10.00
86.20	891	11.00
86.21	972	12.00
86.22	1053	13.00
86.23	1134	14.00
86.24	1215	15.00
86.25	1296	16.00
86.26	1377	17.00
86.27	1458	18.00
86.28	1539	19.00
86.29	1620	20.00
86.30	1701	21.00
86.31	1782	22.00
86.32	1823	22.50
86.33	1863	23.00
86.34	1944	24.00
86.35	2025	25.00
86.36	2106	26.00
86.37	2187	27.00
86.38	2268	28.00
86.39	2349	29.00
86.40	2430	30.00
86.41	2511	31.00
86.42	2592	32.00
86.43	2673	33.00
86.44	2754	34.00

87.1	2834	35.00
87.2	2916	36.00
87.3	2997	37.00
87.4	3078	38.00
87.5	3159	39.00
87.6	3240	40.00
87.7	3321	41.00
87.8	3402	42.00
87.9	3483	43.00
87.10	3564	44.00
87.11	3645	45.00
87.12	3726	46.00
87.13	3807	47.00
87.14	3888	48.00
87.15	3969	49.00
87.16	4050	50.00
87.17	4131	51.00
87.18	4212	52.00
87.19	4293	53.00
87.20	4374	54.00
87.21	4455	55.00
87.22	4536	56.00
87.23	4617	57.00
87.24	4698	58.00
87.25	4779	59.00
87.26	4860	60.00
87.27	4941	61.00
87.28	5022	62.00
87.29	5103	63.00
87.30	5184	64.00
87.31	5265	65.00
87.32	5346	66.00
87.33	5427	67.00
87.34	5508	68.00
87.35	5589	69.00
87.36	5670	70.00
87.37	5751	71.00
87.38	5832	72.00
87.39	5913	73.00
87.40	5994	74.00
87.41	6075	75.00
87.42	6156	76.00
87.43	6237	77.00

88.1	6318	78.00
88.2	6399	79.00
88.3	6480	80.00
88.4	6561	81.00
88.5	6642	82.00
88.6	6723	83.00
88.7	6804	84.00
88.8	6885	85.00
88.9	6966	86.00
88.10	7047	87.00
88.11	7128	88.00
88.12	7209	89.00
88.13	7290	90.00
88.14	7371	91.00
88.15	7452	92.00
88.16	7533	93.00
88.17	7614	94.00
88.18	7695	95.00
88.19	7776	96.00
88.20	7857	97.00
88.21	7938	98.00
88.22	8019	99.00
88.23	8100	100.00
88.24	any amount in excess of	
88.25	8100	100.00

88.26 (d) For a defined benefit relief association in which the governing bylaws provide  
 88.27 for a lump-sum service pension to a retiring member, the maximum lump-sum service  
 88.28 pension amount for each year of service credited that may be provided for in the bylaws is  
 88.29 the greater of the service pension amount provided for in the bylaws on the date of the  
 88.30 calculation of the average amount of the available financing per active covered firefighter  
 88.31 or the maximum service pension figure corresponding to the average amount of available  
 88.32 financing per active covered firefighter for the applicable specified period:

88.33	Minimum Average Amount of Available	Maximum Lump-Sum Service
88.34	Financing per Firefighter	Pension Amount Payable for
88.35		Each Year of Service
88.36	\$ ...	\$ 10
88.37	11	20
88.38	16	30
88.39	23	40
88.40	27	50
88.41	32	60
88.42	43	80

89.1	54	100
89.2	65	120
89.3	77	140
89.4	86	160
89.5	97	180
89.6	108	200
89.7	131	240
89.8	151	280
89.9	173	320
89.10	194	360
89.11	216	400
89.12	239	440
89.13	259	480
89.14	281	520
89.15	302	560
89.16	324	600
89.17	347	640
89.18	367	680
89.19	389	720
89.20	410	760
89.21	432	800
89.22	486	900
89.23	540	1000
89.24	594	1100
89.25	648	1200
89.26	702	1300
89.27	756	1400
89.28	810	1500
89.29	864	1600
89.30	918	1700
89.31	972	1800
89.32	1026	1900
89.33	1080	2000
89.34	1134	2100
89.35	1188	2200
89.36	1242	2300
89.37	1296	2400
89.38	1350	2500
89.39	1404	2600
89.40	1458	2700
89.41	1512	2800
89.42	1566	2900
89.43	1620	3000

90.1	1672	3100
90.2	1726	3200
90.3	1753	3250
90.4	1780	3300
90.5	1820	3375
90.6	1834	3400
90.7	1888	3500
90.8	1942	3600
90.9	1996	3700
90.10	2023	3750
90.11	2050	3800
90.12	2104	3900
90.13	2158	4000
90.14	2212	4100
90.15	2265	4200
90.16	2319	4300
90.17	2373	4400
90.18	2427	4500
90.19	2481	4600
90.20	2535	4700
90.21	2589	4800
90.22	2643	4900
90.23	2697	5000
90.24	2751	5100
90.25	2805	5200
90.26	2859	5300
90.27	2913	5400
90.28	2967	5500
90.29	3021	5600
90.30	3075	5700
90.31	3129	5800
90.32	3183	5900
90.33	3237	6000
90.34	3291	6100
90.35	3345	6200
90.36	3399	6300
90.37	3453	6400
90.38	3507	6500
90.39	3561	6600
90.40	3615	6700
90.41	3669	6800
90.42	3723	6900
90.43	3777	7000

91.1	3831	7100
91.2	3885	7200
91.3	3939	7300
91.4	3993	7400
91.5	4047	7500
91.6	4101	7600
91.7	4155	7700
91.8	4209	7800
91.9	4263	7900
91.10	4317	8000
91.11	4371	8100
91.12	4425	8200
91.13	4479	8300
91.14	4533	8400
91.15	4587	8500
91.16	4641	8600
91.17	4695	8700
91.18	4749	8800
91.19	4803	8900
91.20	4857	9000
91.21	4911	9100
91.22	4965	9200
91.23	5019	9300
91.24	5073	9400
91.25	5127	9500
91.26	5181	9600
91.27	5235	9700
91.28	5289	9800
91.29	5343	9900
91.30	5397	10,000
91.31	any amount in excess of	
91.32	5397	10,000

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

91.37 (f) If a defined benefit relief association establishes a service pension in compliance  
91.38 with the applicable maximum contained in paragraph (c) or (d) and the minimum average  
91.39 amount of available financing per active covered firefighter is subsequently reduced  
91.40 because of a reduction in fire state aid or because of an increase in the number of active  
91.41 firefighters, the relief association may continue to provide the prior service pension

92.1 amount specified in its bylaws, but may not increase the service pension amount until  
92.2 the minimum average amount of available financing per firefighter under the table in  
92.3 paragraph (c) or (d), whichever applies, permits.

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

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

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

92.12 Sec. 7. Minnesota Statutes 2014, section 424A.02, subdivision 3a, is amended to read:

92.13 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)

92.14 If a defined benefit relief association pays a service pension greater than the maximum  
92.15 service pension associated with the applicable average amount of available financing per  
92.16 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever  
92.17 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable  
92.18 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is  
92.19 less, the state auditor shall:

92.20 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
92.21 with the relief association from receiving fire state aid by making the appropriate  
92.22 notification to the municipality and the commissioner of revenue, with the disqualification  
92.23 applicable for the next apportionment and payment of fire state aid; and

92.24 (2) order the treasurer of the applicable relief association to recover the amount of  
92.25 the overpaid service pension or pensions from any retired firefighter who received an  
92.26 overpayment.

92.27 (b) Fire state aid amounts from disqualified municipalities for the period of  
92.28 disqualifications under paragraph (a), clause (1), must be credited to the amount of  
92.29 fire insurance premium tax proceeds available for the next subsequent fire state aid  
92.30 apportionment.

92.31 (c) The amount of any overpaid service pension recovered under paragraph (a),  
92.32 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
92.33 available for the next subsequent fire state aid apportionment.

92.34 (d) The determination of the state auditor that a relief association has paid a service  
92.35 pension greater than the applicable maximum must be made on the basis of the information

93.1 filed by the relief association and the municipality with the state auditor under sections  
 93.2 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
 93.3 relevant information that comes to the attention of the state auditor. The determination  
 93.4 of the state auditor is final. An aggrieved municipality, relief association, or person may  
 93.5 appeal the determination under section 480A.06.

93.6 (e) The state auditor may certify, upon learning that a relief association overpaid  
 93.7 a service pension based on an error in the maximum service pension calculation, the  
 93.8 municipality or nonprofit firefighting corporation associated with the relief association  
 93.9 for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the  
 93.10 relief association has initiated recovery of any overpayment amount. Notwithstanding  
 93.11 paragraph (c), all overpayments recovered under this paragraph must be credited to the  
 93.12 relief association's special fund.

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

93.14 Sec. 8. Minnesota Statutes 2014, section 424A.02, subdivision 9a, is amended to read:

93.15 Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or  
 93.16 special law to the contrary, a defined benefit relief association paying a monthly service  
 93.17 pension may provide a postretirement increase to retired members and ancillary benefit  
 93.18 recipients of the relief association if (1) the relief association adopts an appropriate  
 93.19 bylaw amendment; and (2) the bylaw amendment is approved by the municipality  
 93.20 pursuant to subdivision 10 and section 424A.093, subdivision 6. The postretirement  
 93.21 increase is applicable only to retired members and ancillary benefit recipients receiving a  
 93.22 monthly service pension or monthly ancillary benefit as of the effective date of the bylaw  
 93.23 amendment. The authority to provide a postretirement increase to retired members and  
 93.24 ancillary benefit recipients of a relief association contained in this subdivision supersedes  
 93.25 any prior special law authorization relating to the provision of postretirement increases.

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

93.27 Sec. 9. Minnesota Statutes 2014, section 424A.05, subdivision 2, is amended to read:

93.28 Subd. 2. **Special fund assets and revenues.** The special fund must be credited  
 93.29 with all fire state aid moneys and police and firefighter retirement supplemental state  
 93.30 aid received under sections 69.011 to 69.051 and 423A.022, all taxes levied by or other  
 93.31 revenues received from the municipality under sections 424A.091 to 424A.096 or any  
 93.32 applicable special law requiring municipal support for the relief association, any moneys  
 93.33 funds or property donated, given, granted or devised by any person which is specified for

94.1 use for the support of the special fund and any interest or investment return earned upon  
94.2 the assets of the special fund. The treasurer of the relief association is the custodian of  
94.3 the assets of the special fund and must be the recipient on behalf of the special fund of  
94.4 all revenues payable to the special fund. The treasurer shall maintain adequate records  
94.5 documenting any transaction involving the assets or the revenues of the special fund.  
94.6 These records and the bylaws of the relief association are public and must be open for  
94.7 inspection by any member of the relief association, any officer or employee of the state or  
94.8 of the municipality, or any member of the public, at reasonable times and places.

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

94.10 Sec. 10. Minnesota Statutes 2014, section 424A.05, subdivision 3, is amended to read:

94.11 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from  
94.12 the special fund may not be made for any purpose other than one of the following:

94.13 (1) for the payment of service pensions to retired members of the relief association if  
94.14 authorized and paid under law and the bylaws governing the relief association;

94.15 (2) for the purchase of an annuity for the applicable person under section 424A.015,  
94.16 subdivision 3, for the transfer of service pension or benefit amounts to the applicable  
94.17 person's individual retirement account under section 424A.015, subdivision 4, or to the  
94.18 applicable person's account in the Minnesota deferred compensation plan under section  
94.19 424A.015, subdivision 5;

94.20 (3) for the payment of temporary or permanent disability benefits to disabled  
94.21 members of the relief association if authorized and paid under law and specified in amount  
94.22 in the bylaws governing the relief association;

94.23 (4) for the payment of survivor benefits or for the payment of a death benefit to the  
94.24 estate of the deceased active or deferred firefighter, if authorized and paid under law and  
94.25 specified in amount in the bylaws governing the relief association;

94.26 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire  
94.27 Department Association and to the Minnesota State Fire Chiefs Association in order to  
94.28 entitle relief association members to membership in and the benefits of these associations  
94.29 or organizations;

94.30 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit  
94.31 Association, or an insurance company licensed by the state of Minnesota offering casualty  
94.32 insurance, in order to entitle relief association members to membership in and the benefits  
94.33 of the association or organization; and

94.34 (7) for the payment of administrative expenses of the relief association as authorized  
94.35 under section 69.80.

95.1 (b) Checks or authorizations for electronic fund transfers for disbursements  
95.2 authorized by this section must be signed by the relief association treasurer and at least one  
95.3 other elected trustee who has been designated by the board of trustees to sign the checks or  
95.4 authorizations. A relief association may make disbursements authorized by this subdivision  
95.5 by electronic funds transfers only if the specific method of payment and internal control  
95.6 policies and procedures regarding the method are approved by the board of trustees.

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

95.8 Sec. 11. Minnesota Statutes 2014, section 424A.092, subdivision 3, is amended to read:

95.9 Subd. 3. **Financial requirements of relief association; minimum obligation of**  
95.10 **municipality.** (a) During the month of July, the officers of the relief association shall  
95.11 determine the overall funding balance of the special fund for the current calendar year,  
95.12 the financial requirements of the special fund for the following calendar year and the  
95.13 minimum obligation of the municipality with respect to the special fund for the following  
95.14 calendar year in accordance with the requirements of this subdivision.

95.15 (b) The overall funding balance of the special fund for the current calendar year must  
95.16 be determined in the following manner:

95.17 (1) The total accrued liability of the special fund for all active and deferred members  
95.18 of the relief association as of December 31 of the current year must be calculated under  
95.19 subdivisions 2 and 2a, if applicable.

95.20 (2) The total present assets of the special fund projected to December 31 of the  
95.21 current year, including receipts by and disbursements from the special fund anticipated to  
95.22 occur on or before December 31, must be calculated. To the extent possible, for those  
95.23 assets for which a market value is readily ascertainable, the current market value as of the  
95.24 date of the calculation for those assets must be utilized in making this calculation. For any  
95.25 asset for which no market value is readily ascertainable, the cost value or the book value,  
95.26 whichever is applicable, must be utilized in making this calculation.

95.27 (3) The amount of the total present assets of the special fund calculated under clause  
95.28 (2) must be subtracted from the amount of the total accrued liability of the special fund  
95.29 calculated under clause (1). If the amount of total present assets exceeds the amount of  
95.30 the total accrued liability, then the special fund is considered to have a surplus over full  
95.31 funding. If the amount of the total present assets is less than the amount of the total  
95.32 accrued liability, then the special fund is considered to have a deficit from full funding. If  
95.33 the amount of total present assets is equal to the amount of the total accrued liability, then  
95.34 the special fund is considered to be fully funded.

96.1 (c) The financial requirements of the special fund for the following calendar year  
96.2 must be determined in the following manner:

96.3 (1) The total accrued liability of the special fund for all active and deferred members  
96.4 of the relief association as of December 31 of the calendar year next following the current  
96.5 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

96.6 (2) The increase in the total accrued liability of the special fund for the following  
96.7 calendar year over the total accrued liability of the special fund for the current year must  
96.8 be calculated.

96.9 (3) The amount of anticipated future administrative expenses of the special fund  
96.10 must be calculated by multiplying the dollar amount of the administrative expenses of the  
96.11 special fund for the most recent prior calendar year by the factor of 1.035.

96.12 (4) If the special fund is fully funded, the financial requirements of the special fund for  
96.13 the following calendar year are the total of the amounts calculated under clauses (2) and (3).

96.14 (5) If the special fund has a deficit from full funding, the financial requirements of  
96.15 the special fund for the following calendar year are the financial requirements of the  
96.16 special fund calculated as though the special fund were fully funded under clause (4) plus  
96.17 an amount equal to one-tenth of the original amount of the deficit from full funding of the  
96.18 special fund as determined under clause (2) resulting either from an increase in the amount  
96.19 of the service pension occurring in the last ten years or from a net annual investment loss  
96.20 occurring during the last ten years until each increase in the deficit from full funding is  
96.21 fully retired. The annual amortization contribution under this clause may not exceed the  
96.22 amount of the deficit from full funding.

96.23 (6) If the special fund has a surplus over full funding, the financial requirements of  
96.24 the special fund for the following calendar year are the financial requirements of the special  
96.25 fund calculated as though the special fund were fully funded under clause (4) reduced by an  
96.26 amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

96.27 (d) The minimum obligation of the municipality with respect to the special fund is  
96.28 the financial requirements of the special fund reduced by the amount of any fire state aid  
96.29 and police and firefighter retirement supplemental state aid payable under sections 69.011  
96.30 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality for  
96.31 transmittal to the special fund during the following calendar year, an amount of interest on  
96.32 the assets of the special fund projected to the beginning of the following calendar year  
96.33 calculated at the rate of five percent per annum, and the amount of any contributions to  
96.34 the special fund required by the relief association bylaws from the active members of the  
96.35 relief association reasonably anticipated to be received during the following calendar year.

97.1 A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire  
97.2 state aid actually received in the prior year multiplied by the factor 1.035.

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

97.4 Sec. 12. Minnesota Statutes 2014, section 424A.092, subdivision 6, is amended to read:

97.5 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
97.6 relief association does not have a surplus over full funding under subdivision 3, paragraph  
97.7 (c), clause (5), and if the municipality is required to provide financial support to the special  
97.8 fund of the relief association under this section, the adoption of or any amendment to the  
97.9 articles of incorporation or bylaws of a relief association which increases or otherwise  
97.10 affects the retirement coverage provided by or the service pensions or retirement benefits  
97.11 payable from the special fund of any relief association to which this section applies is not  
97.12 effective until it is ratified by the governing body of the municipality served by the fire  
97.13 department to which the relief association is directly associated or by the independent  
97.14 nonprofit firefighting corporation, as applicable, and the officers of a relief association  
97.15 shall not seek municipal ratification prior to preparing and certifying an estimate of  
97.16 the expected increase in the accrued liability and annual accruing liability of the relief  
97.17 association attributable to the amendment. If the special fund of the relief association  
97.18 has a surplus over full funding under subdivision 3, paragraph (c), clause (5), and if the  
97.19 municipality is not required to provide financial support to the special fund of the relief  
97.20 association under this section, the relief association may adopt or amend its articles of  
97.21 incorporation or bylaws which increase or otherwise affect the retirement coverage  
97.22 provided by or the service pensions or retirement benefits payable from the special fund  
97.23 of the relief association which are effective without municipal ratification so long as this  
97.24 does not cause the amount of the resulting increase in the accrued liability of the special  
97.25 fund of the relief association to exceed 90 percent of the amount of the surplus over full  
97.26 funding reported in the prior year and this does not result in the financial requirements  
97.27 of the special fund of the relief association exceeding the expected amount of the future  
97.28 fire state aid and police and firefighter retirement supplemental state aid to be received  
97.29 by the relief association as determined by the board of trustees following the preparation  
97.30 of an estimate of the expected increase in the accrued liability and annual accruing  
97.31 liability of the relief association attributable to the change. If a relief association adopts or  
97.32 amends its articles of incorporation or bylaws without municipal ratification under this  
97.33 subdivision, and, subsequent to the amendment or adoption, the financial requirements  
97.34 of the special fund of the relief association under this section are such so as to require  
97.35 financial support from the municipality, the provision which was implemented without

98.1 municipal ratification is no longer effective without municipal ratification and any service  
98.2 pensions or retirement benefits payable after that date may be paid only in accordance with  
98.3 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

98.4 Sec. 13. Minnesota Statutes 2014, section 424A.093, subdivision 5, is amended to read:

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

98.9 (b) The minimum obligation of the municipality with respect to the special fund is  
98.10 an amount equal to the financial requirements of the special fund of the relief association  
98.11 determined under subdivision 4, reduced by the estimated amount of any fire state  
98.12 aid and police and firefighter retirement supplemental state aid payable under sections  
98.13 69.011 to 69.051 and 423A.022 reasonably anticipated to be received by the municipality  
98.14 for transmittal to the special fund of the relief association during the following year  
98.15 and the amount of any anticipated contributions to the special fund required by the  
98.16 relief association bylaws from the active members of the relief association reasonably  
98.17 anticipated to be received during the following calendar year. A reasonable amount of  
98.18 anticipated fire state aid is an amount that does not exceed the fire state aid actually  
98.19 received in the prior year multiplied by the factor 1.035.

98.20 (c) The officers of the relief association shall certify the financial requirements of the  
98.21 special fund of the relief association and the minimum obligation of the municipality with  
98.22 respect to the special fund of the relief association as determined under subdivision 4 and  
98.23 this subdivision by August 1 of each year. The certification must be made to the entity that  
98.24 is responsible for satisfying the minimum obligation with respect to the special fund of the  
98.25 relief association. If the responsible entity is a joint powers entity, the certification must be  
98.26 made in the manner specified in the joint powers agreement, or if the joint powers agreement  
98.27 is silent on this point, the certification must be made to the chair of the joint powers board.

98.28 (d) The financial requirements of the relief association and the minimum municipal  
98.29 obligation must be included in the financial report or financial statement under section  
98.30 69.051.

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

99.1 of taxation until the balance of the special fund or any fund of the relief association has  
99.2 attained a specified level. In addition, any taxes levied under this section must not cause  
99.3 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year  
99.4 by the municipality which are subject to a limitation as to rate or amount to be reduced.

99.5 (f) If the municipality does not include the full amount of the minimum municipal  
99.6 obligation in its levy for any year, the officers of the relief association shall certify that  
99.7 amount to the county auditor, who shall spread a levy in the amount of the minimum  
99.8 municipal obligation on the taxable property of the municipality.

99.9 (g) If the state auditor determines that a municipal contribution actually made in a  
99.10 plan year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause  
99.11 (5), the state auditor may request from the relief association or from the city a copy of  
99.12 the certifications under this subdivision. The relief association or the city, whichever  
99.13 applies, must provide the certifications within 14 days of the date of the request from  
99.14 the state auditor.

99.15 Sec. 14. Minnesota Statutes 2014, section 424A.093, subdivision 6, is amended to read:

99.16 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
99.17 relief association does not have a surplus over full funding under subdivision 4, and  
99.18 if the municipality is required to provide financial support to the special fund of the  
99.19 relief association under this section, the adoption of or any amendment to the articles of  
99.20 incorporation or bylaws of a relief association which increases or otherwise affects the  
99.21 retirement coverage provided by or the service pensions or retirement benefits payable from  
99.22 the special fund of any relief association to which this section applies is not effective until it  
99.23 is ratified by the governing body of the municipality served by the fire department to which  
99.24 the relief association is directly associated or by the independent nonprofit firefighting  
99.25 corporation, as applicable. If the special fund of the relief association has a surplus  
99.26 over full funding under subdivision 4, and if the municipality is not required to provide  
99.27 financial support to the special fund of the relief association under this section, the relief  
99.28 association may adopt or amend its articles of incorporation or bylaws which increase or  
99.29 otherwise affect the retirement coverage provided by or the service pensions or retirement  
99.30 benefits payable from the special fund of the relief association which are effective without  
99.31 municipal ratification so long as this does not cause the amount of the resulting increase in  
99.32 the accrued liability of the special fund of the relief association to exceed 90 percent of  
99.33 the amount of the surplus over full funding reported in the prior year and this does not  
99.34 result in the financial requirements of the special fund of the relief association exceeding  
99.35 the expected amount of the future fire state aid and police and firefighter retirement

100.1 supplemental state aid to be received by the relief association as determined by the  
 100.2 board of trustees following the preparation of an updated actuarial valuation including  
 100.3 the proposed change or an estimate of the expected actuarial impact of the proposed  
 100.4 change prepared by the actuary of the relief association. If a relief association adopts or  
 100.5 amends its articles of incorporation or bylaws without municipal ratification pursuant to  
 100.6 this subdivision, and, subsequent to the amendment or adoption, the financial requirements  
 100.7 of the special fund of the relief association under this section are such so as to require  
 100.8 financial support from the municipality, the provision which was implemented without  
 100.9 municipal ratification is no longer effective without municipal ratification and any service  
 100.10 pensions or retirement benefits payable after that date may be paid only in accordance with  
 100.11 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

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

## 100.13 **ARTICLE 10**

### 100.14 **PARTICULAR VOLUNTEER FIREFIGHTER RELIEF** 100.15 **ASSOCIATION CHANGES**

100.16 Section 1. **ROSEVILLE VOLUNTEER FIREFIGHTERS RELIEF**  
 100.17 **ASSOCIATION; GOVERNANCE AND ADMINISTRATION.**

100.18 Subdivision 1. **Retiree board of trustees representation.** (a) Notwithstanding  
 100.19 any provision of Minnesota Statutes, section 424A.04, subdivision 1, to the contrary  
 100.20 the membership of the board of trustees of the Roseville Volunteer Firefighters Relief  
 100.21 Association (RVFRA) is as provided in paragraph (b), with the additional membership of  
 100.22 the chief of the fire department, one elected Roseville municipal official, and one elected  
 100.23 or appointed Roseville municipal official appointed by the Roseville City Council if:

100.24 (1) all service pensions and survivor benefits have not been annuitized as provided  
 100.25 under Minnesota Statutes, section 424A.015, subdivision 3; and

100.26 (2) the RVFRA is administered by a governing board.

100.27 (b)(1) Beginning the day following the effective date of this section, the RVFRA  
 100.28 board of trustees shall consist of three active Roseville firefighters elected from the  
 100.29 membership of the RVFRA and three retired members of the RVFRA elected from the  
 100.30 membership of the relief association.

100.31 (2) Beginning on the January 1 next following the date on which the number of active  
 100.32 Roseville firefighters who are members of the RVFRA totals 25 or less, the RVFRA board of  
 100.33 trustees shall consist of two active firefighters elected from the membership of the RVFRA,  
 100.34 and four retired members of the RVFRA elected from the membership of the RVFRA.

101.1 (3) Beginning on the January 1 next following the date on which the number of  
101.2 active Roseville firefighters who are members of the RVFRA totals ten or less, the RVFRA  
101.3 board of trustees shall consist of one active firefighter elected from the membership of  
101.4 the RVFRA, and five retired members of the RVFRA elected from the membership of the  
101.5 RVFRA.

101.6 (4) Beginning on the January 1 next following the date on which there are no active  
101.7 Roseville firefighters who are members of the RVFRA, the RVFRA board of trustees shall  
101.8 consist of six retired members of the RVFRA elected from the membership of the RVFRA.

101.9 Subd. 2. **Disposition of remaining assets when obligations are paid.** Upon the  
101.10 death of the last benefit recipient and the last potential surviving spouse of the last benefit  
101.11 recipient, the remaining assets of the RVFRA or the former RVFRA cancel to the city  
101.12 treasury of the city of Roseville.

101.13 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after  
101.14 the city council of Roseville and its chief clerical officer timely complete their compliance  
101.15 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

101.16 Sec. 2. **CENTENNIAL VOLUNTEER FIREFIGHTERS RELIEF**  
101.17 **ASSOCIATION; LINO LAKES FIREFIGHTER TRANSFERS.**

101.18 (a) Notwithstanding any provisions of Minnesota Statutes, chapters 424A and 424B,  
101.19 to the contrary, if between May 1, 2015, and December 31, 2017, a Centennial Fire District  
101.20 firefighter elects to become an emergency on-call firefighter employed by a city or nonprofit  
101.21 firefighting corporation adjoining or within the service area of the Centennial Fire District  
101.22 as it existed on March 1, 2015, the firefighter may elect to transfer past retirement coverage  
101.23 for prior firefighting service with the Centennial Fire District as provided in paragraph (b)  
101.24 and to have prospective firefighting service treated as a continuation of past firefighting  
101.25 service for vesting and benefit computation purposes by the volunteer firefighter relief  
101.26 association of the applicable city or nonprofit firefighting corporation if the bylaws of that  
101.27 relief association so permit or by the voluntary statewide volunteer firefighter retirement  
101.28 plan if that plan provides retirement coverage to the applicable fire department.

101.29 (b) If a change in fire department service described in paragraph (a) is made in a  
101.30 timely fashion, upon notification by the fire chief of the fire department of the municipality  
101.31 or nonprofit firefighting corporation described in paragraph (a) to the secretary of the  
101.32 applicable volunteer firefighter relief association or to the executive director of the Public  
101.33 Employees Retirement Association, good time service credit, accrued liability associated  
101.34 with the good time service credit, a proportional share of relief association assets on

102.1 an institution-to-institution basis, and a proportional share of any net accounts payable  
102.2 or receivable must be transferred from the Centennial Volunteer Firefighters Relief  
102.3 Association to the applicable account in the voluntary statewide volunteer firefighter  
102.4 retirement plan or to the applicable volunteer firefighter relief association retirement  
102.5 plan. The transferring good time service credit must be the years and months of credit  
102.6 indicated in the firefighter's records in the Centennial Volunteer Firefighters Relief  
102.7 Association on the date of transfer. The transferred accrued liability must be the liability  
102.8 for the transferred good time service credit at the service pension level under Minnesota  
102.9 Statutes, section 424A.092 or 424A.093, whichever applies, or under Minnesota Statutes,  
102.10 section 353G.11, subdivision 1, whatever is applicable to the fire department successively  
102.11 employing the firefighter. The transferred assets amount must be that portion of the market  
102.12 value of the assets of the Centennial Volunteer Firefighters Relief Association as of the  
102.13 December 31 preceding the transfer date determined by expressing the total length of good  
102.14 time service credit multiplied by the applicable multiple of the applicable liability table  
102.15 factor in Minnesota Statutes, section 424A.092, subdivision 2, of all active and deferred  
102.16 members of the Centennial Volunteer Firefighters Relief Association, adjusted for any  
102.17 deferred member deferral period interest, and applying that percentage to the asset market  
102.18 value. If there are any accounts payable or accounts receivable as of the December 31  
102.19 preceding the transfer date, the same percentage as applicable to the asset transfer must be  
102.20 applied to the net accounts payable/receivable amount, with the result deducted from or  
102.21 added to the ultimate transfer amount. Any dispute about these transfer amounts must  
102.22 be referred for resolution by the volunteer firefighter relief association to the Office of  
102.23 Administrative Hearings for resolution under chapter 14.

102.24 (c) The transfer dates under this section are January 1, 2016, January 1, 2017, or  
102.25 January 1, 2018.

102.26 (d) The asset transfer under paragraph (b) must be made in cash unless the secretary  
102.27 of the successor of the volunteer firefighter relief association or the executive director of  
102.28 the State Board of Investment, whichever applies, determines that the transfer may be  
102.29 made on an investment security basis, and if so determined, must be in the investment  
102.30 security portfolio mix specified by the secretary of the successor of the volunteer firefighter  
102.31 relief association or the executive director of the State Board of Investment.

102.32 (e) The transfer of good time service credit and accrued liability constitutes a  
102.33 forfeiture of any claim by the transferring firefighter to any service pension or ancillary  
102.34 benefit payment from the Centennial Volunteer Firefighters Relief Association as of the  
102.35 transfer date and must be so reflected in any financial reporting of the Centennial Volunteer  
102.36 Firefighters Relief Association as of the December 31 preceding the transfer date.

103.1 (f) With respect to any transferred firefighter under this section, the successor  
 103.2 volunteer firefighter relief association or the account of the voluntary statewide volunteer  
 103.3 firefighter retirement plan applicable to the successor fire department is the successor in  
 103.4 interest to the Centennial Volunteer Firefighters Relief Association and has and may assert  
 103.5 any applicable defense that the Centennial Volunteer Firefighters Relief Association could  
 103.6 have asserted if the transfer did not occur unless the act or acts constituting the cause of  
 103.7 action were not undertaken by the Centennial Volunteer Firefighters Relief Association in  
 103.8 good faith and in compliance with applicable state law.

103.9 **EFFECTIVE DATE; LOCAL APPROVAL REQUIREMENT.** This section is  
 103.10 effective the day after the latest date on which the governing bodies and the chief clerical  
 103.11 officers of the cities of Centerville, Circle Pines, and Lino Lakes timely complete their  
 103.12 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## 103.13 **ARTICLE 11**

### 103.14 **SMALL GROUP RETIREMENT CHANGES**

103.15 Section 1. Minnesota Statutes 2014, section 352.01, subdivision 2a, is amended to read:

103.16 Subd. 2a. **Included employees.** (a) "State employee" includes:

103.17 (1) employees of the Minnesota Historical Society;

103.18 (2) employees of the State Horticultural Society;

103.19 (3) employees of the Minnesota Crop Improvement Association;

103.20 (4) employees of the adjutant general whose salaries are paid from federal funds and  
 103.21 who are not covered by any federal civilian employees retirement system;

103.22 (5) employees of the Minnesota State Colleges and Universities who are employed  
 103.23 under the university or college activities program;

103.24 (6) currently contributing employees covered by the system who are temporarily  
 103.25 employed by the legislature during a legislative session or any currently contributing  
 103.26 employee employed for any special service as defined in subdivision 2b, clause ~~(8)~~ (6);

103.27 (7) employees of the legislature who are appointed without a limit on the duration  
 103.28 of their employment ~~and persons employed or designated by the legislature or by a~~  
 103.29 ~~legislative committee or commission or other competent authority to conduct a special~~  
 103.30 ~~inquiry, investigation, examination, or installation;~~

103.31 (8) trainees who are employed on a full-time established training program  
 103.32 performing the duties of the classified position for which they will be eligible to receive  
 103.33 immediate appointment at the completion of the training period;

103.34 (9) employees of the Minnesota Safety Council;

104.1 (10) any employees who are on authorized leave of absence from the Transit  
104.2 Operating Division of the former Metropolitan Transit Commission and who are employed  
104.3 by the labor organization which is the exclusive bargaining agent representing employees  
104.4 of the Transit Operating Division;

104.5 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space  
104.6 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito  
104.7 Control Commission unless excluded under subdivision 2b or are covered by another  
104.8 public pension fund or plan under section 473.415, subdivision 3;

104.9 (12) judges of the Tax Court;

104.10 (13) personnel who were employed on June 30, 1992, by the University of  
104.11 Minnesota in the management, operation, or maintenance of its heating plant facilities,  
104.12 whose employment transfers to an employer assuming operation of the heating plant  
104.13 facilities, so long as the person is employed at the University of Minnesota heating plant  
104.14 by that employer or by its successor organization;

104.15 (14) personnel who are employed as seasonal employees in the classified or  
104.16 unclassified service;

104.17 (15) persons who are employed by the Department of Commerce as a peace officer  
104.18 in the Commerce Fraud Bureau under section 45.0135 who have attained the mandatory  
104.19 retirement age specified in section 43A.34, subdivision 4;

104.20 (16) employees of the University of Minnesota unless excluded under subdivision  
104.21 2b, clause (3);

104.22 (17) employees of the Middle Management Association whose employment began  
104.23 after July 1, 2007, and to whom section 352.029 does not apply;

104.24 (18) employees of the Minnesota Government Engineers Council to whom section  
104.25 352.029 does not apply;

104.26 (19) employees of the Minnesota Sports Facilities Authority;

104.27 (20) employees of the Minnesota Association of Professional Employees;

104.28 (21) employees of the Minnesota State Retirement System;

104.29 (22) employees of the State Agricultural Society;

104.30 (23) employees of the Gillette Children's Hospital Board who were employed in the  
104.31 state unclassified service at the former Gillette Children's Hospital on March 28, 1974; and

104.32 (24) if approved for coverage by the Board of Directors of Conservation Corps  
104.33 Minnesota, employees of Conservation Corps Minnesota so employed on June 30, 2003.

104.34 (b) Employees specified in paragraph (a), clause (13), are included employees under  
104.35 paragraph (a) if employer and employee contributions are made in a timely manner in the  
104.36 amounts required by section 352.04. Employee contributions must be deducted from

105.1 salary. Employer contributions are the sole obligation of the employer assuming operation  
105.2 of the University of Minnesota heating plant facilities or any successor organizations to  
105.3 that employer.

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

105.5 Sec. 2. Minnesota Statutes 2014, section 352D.02, subdivision 1, is amended to read:

105.6 Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2),  
105.7 (3), (4), (6) to (14), and (16) to (18), if they are in the unclassified service of the state or  
105.8 Metropolitan Council and are eligible for coverage under the general state employees  
105.9 retirement plan under chapter 352, are participants in the unclassified program under this  
105.10 chapter unless the employee gives notice to the executive director of the Minnesota State  
105.11 Retirement System within one year following the commencement of employment in the  
105.12 unclassified service that the employee desires coverage under the general state employees  
105.13 retirement plan. For the purposes of this chapter, an employee who does not file notice  
105.14 with the executive director is deemed to have exercised the option to participate in the  
105.15 unclassified program.

105.16 (b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified  
105.17 program under this chapter unless the person was eligible to elect different coverage under  
105.18 section 3A.07 and elected retirement coverage by the applicable alternative retirement  
105.19 plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified  
105.20 program under this chapter for judicial employment in excess of the service credit limit in  
105.21 section 490.121, subdivision 22.

105.22 (c) Enumerated employees and referenced persons are:

105.23 (1) the governor, the lieutenant governor, the secretary of state, the state auditor,  
105.24 and the attorney general;

105.25 (2) an employee in the Office of the Governor, Lieutenant Governor, Secretary  
105.26 of State, State Auditor, Attorney General;

105.27 (3) an employee of the State Board of Investment;

105.28 (4) the head of a department, division, or agency created by statute in the unclassified  
105.29 service, an acting department head subsequently appointed to the position, or an employee  
105.30 enumerated in section 15A.0815 or 15A.083, subdivision 4;

105.31 (5) a member of the legislature;

105.32 (6) ~~a full-time~~ an unclassified employee of the legislature or a commission or agency  
105.33 of the legislature who is appointed without a limit on the duration of the employment or a  
105.34 temporary legislative employee having shares in the supplemental retirement fund as a

106.1 result of former employment covered by this chapter, whether or not eligible for coverage  
106.2 under the Minnesota State Retirement System;

106.3 (7) a person who is employed in a position established under section 43A.08,  
106.4 subdivision 1, clause (3), or in a position authorized under a statute creating or establishing  
106.5 a department or agency of the state, which is at the deputy or assistant head of department  
106.6 or agency or director level;

106.7 (8) the regional administrator, or executive director of the Metropolitan Council,  
106.8 general counsel, division directors, operations managers, and other positions as designated  
106.9 by the council, all of which may not exceed 27 positions at the council and the chair;

106.10 (9) the commissioner, deputy commissioner, and not to exceed nine positions  
106.11 of the Minnesota Office of Higher Education in the unclassified service, as designated  
106.12 by the Minnesota Office of Higher Education before January 1, 1992, or subsequently  
106.13 redesignated with the approval of the board of directors of the Minnesota State Retirement  
106.14 System, unless the person has elected coverage by the individual retirement account  
106.15 plan under chapter 354B;

106.16 (10) the clerk of the appellate courts appointed under article VI, section 2, of the  
106.17 Constitution of the state of Minnesota, the state court administrator and judicial district  
106.18 administrators;

106.19 (11) the chief executive officers of correctional facilities operated by the Department  
106.20 of Corrections and of hospitals and nursing homes operated by the Department of Human  
106.21 Services;

106.22 (12) an employee whose principal employment is at the state ceremonial house;

106.23 (13) an employee of the Agricultural Utilization Research Institute;

106.24 (14) an employee of the State Lottery who is covered by the managerial plan  
106.25 established under section 43A.18, subdivision 3;

106.26 (15) a judge who has exceeded the service credit limit in section 490.121,  
106.27 subdivision 22;

106.28 (16) an employee of Enterprise Minnesota, Inc.;

106.29 (17) a person employed by the Minnesota State Colleges and Universities as faculty  
106.30 or in an eligible unclassified administrative position as defined in section 354B.20,  
106.31 subdivision 6, who was employed by the former state university or the former community  
106.32 college system before May 1, 1995, and elected unclassified program coverage prior to  
106.33 May 1, 1995; and

106.34 (18) a person employed by the Minnesota State Colleges and Universities who  
106.35 was employed in state service before July 1, 1995, who subsequently is employed in an

107.1 eligible unclassified administrative position as defined in section 354B.20, subdivision  
107.2 6, and who elects coverage by the unclassified program.

107.3 **EFFECTIVE DATE.** This section is effective the day after final enactment and  
107.4 applies to any legislative employee who had that status as of final enactment.

107.5 Sec. 3. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

107.6 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees  
107.7 whose annual salary from one governmental subdivision is stipulated in advance to exceed  
107.8 \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year  
107.9 employee and who are not specifically excluded under subdivision 2b or who have not  
107.10 been provided an option to participate under subdivision 2d, whether individually or by  
107.11 action of the governmental subdivision, must participate as members of the association  
107.12 with retirement coverage by the general employees retirement plan under this chapter,  
107.13 the public employees police and fire retirement plan under this chapter, or the local  
107.14 government correctional employees retirement plan under chapter 353E, whichever  
107.15 applies. Membership commences as a condition of their employment on the first day of  
107.16 their employment or on the first day that the eligibility criteria are met, whichever is later.

107.17 Public employees include but are not limited to:

107.18 (1) persons whose salary meets the threshold in this paragraph from employment in  
107.19 one or more positions within one governmental subdivision;

107.20 (2) elected county sheriffs;

107.21 (3) persons who are appointed, employed, or contracted to perform governmental  
107.22 functions that by law or local ordinance are required of a public officer, including, but  
107.23 not limited to:

107.24 (i) town and city clerk or treasurer;

107.25 (ii) county auditor, treasurer, or recorder;

107.26 (iii) city manager as defined in section 353.028 who does not exercise the option  
107.27 provided under subdivision 2d; or

107.28 (iv) emergency management director, as provided under section 12.25;

107.29 (4) physicians under section 353D.01, subdivision 2, who do not elect public  
107.30 employees defined contribution plan coverage under section 353D.02, subdivision 2;

107.31 (5) full-time employees of the Dakota County Agricultural Society;

107.32 (6) employees of the Red Wing Port Authority who were first employed by the  
107.33 Red Wing Port Authority before May 1, 2011, and who are not excluded employees  
107.34 under subdivision 2b;

108.1 (7) employees of the Seaway Port Authority of Duluth who are not excluded  
108.2 employees under subdivision 2b;

108.3 (8) employees of the Stevens County Housing and Redevelopment Authority who  
108.4 were first employed by the Stevens County Housing and Redevelopment Authority before  
108.5 May 1, 2014, and who are not excluded employees under subdivision 2b; ~~and~~

108.6 (9) employees of the Minnesota River Area Agency on Aging who were first  
108.7 employed by a Regional Development Commission before January 1, 2016, and who are  
108.8 not excluded employees under subdivision 2b; and

108.9 ~~(9)~~ (10) employees of the Public Employees Retirement Association.

108.10 (b) A public employee or elected official who was a member of the association on  
108.11 June 30, 2002, based on employment that qualified for membership coverage by the public  
108.12 employees retirement plan or the public employees police and fire plan under this chapter,  
108.13 or the local government correctional employees retirement plan under chapter 353E as of  
108.14 June 30, 2002, retains that membership for the duration of the person's employment in that  
108.15 position or incumbency in elected office. Except as provided in subdivision 28, the person  
108.16 shall participate as a member until the employee or elected official terminates public  
108.17 employment under subdivision 11a or terminates membership under subdivision 11b.

108.18 (c) If in any subsequent year the annual salary of an included public employee is  
108.19 less than the minimum salary threshold specified in this subdivision, the member retains  
108.20 membership eligibility.

108.21 (d) For the purpose of participation in the MERF division of the general employees  
108.22 retirement plan, public employees include employees who were members of the former  
108.23 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as  
108.24 members of the MERF division of the association.

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

108.26 Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 2b, is amended to read:

108.27 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible  
108.28 to participate as members of the association with retirement coverage by the general  
108.29 employees retirement plan, the local government correctional employees retirement plan  
108.30 under chapter 353E, or the public employees police and fire retirement plan:

108.31 (1) persons whose annual salary from one governmental subdivision never exceeds  
108.32 an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district  
108.33 employee or \$3,800 if the person is a school year employee. If annual compensation from  
108.34 one governmental subdivision to an employee exceeds the stipulated amount in a calendar  
108.35 year or a school year, whichever applies, after being stipulated in advance not to exceed

109.1 the applicable amount, the stipulation is no longer valid and contributions must be made  
109.2 on behalf of the employee under section 353.27, subdivision 12, from the first month in  
109.3 which the employee received salary exceeding \$425 in a month;

109.4 (2) public officers who are elected to a governing body, city mayors, or persons who  
109.5 are appointed to fill a vacancy in an elective office of a governing body, whose term of office  
109.6 commences on or after July 1, 2002, for the service to be rendered in that elective position;

109.7 (3) election judges and persons employed solely to administer elections;

109.8 (4) patient and inmate personnel who perform services for a governmental  
109.9 subdivision;

109.10 (5) except as otherwise specified in subdivision 12a, employees who are employed  
109.11 solely in a temporary position as defined under subdivision 12a, and employees who  
109.12 resign from a nontemporary position and accept a temporary position within 30 days of  
109.13 that resignation in the same governmental subdivision;

109.14 (6) employees who are employed by reason of work emergency caused by fire,  
109.15 flood, storm, or similar disaster, but if the person becomes a probationary or provisional  
109.16 employee within the same pay period, other than on a temporary basis, the person is a  
109.17 "public employee" retroactively to the beginning of the pay period;

109.18 (7) employees who by virtue of their employment in one governmental subdivision  
109.19 are required by law to be a member of and to contribute to any of the plans or funds  
109.20 administered by the Minnesota State Retirement System, the Teachers Retirement  
109.21 Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion  
109.22 must not be construed to prevent a person from being a member of and contributing to  
109.23 the Public Employees Retirement Association and also belonging to and contributing to  
109.24 another public pension plan or fund for other service occurring during the same period  
109.25 of time, and a person who meets the definition of "public employee" in subdivision 2 by  
109.26 virtue of other service occurring during the same period of time becomes a member of the  
109.27 association unless contributions are made to another public retirement plan on the salary  
109.28 based on the other service or to the Teachers Retirement Association by a teacher as  
109.29 defined in section 354.05, subdivision 2;

109.30 (8) persons who are members of a religious order and are excluded from coverage  
109.31 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the  
109.32 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),  
109.33 as amended, if no irrevocable election of coverage has been made under section 3121(r) of  
109.34 the Internal Revenue Code of 1954, as amended;

109.35 (9) persons who are:

110.1 (i) employed by a governmental subdivision who have not reached the age of 23  
110.2 and who are enrolled on a full-time basis to attend or are attending classes on a full-time  
110.3 basis at an accredited school, college, or university in an undergraduate, graduate, or  
110.4 professional-technical program, or at a public or charter high school;

110.5 (ii) employed as resident physicians, medical interns, pharmacist residents, or  
110.6 pharmacist interns and are serving in a degree or residency program in a public hospital  
110.7 or in a public clinic; or

110.8 (iii) students who are serving for a period not to exceed five years in an internship  
110.9 or a residency program that is sponsored by a governmental subdivision, including an  
110.10 accredited educational institution;

110.11 (10) persons who hold a part-time adult supplementary technical college license who  
110.12 render part-time teaching service in a technical college;

110.13 (11) except for employees of Hennepin County or employees of Hennepin  
110.14 Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision  
110.15 under a work permit or under an H-1b visa initially issued or extended for a combined  
110.16 period of less than three years of employment but upon extension of the employment of  
110.17 the visa beyond the three-year period, the foreign citizen must be reported for membership  
110.18 beginning on the first of the month following the extension if the monthly earnings  
110.19 threshold as provided under subdivision 2a is met;

110.20 (12) public hospital employees who elected not to participate as members of the  
110.21 association before 1972 and who did not elect to participate from July 1, 1988, to October  
110.22 1, 1988;

110.23 (13) except as provided in section 353.86, volunteer ambulance service personnel, as  
110.24 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel  
110.25 may still qualify as public employees under subdivision 2 and may be members of the  
110.26 Public Employees Retirement Association and participants in the general employees  
110.27 retirement plan or the public employees police and fire plan, whichever applies, on the  
110.28 basis of compensation received from public employment service other than service as  
110.29 volunteer ambulance service personnel;

110.30 (14) except as provided in section 353.87, volunteer firefighters, as defined in  
110.31 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,  
110.32 but a person who is a volunteer firefighter may still qualify as a public employee under  
110.33 subdivision 2 and may be a member of the Public Employees Retirement Association and  
110.34 a participant in the general employees retirement plan or the public employees police  
110.35 and fire plan, whichever applies, on the basis of compensation received from public  
110.36 employment activities other than those as a volunteer firefighter;

111.1 (15) pipefitters and associated trades personnel employed by Independent School  
111.2 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
111.3 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,  
111.4 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter  
111.5 241, article 2, section 12;

111.6 (16) electrical workers, plumbers, carpenters, and associated trades personnel who  
111.7 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,  
111.8 who have retirement coverage under a collective bargaining agreement by the Electrical  
111.9 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,  
111.10 or the pension plan applicable to Carpenters Local 322 who were either first employed  
111.11 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under  
111.12 Laws 2000, chapter 461, article 7, section 5;

111.13 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,  
111.14 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul  
111.15 or Independent School District No. 625, St. Paul, with coverage under a collective  
111.16 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,  
111.17 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324  
111.18 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities  
111.19 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if  
111.20 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special  
111.21 Session chapter 10, article 10, section 6;

111.22 (18) plumbers who are employed by the Metropolitan Airports Commission, with  
111.23 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
111.24 who either were first employed after May 1, 2001, or if first employed before May 2,  
111.25 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
111.26 10, section 6;

111.27 (19) employees who are hired after June 30, 2002, solely to fill seasonal positions  
111.28 under subdivision 12b which are limited in duration by the employer to 185 consecutive  
111.29 calendar days or less in each year of employment with the governmental subdivision;

111.30 (20) persons who are provided supported employment or work-study positions by a  
111.31 governmental subdivision and who participate in an employment or industries program  
111.32 maintained for the benefit of these persons where the governmental subdivision limits the  
111.33 position's duration to up to five years, including persons participating in a federal or state  
111.34 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment  
111.35 relief program where the training or work experience is not provided as a part of, or  
111.36 for, future permanent public employment;

- 112.1 (21) independent contractors and the employees of independent contractors;
- 112.2 (22) reemployed annuitants of the association during the course of that reemployment;
- 112.3 (23) persons appointed to serve on a board or commission of a governmental
- 112.4 subdivision or an instrumentality thereof; ~~and~~
- 112.5 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud
- 112.6 Metropolitan Transit Commission who are members of the International Brotherhood
- 112.7 of Teamsters Local 638 and who are, by virtue of that employment, members of the
- 112.8 International Brotherhood of Teamsters Central States pension plan; and
- 112.9 (25) electricians or pipefitters employed by the Minneapolis Parks and Recreation
- 112.10 Board, with coverage under a collective bargaining agreement by the IBEW local 292,
- 112.11 or pipefitters local 539 pension plan, who were first employed before May 2, 2015, and
- 112.12 who elected to be excluded under section 5.
- 112.13 (b) Any person performing the duties of a public officer in a position defined in
- 112.14 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
- 112.15 employee of an independent contractor.

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

112.17 Sec. 5. **PUBLIC PENSION COVERAGE EXCLUSION FOR CERTAIN**

112.18 **TRADES PERSONNEL.**

112.19 An electrician or pipefitter who is employed by the Minneapolis Parks and

112.20 Recreation Board on the effective date of this section and who has pension coverage

112.21 under a collective bargaining agreement by the IBEW local 292, or pipefitters local 539,

112.22 may elect to be excluded from pension coverage by the Public Employees Retirement

112.23 Association. The exclusion election must be made in writing on a form prescribed by the

112.24 executive director of the Public Employees Retirement Association and must be filed

112.25 with the executive director. The exclusion election is irrevocable. Authority to make the

112.26 coverage exclusion expires on January 1, 2016.

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

112.28 Sec. 6. **MSRS-GENERAL; EXCLUDED SEASONAL REVENUE**

112.29 **DEPARTMENT EMPLOYMENT SERVICE CREDIT PURCHASE.**

- 112.30 (a) An eligible person described in paragraph (b) is eligible to make a service credit
- 112.31 purchase described in paragraph (c) for the period of service indicated in paragraph (d)
- 112.32 if made by the expiration date specified in paragraph (e).
- 112.33 (b) An eligible person is a person who:

- 113.1 (1) was born on May 7, 1963;
- 113.2 (2) was a seasonal employee of the Minnesota Department of Revenue in fiscal
- 113.3 years 1988, 1989, 1990, 1991, 1992, 1993, and 1994 and was excluded from general state
- 113.4 employees retirement plan coverage under Minnesota Statutes 1988, section 352.01,
- 113.5 subdivision 2b, clause (20);
- 113.6 (3) became a full-time employee of the Minnesota Department of Revenue on
- 113.7 October 12, 1993; and
- 113.8 (4) was not eligible to purchase this period of service credit under Laws 1997,
- 113.9 chapter 241, article 8, section 7.
- 113.10 (c) The service credit purchase must be made as provided in Minnesota Statutes,
- 113.11 section 356.551, except that, because of delays admitted to by the Minnesota State
- 113.12 Retirement System in providing necessary information to permit an eligible person to
- 113.13 pursue special legislation in a timely fashion during the 2014 legislative session, the
- 113.14 amount payable by an eligible person, if paid before August 1, 2015, is the full actuarial
- 113.15 value amount calculated as if the payment was to be made on June 1, 2014, with the
- 113.16 balance of the liability accruing to the general state employees retirement plan of the
- 113.17 Minnesota State Retirement System.
- 113.18 (d) The period of employment available for an allowable service credit purchase
- 113.19 under this section is the period or periods of actual seasonal employment by the Minnesota
- 113.20 Department of Revenue occurring in fiscal years 1988 to 1994 that was not already
- 113.21 credited as allowable service by a retirement plan listed in Minnesota Statutes, section
- 113.22 356.30, subdivision 3.
- 113.23 (e) The service credit purchase must be made before July 1, 2017, or before the
- 113.24 person's retirement date, whichever is earlier.
- 113.25 (f) Service credit for the seasonal Minnesota Department of Revenue employment
- 113.26 must be granted by the general state employees retirement plan upon the receipt by the
- 113.27 executive director of the Minnesota State Retirement System of the purchase payment
- 113.28 amount under paragraph (c).
- 113.29 (g) The eligible person shall provide the executive director of the Minnesota State
- 113.30 Retirement System with any relevant information pertaining to this purchase that the
- 113.31 director requests.

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

113.33 **Sec. 7. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION - GENERAL;**

113.34 **ST. PAUL PUBLIC SCHOOL EMPLOYEES WITH ERRONEOUSLY REPORTED**

113.35 **EMPLOYMENT TERMINATIONS.**

114.1 (a) An eligible person described in paragraph (b) is entitled to purchase allowable  
114.2 service credit from the general employees retirement plan of the Public Employees  
114.3 Retirement Association (PERA) for the period specified in paragraph (c) upon making the  
114.4 prior service credit purchase payment indicated in paragraph (d).

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

114.6 (1) was born on June 18, 1952;

114.7 (2) was initially employed by Independent School District No. 625, St. Paul, in  
114.8 1987, in a nonteaching employment position;

114.9 (3) was initially covered by the general employees retirement plan of PERA;

114.10 (4) was erroneously reported to PERA by Independent School District No. 625, St.  
114.11 Paul, as having terminated employment in August 1993;

114.12 (5) did not have member contributions deducted for the general employees  
114.13 retirement plan of PERA for the period of August 1, 1993, through January 3, 1997; and

114.14 (6) had the error discovered in 1998 and received PERA general plan allowable  
114.15 service credit for the period of July 1, 1994, through January 3, 1997.

114.16 (c) The period authorized for a purchase of prior allowable service credit is August  
114.17 1, 1993, through June 30, 1994.

114.18 (d) To purchase the prior allowable service credit in paragraph (c), the eligible  
114.19 person shall make the member contributions that would have been deducted from the  
114.20 person's salary if the eligible person had been included in PERA general plan retirement  
114.21 coverage during the period of August 1, 1993, through June 30, 1994, without compound  
114.22 interest because Independent School District No. 625, St. Paul, admitted to failing to  
114.23 timely and fully inform an eligible person in 1998 of its reporting error to the Public  
114.24 Employees Retirement Association that caused an allowable service credit loss and agreed  
114.25 additionally to pay the interest charge on the equivalent member contribution amount.

114.26 (e) If an eligible person makes the payment specified under paragraph (d),  
114.27 Independent School District No. 625, St. Paul, shall pay the balance of the full actuarial  
114.28 value prior service credit payment amount provided for in Minnesota Statutes, section  
114.29 356.551, within 60 days of the date on which the executive director of PERA certifies that  
114.30 the eligible person's payment was received by PERA. If Independent School District No.  
114.31 625, St. Paul, does not make the payment required by this paragraph in a timely manner,  
114.32 the executive director of PERA shall certify (1) that payment was not timely; (2) the  
114.33 amount of the unpaid employer obligation under this paragraph; and (3) interest at a  
114.34 monthly rate of 0.71 percent from the date on which the eligible person made the payment  
114.35 under paragraph (d) until the first day of the first month next following the certification to

115.1 the commissioner of education, who shall withhold that amount from any state aid payable  
115.2 to Independent School District No. 625, St. Paul.

115.3 (f) Upon receipt of the payment under paragraph (d), PERA shall grant allowable  
115.4 service credit under Minnesota Statutes, section 353.01, subdivision 16, to the eligible  
115.5 person.

115.6 (g) This section expires on December 31, 2016.

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

115.8 Sec. 8. **PERA-GENERAL; SERVICE CREDIT PURCHASE FOR OMITTED**  
115.9 **CONTRIBUTION PERIOD; NASHVILLE TOWNSHIP EMPLOYEE.**

115.10 (a) Notwithstanding any provision to the contrary, an eligible person described in  
115.11 paragraph (b) is entitled to purchase from the general employees retirement plan of the  
115.12 Public Employees Retirement Association allowable service credit under Minnesota  
115.13 Statutes, section 353.01, subdivision 16, for the period of omitted member deductions in  
115.14 paragraph (c).

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

115.16 (1) was born on August 8, 1938;

115.17 (2) was first employed by Nashville Township on April 1, 1994;

115.18 (3) was eligible for retirement coverage by and membership in the general employees  
115.19 retirement plan of the Public Employees Retirement Association on July 1, 1998; and

115.20 (4) had omitted deductions paid for allowable service for Nashville Township back  
115.21 to July 1, 2010.

115.22 (c) The period of prior service credit available for purchase is the period from July 1,  
115.23 1998, to June 30, 2010, during which no member contributions for the general employees  
115.24 retirement plan of the Public Employees Retirement Association were deducted from the  
115.25 eligible person's salary by Nashville Township, and which could not be corrected through  
115.26 the Public Employees Retirement Association omitted contribution provision due to the  
115.27 three-year time limit in the provision.

115.28 (d) The purchase payment amount payable by the eligible person is the employee  
115.29 contributions that should have been made, plus 8.5 percent interest compounded annually  
115.30 from the date each deduction should have occurred, until the date paid to the Public  
115.31 Employees Retirement Association. The purchase payment amount payable by Nashville  
115.32 Township is the balance of the full actuarial value prior service credit purchase payment  
115.33 amount determined under Minnesota Statutes, section 356.551, as of the first day of the  
115.34 month next following the receipt of the eligible person's payment that is remaining after  
115.35 deducting the purchase payment amount payable by the eligible person.

116.1 (e) The payment amount due from Nashville Township under paragraph (d) must be  
 116.2 made on or before the 15th of the month next following the receipt of the eligible person's  
 116.3 payment under paragraph (d). If the Nashville Township purchase payment amount is not  
 116.4 paid in a timely fashion, the amount due accrues compound monthly interest at the rate  
 116.5 of 0.71 percent per month from the first day of the month next following the receipt of  
 116.6 the eligible person's payment until the Nashville Township purchase payment amount is  
 116.7 received by the Public Employees Retirement Association. If Nashville Township fails  
 116.8 to pay its portion of the purchase payment amount to the Public Employees Retirement  
 116.9 Association 90 days after the receipt of the eligible person's payment, the executive  
 116.10 director shall collect the unpaid amount under Minnesota Statutes, section 353.28,  
 116.11 subdivision 6, paragraph (a).

116.12 (f) The eligible person must provide the executive director of the Public Employees  
 116.13 Retirement Association with any relevant requested information pertaining to this service  
 116.14 credit purchase.

116.15 (g) Authority to make a service credit purchase under this section expires on June 30,  
 116.16 2015, or upon the eligible person's termination of employment under Minnesota Statutes,  
 116.17 section 353.01, subdivision 11a, whichever occurs earlier.

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

## 116.19 **ARTICLE 12**

### 116.20 **MSRS, PERA, AND TRA ADMINISTRATIVE PROVISIONS**

116.21 Section 1. Minnesota Statutes 2014, section 352.91, subdivision 3e, is amended to read:

116.22 Subd. 3e. **Minnesota Specialty Health System-Cambridge.** (a) "Covered  
 116.23 correctional service" means service by a state employee in one of the employment positions  
 116.24 with the Minnesota Specialty Health System-Cambridge specified in paragraph (b) if at  
 116.25 least 75 percent of the employee's working time is spent in direct contact with patients  
 116.26 who are in the Minnesota Specialty Health System-Cambridge and if service in such a  
 116.27 position is certified to the executive director by the commissioner of human services.

116.28 (b) The employment positions are:

- 116.29 (1) behavior analyst 1;
- 116.30 (2) behavior analyst 2;
- 116.31 (3) behavior analyst 3;
- 116.32 (4) group supervisor;
- 116.33 (5) group supervisor assistant;
- 116.34 (6) human services support specialist;
- 116.35 (7) residential program lead;

- 117.1 (8) psychologist 2;  
 117.2 (9) recreation program assistant;  
 117.3 (10) recreation therapist senior;  
 117.4 (11) registered nurse senior;  
 117.5 (12) skills development specialist;  
 117.6 (13) social worker senior;  
 117.7 (14) social worker specialist; and  
 117.8 (15) speech pathology specialist.

117.9 (c) A Department of Human Services employee who was employed at the Minnesota  
 117.10 Specialty Health System-Cambridge immediately preceding the 2014 conversion to the  
 117.11 community-based homes and was in covered correctional service at the time of the  
 117.12 transition shall continue to be covered by the correctional employees retirement plan while  
 117.13 employed by and without a break in service with the Department of Human Services in  
 117.14 the direct care and treatment ~~services administration~~ of patients.

117.15 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2014.

117.16 Sec. 2. Minnesota Statutes 2014, section 352B.10, subdivision 5, is amended to read:

117.17 Subd. 5. **Optional annuity.** A disabilitant may elect, in lieu of spousal survivorship  
 117.18 coverage under section 352B.11, subdivision 2b, the normal disability benefit or an  
 117.19 optional annuity as provided in section 352B.08, subdivision 3. The choice of an optional  
 117.20 annuity must be made in writing, on a form prescribed by the executive director, and ~~must~~  
 117.21 may be made before the commencement of the payment of the disability benefit, ~~or~~. If the  
 117.22 disabilitant did not select an optional annuity at the time of application, the disabilitant  
 117.23 may select an optional annuity under this section within 90 days before reaching age 55  
 117.24 or within 90 days before reaching the five-year anniversary of the effective date of the  
 117.25 disability benefit, whichever is later. The optional annuity is effective on the date on  
 117.26 which the disability benefit begins to accrue, or the month following the attainment of age  
 117.27 55 or following the five-year anniversary of the effective date of the disability benefit,  
 117.28 whichever is later.

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

117.30 Sec. 3. Minnesota Statutes 2014, section 352B.105, is amended to read:

117.31 **352B.105 TERMINATION OF DISABILITY BENEFITS.**

118.1            Subdivision 1. **Termination.** Disability benefits payable under section 352B.10  
118.2 must terminate on the transfer date; on which the disabilitant transfers status as a  
118.3 disabilitant to status as a retirement annuitant.

118.4            Subd. 2. **Pre-July 1, 2015, disabilitants.** The transfer date for a person whose  
118.5 disability benefits began to accrue before July 1, 2015, and who is still disabled is the end  
118.6 of the month in which the disabilitant becomes 65 years old or the five-year anniversary  
118.7 of the effective date of the disability benefit, whichever is later. If the disabilitant is still  
118.8 disabled on the transfer date, the disabilitant must be deemed to be a retired member and,  
118.9 if the disabilitant had chosen an optional annuity under section 352B.10, subdivision 5,  
118.10 must receive an annuity under the terms of the optional annuity previously chosen. If the  
118.11 disabilitant had not chosen an optional annuity under section 352B.10, subdivision 5, the  
118.12 disabilitant may then choose to receive either a normal retirement annuity computed under  
118.13 section 352B.08, subdivision 2, or an optional annuity as provided in section 352B.08,  
118.14 subdivision 3. An optional annuity must be chosen within 90 days of attaining the transfer  
118.15 date. If an optional annuity is chosen, the optional annuity accrues on the first of the  
118.16 month next following the transfer date.

118.17            Subd. 3. **Post-June 30, 2015, disabilitants.** The transfer date for a person whose  
118.18 disability benefits began to accrue after June 30, 2015, and who is still disabled is the end  
118.19 of the month in which the disabilitant becomes 55 years old or the five-year anniversary of  
118.20 the effective date of the disability benefit, whichever is later.

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

118.22            Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 10, is amended to read:

118.23            Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

118.24            (1) the wages or periodic compensation payable to a public employee by the  
118.25 employing governmental subdivision before:

118.26            (i) employee retirement deductions that are designated as picked-up contributions  
118.27 under section 356.62;

118.28            (ii) any employee-elected deductions for deferred compensation, supplemental  
118.29 retirement plans, or other voluntary salary reduction programs that would have otherwise  
118.30 been available as a cash payment to the employee; and

118.31            (iii) employee deductions for contributions to a supplemental plan or to a  
118.32 governmental trust established under section 356.24, subdivision 1, clause (7), to save for  
118.33 postretirement health care expenses, unless otherwise excluded under paragraph (b);

118.34            (2) for a public employee who is covered by a supplemental retirement plan under  
118.35 section 356.24, subdivision 1, clause (8), (9), (10), or (12), the employer contributions

119.1 to the applicable supplemental retirement plan when an agreement between the parties  
119.2 establishes that the contributions will either result in a mandatory reduction of employees'  
119.3 wages through payroll withholdings, or be made in lieu of an amount that would otherwise  
119.4 be paid as wages;

119.5 (3) a payment from a public employer through a grievance proceeding, settlement,  
119.6 or court order that is attached to a specific earnings period in which the employee's regular  
119.7 salary was not earned or paid to the member due to a suspension or a period of involuntary  
119.8 termination that is not a wrongful discharge under section 356.50; provided the amount is  
119.9 not less than the equivalent of the average of the hourly base salary rate in effect during  
119.10 the last six months of allowable service prior to the suspension or period of involuntary  
119.11 termination, plus any applicable increases awarded during the period that would have been  
119.12 paid under a collective bargaining agreement or personnel policy but for the suspension  
119.13 or involuntary termination, multiplied by the average number of regular hours for which  
119.14 the employee was compensated during the six months of allowable service prior to the  
119.15 suspension or period of involuntary termination, but not to exceed the compensation that  
119.16 the public employee would have earned if regularly employed during the applicable period;

119.17 (4) ~~the amount paid to~~ for a member who is absent from employment ~~by reason~~  
119.18 ~~of personal, parental, or military~~ due to an authorized leave of absence, other than an  
119.19 authorized medical leave of absence, the compensation paid during the leave if equivalent  
119.20 to the hourly base salary rate in effect during the six months of allowable service, or  
119.21 portions thereof, prior to the leave, multiplied by the average number of regular hours  
119.22 for which the employee was compensated during the six months of allowable service  
119.23 prior to the applicable leave of absence;

119.24 (5) ~~the amount paid to~~ for a member who is absent from employment by reason of an  
119.25 authorized medical leave of absence, the compensation paid during the leave if specified  
119.26 in advance to be at least one-half of, but no more than equal to<sub>2</sub> the earnings the member  
119.27 received, on which contributions were reported and allowable service credited during the  
119.28 six months immediately preceding the medical leave of absence; and

119.29 (6) for a public employee who receives performance or merit bonus payment under  
119.30 a written compensation plan, policy, or collective bargaining agreement in addition  
119.31 to regular salary or in lieu of regular salary increases, the compensation paid to the  
119.32 employee for attaining or exceeding performance goals, duties, or measures during a  
119.33 specified period of employment.

119.34 (b) Salary does not mean:

119.35 (1) fees paid to district court reporters;

- 120.1 (2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum  
120.2 or periodic payments;
- 120.3 (3) for the donor, payment to another person of the value of hours donated under a  
120.4 benevolent vacation, personal, or sick leave donation program;
- 120.5 (4) any form of severance or retirement incentive payments;
- 120.6 (5) an allowance payment or per diem payments for or reimbursement of expenses;
- 120.7 (6) lump-sum settlements not attached to a specific earnings period;
- 120.8 (7) workers' compensation payments or disability insurance payments, including  
120.9 payments from employer self-insurance arrangements;
- 120.10 (8) employer-paid amounts used by an employee toward the cost of insurance  
120.11 coverage, flexible spending accounts, cafeteria plans, health care expense accounts, day  
120.12 care expenses, or any payments in lieu of any employer-paid group insurance coverage,  
120.13 including the difference between single and family rates that may be paid to a member with  
120.14 single coverage and certain amounts determined by the executive director to be ineligible;
- 120.15 (9) employer-paid fringe benefits, including, but not limited to:
- 120.16 (i) employer-paid premiums or supplemental contributions for employees for all  
120.17 types of insurance;
- 120.18 (ii) membership dues or fees for the use of fitness or recreational facilities;
- 120.19 (iii) incentive payments or cash awards relating to a wellness program;
- 120.20 (iv) the value of any nonmonetary benefits;
- 120.21 (v) any form of payment made in lieu of an employer-paid fringe benefit;
- 120.22 (vi) an employer-paid amount made to a deferred compensation or tax-sheltered  
120.23 annuity program; and
- 120.24 (vii) any amount paid by the employer as a supplement to salary, either as a  
120.25 lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not  
120.26 available to the employee as cash;
- 120.27 (10) the amount equal to that which the employing governmental subdivision would  
120.28 otherwise pay toward single or family insurance coverage for a covered employee when,  
120.29 through a contract or agreement with some but not all employees, the employer:
- 120.30 (i) discontinues, or for new hires does not provide, payment toward the cost of the  
120.31 employee's selected insurance coverages under a group plan offered by the employer;
- 120.32 (ii) makes the employee solely responsible for all contributions toward the cost of  
120.33 the employee's selected insurance coverages under a group plan offered by the employer,  
120.34 including any amount the employer makes toward other employees' selected insurance  
120.35 coverages under a group plan offered by the employer; and

- 121.1 (iii) provides increased salary rates for employees who do not have any  
 121.2 employer-paid group insurance coverages;
- 121.3 (11) except as provided in section 353.86 or 353.87, compensation of any kind  
 121.4 paid to volunteer ambulance service personnel or volunteer firefighters, as defined in  
 121.5 subdivision 35 or 36;
- 121.6 (12) the amount of compensation that exceeds the limitation provided in section  
 121.7 356.611;
- 121.8 (13) amounts paid by a federal or state grant for which the grant specifically  
 121.9 prohibits grant proceeds from being used to make pension plan contributions, unless the  
 121.10 contributions to the plan are made from sources other than the federal or state grant; and
- 121.11 (14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).
- 121.12 (c) Amounts, other than those provided under paragraph (a), clause (3), provided to  
 121.13 an employee by the employer through a grievance proceeding, a court order, or a legal  
 121.14 settlement are salary only if the settlement or court order is reviewed by the executive  
 121.15 director and the amounts are determined by the executive director to be consistent with  
 121.16 paragraph (a) and prior determinations.

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

121.18 Sec. 5. Minnesota Statutes 2014, section 353.01, subdivision 11a, is amended to read:

121.19 Subd. 11a. **Termination of public service.** (a) "Termination of public service"  
 121.20 occurs ~~(+)~~ when:

121.21 (1) a member resigns or is dismissed from public service by the employing  
 121.22 governmental subdivision and the employee does not, within 30 days of the date the  
 121.23 employment relationship ended, return to an employment position ~~in the same~~ with  
 121.24 a governmental subdivision; or

121.25 ~~(2) when~~ the employer-employee relationship is severed due to the expiration of a  
 121.26 layoff under subdivision 12 or 12c.

121.27 (b) The termination of public service must be recorded in the association records  
 121.28 upon receipt of an appropriate notice from the governmental subdivision.

121.29 (c) A termination of public service does not occur if:

121.30 (1) prior to termination of service, the member has an agreement, verbal or written,  
 121.31 to ~~return~~ provide service to a governmental subdivision as an employee; or to the same  
 121.32 governmental subdivision as an independent contractor; or employee of an independent  
 121.33 contractor; or

122.1 (2) within 30 days after the date the employment relationship ended, the member  
122.2 provides service to the same governmental subdivision as an independent contractor or  
122.3 employee of an independent contractor.

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

122.5 Sec. 6. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

122.19 (5) a period of authorized ~~personal, parental, or medical~~ leave of absence without  
122.20 pay, ~~including a leave of absence covered under the federal Family Medical Leave Act,~~  
122.21 ~~that does not exceed one year~~ or with pay that is not included in the definition of salary  
122.22 under subdivision 10, paragraph (a), clause (4) or (5), for which salary deductions are  
122.23 not authorized, and for which a member obtained service credit for ~~each month in up~~  
122.24 to 12 months of the authorized leave period by payment under section 353.0161 or  
122.25 353.0162, to the fund made in place of salary deductions. ~~An employee must return to~~  
122.26 ~~public service and render a minimum of three months of allowable service in order to be~~  
122.27 ~~eligible to make payment under section 353.0161 for a subsequent authorized leave of~~  
122.28 ~~absence without pay. Upon payment, the employee must be granted allowable service~~  
122.29 ~~credit for the purchased period;~~

122.30 (6) a periodic, repetitive leave that is offered to all employees of a governmental  
122.31 subdivision. The leave program may not exceed 208 hours per annual normal work cycle  
122.32 as certified to the association by the employer. A participating member obtains service  
122.33 credit by making employee contributions in an amount or amounts based on the member's  
122.34 average salary, excluding overtime pay, that would have been paid if the leave had not been  
122.35 taken. The employer shall pay the employer and additional employer contributions on

123.1 behalf of the participating member. The employee and the employer are responsible to pay  
123.2 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,  
123.3 from the end of the normal cycle until full payment is made. An employer shall also make  
123.4 the employer and additional employer contributions, plus 8.5 percent interest, compounded  
123.5 annually, on behalf of an employee who makes employee contributions but terminates  
123.6 public service. The employee contributions must be made within one year after the end of  
123.7 the annual normal working cycle or within 30 days after termination of public service,  
123.8 whichever is sooner. The executive director shall prescribe the manner and forms to be  
123.9 used by a governmental subdivision in administering a periodic, repetitive leave. Upon  
123.10 payment, the member must be granted allowable service credit for the purchased period;

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

123.17 (8) a period during which a member is absent from employment by a governmental  
123.18 subdivision by reason of service in the uniformed services, as defined in United States  
123.19 Code, title 38, section 4303(13), if the member returns to public service with the same  
123.20 governmental subdivision upon discharge from service in the uniformed service within the  
123.21 time frames required under United States Code, title 38, section 4312(e), provided that  
123.22 the member did not separate from uniformed service with a dishonorable or bad conduct  
123.23 discharge or under other than honorable conditions. The service must be credited if the  
123.24 member pays into the fund equivalent employee contributions based upon the contribution  
123.25 rate or rates in effect at the time that the uniformed service was performed multiplied by  
123.26 the full and fractional years being purchased and applied to the annual salary rate. The  
123.27 annual salary rate is the average annual salary during the purchase period that the member  
123.28 would have received if the member had continued to be employed in covered employment  
123.29 rather than to provide uniformed service, or, if the determination of that rate is not  
123.30 reasonably certain, the annual salary rate is the member's average salary rate during the  
123.31 12-month period of covered employment rendered immediately preceding the period of the  
123.32 uniformed service. Payment of the member equivalent contributions must be made during  
123.33 a period that begins with the date on which the individual returns to public employment  
123.34 and that is three times the length of the military leave period, or within five years of the  
123.35 date of discharge from the military service, whichever is less. If the determined payment  
123.36 period is less than one year, the contributions required under this clause to receive service

124.1 credit may be made within one year of the discharge date. Payment may not be accepted  
124.2 following 30 days after termination of public service under subdivision 11a. If the member  
124.3 equivalent contributions provided for in this clause are not paid in full, the member's  
124.4 allowable service credit must be prorated by multiplying the full and fractional number  
124.5 of years of uniformed service eligible for purchase by the ratio obtained by dividing the  
124.6 total member contributions received by the total member contributions otherwise required  
124.7 under this clause. The equivalent employer contribution, and, if applicable, the equivalent  
124.8 additional employer contribution must be paid by the governmental subdivision employing  
124.9 the member if the member makes the equivalent employee contributions. The employer  
124.10 payments must be made from funds available to the employing unit, using the employer  
124.11 and additional employer contribution rate or rates in effect at the time that the uniformed  
124.12 service was performed, applied to the same annual salary rate or rates used to compute the  
124.13 equivalent member contribution. The governmental subdivision involved may appropriate  
124.14 money for those payments. The amount of service credit obtainable under this section may  
124.15 not exceed five years unless a longer purchase period is required under United States Code,  
124.16 title 38, section 4312. The employing unit shall pay interest on all equivalent member and  
124.17 employer contribution amounts payable under this clause. Interest must be computed at a  
124.18 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the  
124.19 break in service to the end of the month in which the payment is received. Upon payment,  
124.20 the employee must be granted allowable service credit for the purchased period; or

124.21 (9) a period specified under section 353.0162.

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

124.27 ~~(e)~~ (b) No member may receive more than 12 months of allowable service credit in a  
124.28 year either for vesting purposes or for benefit calculation purposes. For an active member  
124.29 who was an active member of the former Minneapolis Firefighters Relief Association  
124.30 on December 29, 2011, "allowable service" is the period of service credited by the  
124.31 Minneapolis Firefighters Relief Association as reflected in the transferred records of the  
124.32 association up to December 30, 2011, and the period of service credited under paragraph  
124.33 (a), clause (1), after December 30, 2011. For an active member who was an active member  
124.34 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable  
124.35 service" is the period of service credited by the Minneapolis Police Relief Association as

125.1 reflected in the transferred records of the association up to December 30, 2011, and the  
125.2 period of service credited under paragraph (a), clause (1), after December 30, 2011.

125.3 (d) MS 2002 [Expired]

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

125.5 Sec. 7. Minnesota Statutes 2014, section 353.01, subdivision 28, is amended to read:

125.6 Subd. 28. **Retirement.** (a) "Retirement" means the commencement of the payment  
125.7 of an annuity based on a date designated by the board of trustees by the association. This  
125.8 date determines the rights under this chapter which occur either before or after retirement.

125.9 A right to retirement is subject to termination of public service under subdivision 11a.

125.10 A right to retirement requires a complete and continuous separation for 30 days from  
125.11 employment as a public employee and from the provision of paid services to that employer.

125.12 (b) An individual who separates from employment as a public employee and who,  
125.13 within 30 days of separation, returns to provide service to a governmental subdivision  
125.14 as an independent contractor or as an employee of an independent contractor, has not  
125.15 satisfied the separation requirements under paragraph (a).

125.16 (e) (b) Notwithstanding the 30-day separation requirement under paragraph (a), a  
125.17 member of a defined benefit plan under this chapter, who also participates in the public  
125.18 employees defined contribution plan under chapter 353D for other public service, may be  
125.19 paid, if eligible, a retirement annuity from the defined benefit plan while participating in the  
125.20 defined contribution plan. A retirement annuity is also payable from a defined benefit plan  
125.21 under this chapter to an eligible member who terminates public service and who, within  
125.22 30 days of separation, takes office as an elected official of a governmental subdivision.

125.23 (d) (c) Elected officials included in association membership under subdivisions 2a  
125.24 and 2d meet the 30-day separation requirement under this section by resigning from office  
125.25 before filing for a subsequent term in the same office and by remaining completely and  
125.26 continuously separated from that office for 30 days prior to the date of the election.

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

125.28 Sec. 8. Minnesota Statutes 2014, section 353.01, subdivision 36, is amended to read:

125.29 Subd. 36. **Volunteer firefighter.** For purposes of this chapter, a person is  
125.30 considered a "volunteer firefighter" for all service for which the person receives credit  
125.31 in an association or fund operating under chapter 424A or credit in the retirement plan  
125.32 established under chapter 353G.

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

126.1 Sec. 9. Minnesota Statutes 2014, section 353.0161, is amended by adding a subdivision  
126.2 to read:

126.3 Subd. 3. **Restriction on subsequent purchases.** To purchase salary credit or  
126.4 service credit for a subsequent authorized leave of absence period, the member must return  
126.5 to public service and render a minimum of three months of allowable service credit.

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

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

126.8 **353.0162 REDUCED SALARY PERIODS SALARY CREDIT PURCHASE.**

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

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

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

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

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

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

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

126.25 (1) the applicable employee contribution rate under section 353.27, subdivision  
126.26 2; 353.65, subdivision 2; or 353E.03, subdivision 1, as applicable, multiplied by the  
126.27 differential salary amount;

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

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

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

127.4 (f) Payment under this section must include interest on the contribution amount  
127.5 or amounts, whichever applies, at an 8.5 percent annual rate, prorated for applicable  
127.6 months from the date on which the period of reduced salary specified under this section  
127.7 terminates to the date on which the payment or payments are received by the executive  
127.8 director. Payment under this section must be completed within the earlier of 30 days from  
127.9 termination of public service by the employee under section 353.01, subdivision 11a, or  
127.10 one year after the termination of the period specified in paragraph (b), as further restricted  
127.11 under this section.

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

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

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

127.23 Sec. 11. Minnesota Statutes 2014, section 353.03, subdivision 3, is amended to read:

127.24 Subd. 3. **Duties and powers.** (a) The board shall:

127.25 (1) elect a president and vice-president;

127.26 (2) approve the staffing complement, as recommended by the executive director,  
127.27 necessary to administer the fund;

127.28 (3) adopt bylaws for its own government and for the management of the fund  
127.29 consistent with the laws of the state and may modify them at pleasure;

127.30 (4) adopt, alter, and enforce reasonable rules consistent with the laws of the state and  
127.31 the terms of the applicable benefit plans for the administration and management of the  
127.32 fund, for the payment and collection of payments from members and for the payment of  
127.33 withdrawals and benefits, and that are necessary in order to comply with the applicable  
127.34 federal Internal Revenue Service and Department of Labor requirements;

128.1 (5) pass upon and allow or disallow all applications for membership in the fund and  
128.2 allow or disallow claims for withdrawals, pensions, or benefits payable from the fund;

128.3 (6) authorize procedures for use of electronic signatures as defined in section  
128.4 325L.02, paragraph (h), on applications and forms required by the association;

128.5 ~~(6)~~ (7) adopt an appropriate mortality table based on experience of the fund as  
128.6 recommended by the association actuary and approved under section 356.215, subdivision  
128.7 18, with interest set at the rate specified in section 356.215, subdivision 8;

128.8 ~~(7)~~ (8) provide for the payment out of the fund of the cost of administering this  
128.9 chapter, of all necessary expenses for the administration of the fund and of all claims for  
128.10 withdrawals, pensions, or benefits allowed;

128.11 ~~(8)~~ (9) approve or disapprove all recommendations and actions of the executive  
128.12 director made subject to its approval or disapproval by subdivision 3a; and

128.13 ~~(9)~~ (10) approve early retirement and optional annuity factors, subject to review by  
128.14 the actuary retained by the Legislative Commission on Pensions and Retirement; establish  
128.15 the schedule for implementation of the approved factors; and notify the Legislative  
128.16 Commission on Pensions and Retirement of the implementation schedule.

128.17 (b) In passing upon all applications and claims, the board may summon, swear, hear,  
128.18 and examine witnesses and, in the case of claims for disability benefits, may require the  
128.19 claimant to submit to a medical examination by a physician of the board's choice, at the  
128.20 expense of the fund, as a condition precedent to the passing on the claim, and, in the  
128.21 case of all applications and claims, may conduct investigations necessary to determine  
128.22 their validity and merit.

128.23 (c) The board may continue to authorize the sale of life insurance to members under  
128.24 the insurance program in effect on January 1, 1985, but must not change that program  
128.25 without the approval of the commissioner of management and budget. The association  
128.26 shall not receive any financial benefit from the life insurance program beyond the amount  
128.27 necessary to reimburse the association for costs incurred in administering the program.  
128.28 The association shall not engage directly or indirectly in any other activity involving the  
128.29 sale or promotion of goods or services, or both, whether to members or nonmembers.

128.30 (d) The board shall establish procedures governing reimbursement of expenses  
128.31 to board members. These procedures must define the types of activities and expenses  
128.32 that qualify for reimbursement, must provide that all out-of-state travel be authorized  
128.33 by the board, and must provide for the independent verification of claims for expense  
128.34 reimbursement. The procedures must comply with the applicable rules and policies of the  
128.35 Department of Management and Budget and the Department of Administration.

129.1 (e) The board may purchase fiduciary liability insurance and official bonds for the  
129.2 officers and members of the board of trustees and employees of the association and may  
129.3 purchase property insurance or may establish a self-insurance risk reserve including, but  
129.4 not limited to, data processing insurance and "extra-expense" coverage.

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

129.6 Sec. 12. Minnesota Statutes 2014, section 353.031, subdivision 5, is amended to read:

129.7 Subd. 5. **Medical adviser.** The executive director may contract with an accredited  
129.8 independent organization specializing in disability determinations or a licensed physicians  
129.9 ~~or physicians on the staff of the state commissioner of health, as designated by the~~  
129.10 ~~commissioner,~~ physician to be the medical adviser of the association. The medical adviser  
129.11 shall review all medical reports submitted to the association, including the findings of  
129.12 an independent medical examination requested under this section, and shall advise the  
129.13 executive director.

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

129.15 Sec. 13. Minnesota Statutes 2014, section 353.031, subdivision 10, is amended to read:

129.16 Subd. 10. **Restoring forfeited service and salary credit.** (a) To restore forfeited  
129.17 service and salary credit, a repayment of a refund must be made within six months after  
129.18 the effective date of disability benefits or within six months after the date of the filing of  
129.19 the disability application, whichever is later.

129.20 (b) Except for the salary credit purchase authorized under section 353.0162,  
129.21 paragraph (b), clause (1), no purchase of prior service or payment made in lieu of salary  
129.22 deductions otherwise authorized under ~~section~~ section 353.01 or 353.0162 may be made  
129.23 after the occurrence of the disability for which an application is filed under this section.

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

129.25 Sec. 14. Minnesota Statutes 2014, section 353.27, subdivision 10, is amended to read:

129.26 Subd. 10. **Employer exclusion reports.** (a) The head of a department or a  
129.27 designated representative shall annually furnish the executive director with an exclusion  
129.28 report listing and certifying only those employees in potentially PERA general employees  
129.29 retirement plan-eligible positions who were not reported as members of the general  
129.30 employees retirement plan and who worked during the school year for school employees  
129.31 and calendar year for nonschool employees. ~~The department head must certify the~~  
129.32 ~~accuracy and completeness of the exclusion report to the association.~~ The executive

130.1 director shall prescribe the manner and forms, including standardized exclusion codes, to  
130.2 be used by a governmental subdivision in preparing and filing exclusion reports. Also, the  
130.3 executive director shall check the exclusion report to ascertain whether any omissions  
130.4 have been made ~~by a department head~~ in the reporting of new public employees for  
130.5 membership. The executive director may delegate an association employee under section  
130.6 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the  
130.7 payroll records of a governmental subdivision.

130.8 (b) If an employer fails to comply with the reporting requirements under this  
130.9 subdivision, the executive director may assess a fine of \$25 for each failure if the  
130.10 association staff has notified the employer of the noncompliance and attempted to obtain  
130.11 the missing data or form from the employer for a period of more than three months.

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

130.13 Sec. 15. Minnesota Statutes 2014, section 353.29, subdivision 7, is amended to read:

130.14 Subd. 7. **Annuities; accrual.** (a) Except as to elected public officials, a retirement  
130.15 annuity granted under this chapter begins with the first day of the first calendar month  
130.16 after the date of termination of public service. The annuity must be paid in equal monthly  
130.17 installments and does not accrue beyond the end of the month in which entitlement to the  
130.18 annuity has terminated. ~~If the annuitant dies prior to negotiating the check for the month~~  
130.19 ~~in which death occurs, payment must be made to the surviving spouse, or if none, to the~~  
130.20 ~~designated beneficiary, or if none, to the estate.~~

130.21 (b) An annuity granted to an elective public official accrues on the day following  
130.22 expiration of public office or expiration of the right to hold that office. The annuity for the  
130.23 month during which the expiration occurred is prorated accordingly.

130.24 (c) An annuity, once granted, must not be increased, decreased, or revoked except  
130.25 under this chapter.

130.26 (d) An annuity payment may be made retroactive for up to one year prior to that month  
130.27 in which a complete application is received by the executive director under subdivision 4.

130.28 (e) If an annuitant dies before negotiating the check for the month in which death  
130.29 occurs, payment must first be made to the surviving spouse, or if none, then to the  
130.30 designated beneficiary, or if none, lastly to the estate.

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

130.32 Sec. 16. Minnesota Statutes 2014, section 353.33, subdivision 6, is amended to read:

131.1 Subd. 6. **Continuing eligibility for benefits.** Disability benefits are contingent upon  
131.2 a disabled person's participation in a vocational ~~rehabilitation evaluation~~ assessment if the  
131.3 executive director determines that the disabled person may be able to return to a gainful  
131.4 occupation. If, after a review by the executive director under section 353.031, subdivision  
131.5 8, a member is found to be no longer totally and permanently disabled, payments must  
131.6 cease the first of the month following the expiration of a 30-day period after the member  
131.7 receives a certified letter notifying the member that payments will cease.

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

131.9 Sec. 17. Minnesota Statutes 2014, section 353.33, subdivision 13, is amended to read:

131.10 Subd. 13. **Postretirement adjustment eligibility.** (a) A disability benefit under this  
131.11 section is eligible for postretirement adjustments under section 356.415.

131.12 (b) When a disability benefit terminates under subdivision 11, the retirement annuity  
131.13 electd by the individual must include all prior adjustments provided under section  
131.14 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

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

131.16 Sec. 18. Minnesota Statutes 2014, section 353.37, subdivision 1, is amended to read:

131.17 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible  
131.18 for an annuity from the general employees retirement plan of the Public Employees  
131.19 Retirement Association, the public employees police and fire retirement plan, or the local  
131.20 government correctional employees retirement plan must be suspended under subdivision  
131.21 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if  
131.22 the person reenters public service as a nonelective employee of a governmental subdivision  
131.23 ~~in a position covered by this chapter~~ or returns to work as an employee of a labor  
131.24 organization that represents public employees who are association members under this  
131.25 chapter and salary for the reemployment service exceeds the annual maximum earnings  
131.26 allowable for that age for the continued receipt of full benefit amounts monthly under the  
131.27 federal Old Age, Survivors and Disability Insurance Program as set by the secretary of  
131.28 health and human services under United States Code, title 42, section 403, in any calendar  
131.29 year. If the person has not yet reached the minimum age for the receipt of Social Security  
131.30 benefits, the maximum salary for the person is equal to the annual maximum earnings  
131.31 allowable for the minimum age for the receipt of Social Security benefits.

131.32 (b) The provisions of paragraph (a) do not apply to the members of the MERF  
131.33 division.

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

132.2 Sec. 19. Minnesota Statutes 2014, section 353.656, subdivision 1a, is amended to read:

132.3 Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A  
132.4 member of the police and fire plan, other than a firefighter covered by section 353.6511, or  
132.5 a police officer covered by section 353.6512, whose disabling condition is determined  
132.6 to be a duty disability that is also a permanent and total disability as defined in section  
132.7 353.01, subdivision 19, is entitled to receive, for life, disability benefits in an amount equal  
132.8 to 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an  
132.9 additional 3.0 percent of that average salary for each year of service in excess of 20 years.

132.10 (b) A disability benefit payable under paragraph (a) is subject to eligibility review  
132.11 under section 353.33, subdivision 6, but the review may be waived if the executive director  
132.12 receives a written statement from the association's medical advisor that no improvement  
132.13 can be expected in the member's disabling condition that was the basis for payment of the  
132.14 benefit under paragraph (a). A member receiving a disability benefit under this subdivision  
132.15 who is found to no longer be permanently and totally disabled as defined under section  
132.16 353.01, subdivision 19, but continues to meet the definition for receipt of a duty disability  
132.17 under section 353.01, subdivision 41, is subject to subdivision 1 upon written notice from  
132.18 the association's medical advisor that the person is no longer considered permanently and  
132.19 totally disabled, and may upon application, elect an optional annuity under subdivision 1b.

132.20 (c) If a member approved for disability benefits under this subdivision dies before  
132.21 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph  
132.22 (b), or within 60 months of the effective date of the disability, whichever is later,  
132.23 the surviving spouse is entitled to receive a survivor benefit under section 353.657,  
132.24 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling  
132.25 condition for which disability benefits were approved, or section 353.657, subdivision  
132.26 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition  
132.27 for which benefits were approved under this subdivision.

132.28 (d) If the election of an actuarial equivalent optional annuity is not made at the time  
132.29 the permanent and total disability benefit accrues, an election must be made within 90  
132.30 days before the member attains normal retirement age as defined under section 353.01,  
132.31 subdivision 37, paragraph (b), or having collected total and permanent disability benefits  
132.32 for 60 months, whichever is later. If a member receiving disability benefits who has  
132.33 dependent children dies, subdivision 6a, paragraph (c), applies.

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

133.1 Sec. 20. Minnesota Statutes 2014, section 353.656, subdivision 1b, is amended to read:

133.2 Subd. 1b. **Optional annuity election.** (a) A disabled member of the police and fire  
133.3 fund may elect to receive the normal disability benefit or an actuarial equivalent optional  
133.4 annuity. If the election of an actuarial equivalent optional annuity is made before the  
133.5 commencement of payment of the disability benefit, the optional annuity must begin to  
133.6 accrue on the same date as the disability benefit covering only the ~~disabilitant~~ disability  
133.7 benefit recipient would have accrued.

133.8 (b) If an election of an optional annuity is not made before the commencement of the  
133.9 disability benefit, the ~~disabilitant~~ disability benefit recipient may elect an optional annuity:

133.10 (1) within 90 days before normal retirement age;

133.11 (2) upon the filing of an application to convert to an early retirement annuity, if  
133.12 electing to convert to an early retirement annuity before the normal retirement age; ~~or~~

133.13 (3) within 90 days before the expiration of the 60-month period for which a disability  
133.14 benefit is paid, if the disability benefit is payable because the disabled member did not  
133.15 have at least 20 years of allowable service at normal retirement age; or

133.16 (4) upon being determined that the disability benefit recipient continues to be disabled  
133.17 under subdivision 1, but is no longer totally and permanently disabled under subdivision 1a.

133.18 (c) If a disabled member who has named a joint and survivor optional annuity  
133.19 beneficiary dies before the disability benefit ceases and is recalculated under subdivision  
133.20 5a, the beneficiary eligible to receive the joint and survivor annuity may elect to have  
133.21 the annuity converted at the times designated in paragraph (b), clause (1), (2), or (3),  
133.22 whichever allows for the earliest payment of a higher joint and survivor annuity option  
133.23 resulting from recalculation under subdivision 5a, paragraph (e).

133.24 (d) A disabled member may name a person other than the spouse as beneficiary  
133.25 of a joint and survivor annuity only if the spouse of the disabled member permanently  
133.26 waives surviving spouse coverage on the disability application form prescribed by the  
133.27 executive director.

133.28 (e) If the spouse of the member permanently waives survivor coverage, the  
133.29 dependent child or children, if any, continue to be eligible for dependent child benefits  
133.30 under section 353.657, subdivision 3, and the designated optional annuity beneficiary  
133.31 may draw the monthly benefit.

133.32 (f) Any optional annuity under this subdivision, plus dependent child benefits, if  
133.33 applicable, are subject to the maximum and minimum family benefit amounts specified in  
133.34 section 353.657, subdivision 3a.

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

134.1 Sec. 21. Minnesota Statutes 2014, section 353.656, subdivision 2, is amended to read:

134.2 Subd. 2. **Benefits paid under workers' compensation law.** (a) ~~If~~ When the amount  
 134.3 determined under paragraph (b) exceeds the equivalent salary determined under paragraph  
 134.4 (c), the disability benefit amount must be reduced to that amount which, when added to  
 134.5 the workers' compensation benefits, equals the equivalent salary.

134.6 (b) When a member becomes disabled and receives receiving a disability benefit as  
 134.7 specified in this section ~~and~~ is also entitled to receive lump sum or periodic benefits under  
 134.8 workers' compensation laws, the single life annuity actuarial equivalent disability benefit  
 134.9 amount and the workers' compensation amount must be added. The computation must  
 134.10 exclude any attorney fees paid by the ~~disabiltant~~ disability benefit recipient as authorized  
 134.11 under applicable workers' compensation laws. The computation must also exclude  
 134.12 permanent partial disability payments provided under section 176.101, subdivision 2a,  
 134.13 and retraining payments under section 176.102, subdivision 11, if the permanent partial  
 134.14 disability or retraining payments are reported to the executive director in a manner  
 134.15 specified by the executive director.

134.16 ~~(b)~~ (c) The equivalent salary is the amount determined under clause (1) or (2),  
 134.17 whichever is greater:

134.18 (1) the salary the disabled member received as of the date of the disability; or

134.19 (2) the salary currently payable for the same employment position or substantially  
 134.20 similar positions in the applicable government subdivision.

134.21 ~~(e) If the amount determined under paragraph (a) exceeds the equivalent salary~~  
 134.22 ~~determined under paragraph (b), the disability benefit amount must be reduced to that~~  
 134.23 ~~amount which, when added to the workers' compensation benefits, equals the equivalent~~  
 134.24 ~~salary.~~

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

134.26 Sec. 22. Minnesota Statutes 2014, section 353.656, subdivision 4, is amended to read:

134.27 Subd. 4. **Limitation on disability benefit payments.** (a) No member is entitled to  
 134.28 receive a disability benefit payment when there remains to the member's credit unused  
 134.29 annual leave, sick leave, or any other employer-provided salary continuation plan, or  
 134.30 under any other circumstances when, during the period of disability, there has been no  
 134.31 impairment of the person's salary as a police officer, a firefighter, or a paramedic as defined  
 134.32 in section 353.64, subdivision 10, whichever applies.

134.33 (b) If a disabled member resumes a gainful occupation with earnings that, when added  
 134.34 to the ~~normal~~ single life disability benefit, and workers' compensation benefit if applicable,  
 134.35 exceed the ~~disabiltant~~ disability benefit recipient's reemployment earnings limit, the

135.1 amount of the disability benefit must be reduced during the months of employment and  
135.2 receipt of workers' compensation benefits, if applicable, as provided in this paragraph.

135.3 The ~~disabilitant~~ disability benefit recipient's reemployment earnings limit is the greater of:

135.4 (1) the monthly salary earned at the date of disability; or

135.5 (2) 125 percent of the base monthly salary currently paid by the employing  
135.6 governmental subdivision for similar positions.

135.7 (c) The disability benefit must be reduced by one dollar for each three dollars by  
135.8 which the total amount of the current monthly disability benefit, any monthly workers'  
135.9 compensation benefits if applicable, and actual monthly earnings exceed the greater  
135.10 ~~disabilitant~~ disability benefit recipient's reemployment earnings limit. In no event may  
135.11 the monthly disability benefit as adjusted under this subdivision exceed the disability  
135.12 benefit originally allowed.

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

135.14 Sec. 23. Minnesota Statutes 2014, section 353.656, subdivision 5a, is amended to read:

135.15 Subd. 5a. **Cessation of disability benefit.** (a) The association shall cease the  
135.16 payment of any disability benefit the first of the month following the reinstatement of a  
135.17 member to full time or less than full-time service in a position covered by the police  
135.18 and fire fund.

135.19 (b) A disability benefit paid to a disabled member of the police and fire plan, that  
135.20 was granted under laws in effect after June 30, 2007, terminates at the end of the month in  
135.21 which the member:

135.22 (1) reaches normal retirement age;

135.23 (2) if the disability benefit is payable for a 60-month period as determined under  
135.24 subdivisions 1 and 3, as applicable, the first of the month following the expiration of  
135.25 the 60-month period; or

135.26 (3) if the disabled member so chooses, the end of the month in which the member  
135.27 has elected to convert to an early retirement annuity under section 353.651, subdivision 4.

135.28 (c) If the police and fire plan member continues to be disabled when the disability  
135.29 benefit terminates under this subdivision, the member is deemed to be retired. The  
135.30 individual is entitled to receive a normal retirement annuity or an early retirement annuity  
135.31 under section 353.651, whichever is applicable, as further specified in paragraph (d) or

135.32 (e). If the individual did not previously elect an optional annuity under subdivision ~~1a~~  
135.33 1b, paragraph (a), the individual may elect an optional annuity under subdivision ~~1a~~  
135.34 1b, paragraph (b).

136.1 (d) A member of the police and fire plan who is receiving a disability benefit under  
136.2 this section may, upon application, elect to receive an early retirement annuity under  
136.3 section 353.651, subdivision 4, at any time after attaining age 50, but must convert to a  
136.4 retirement annuity no later than the end of the month in which the disabled member attains  
136.5 normal retirement age. An early retirement annuity elected under this subdivision must be  
136.6 calculated on the disabled member's accrued years of service and average salary as defined  
136.7 in section 353.01, subdivision 17a, and when elected, the member is deemed to be retired.

136.8 (e) When an individual's disability benefit terminates under paragraph (b), clause (1)  
136.9 or (2), and is recalculated as a retirement annuity under this section, the annuity must be  
136.10 based on clause (1) or clause (2), whichever provides the greater amount:

136.11 (1) the benefit amount at the time of reclassification, including all prior adjustments  
136.12 provided under ~~Minnesota Statutes 2008~~, section 11A.18, through January 1, 2009, and  
136.13 thereafter as provided in section 356.415; or

136.14 (2) a benefit amount computed on the member's actual years of accrued allowable  
136.15 service credit and the law in effect at the time the disability benefit first accrued, plus any  
136.16 increases that would have applied since that date under ~~Minnesota Statutes 2008~~, section  
136.17 11A.18, through January 1, 2009, and thereafter as provided in section 356.415.

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

136.19 Sec. 24. Minnesota Statutes 2014, section 353D.03, subdivision 3, is amended to read:

136.20 Subd. 3. **Ambulance service, rescue squad personnel contribution.** (a) A public  
136.21 ambulance service ~~or privately operated ambulance service that receives an operating~~  
136.22 ~~subsidy from a governmental entity~~ that elects to participate in the plan shall fund benefits  
136.23 for its qualified personnel who individually elect to participate.

136.24 (b) Personnel who are paid for their services may elect to make member contributions  
136.25 in an amount not to exceed the service's contribution on their behalf.

136.26 (c) Ambulance service contributions on behalf of salaried employees must be a  
136.27 fixed percentage of salary.

136.28 (d) An ambulance service making contributions for volunteer or largely  
136.29 uncompensated personnel, or a municipality or county making contributions on behalf  
136.30 of rescue squad members who are volunteers or largely uncompensated personnel, may  
136.31 assign a unit value for each call or each period of alert duty for the purpose of calculating  
136.32 ambulance service or rescue squad service contributions, as applicable.

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

137.1 Sec. 25. Minnesota Statutes 2014, section 353E.06, subdivision 5, is amended to read:

137.2 Subd. 5. **Disability benefit termination.** (a) The disability benefit paid to a disabled  
137.3 local government correctional employee terminates at the end of the month in which the  
137.4 employee reaches age ~~65~~ 55, or the first of the month after the expiration of the 60-month  
137.5 period from the effective date of the disability benefit, whichever is later.

137.6 (b) If the disabled local government correctional employee is still disabled when the  
137.7 employee ~~reaches~~ has been collecting the disability benefit for 60 months or has reached  
137.8 age ~~65~~ 55, whichever is later, the employee is deemed to be a retired employee and, if the  
137.9 employee had elected an optional annuity under subdivision 3, must receive an annuity in  
137.10 accordance with the terms of the optional annuity previously elected.

137.11 (c) If the employee had not elected an optional annuity under subdivision 3, the  
137.12 employee may elect either to receive a ~~normal~~ single life retirement annuity computed  
137.13 in the manner provided in section 353E.04, subdivision 3, or to receive an optional  
137.14 annuity as provided in section 353.30, subdivision 3, based on the same length of service  
137.15 as used in the calculation of the disability benefit. Election of an optional annuity must  
137.16 be made within 90 days before ~~attaining the age of 65 years, or reaching the five-year~~  
137.17 ~~anniversary of the effective date of the disability benefit, whichever is later~~ termination of  
137.18 the disability benefit under paragraph (a).

137.19 (d) When an individual's disability benefit terminates under this subdivision and  
137.20 is recalculated as a retirement annuity, the annuity must include all prior adjustments  
137.21 provided under section 11A.18, through January 1, 2009, and thereafter as provided in  
137.22 section 356.415.

137.23 **EFFECTIVE DATE.** Paragraphs (a) to (c) are effective for disability benefits that  
137.24 accrue after June 30, 2015. Paragraph (d) is effective July 1, 2015.

137.25 Sec. 26. Minnesota Statutes 2014, section 353E.06, subdivision 6, is amended to read:

137.26 Subd. 6. **Resumption of employment.** If a disabled employee resumes a gainful  
137.27 occupation from which earnings are less than the monthly salary received at the date  
137.28 of disability or the monthly salary currently paid for similar positions, or should the  
137.29 employee be entitled to receive workers' compensation benefits, the disability benefit  
137.30 must be continued in an amount that, when added to such earnings during the months of  
137.31 employment, and workers' compensation benefits, if applicable, does not exceed the  
137.32 monthly salary received at the date of disability or the monthly salary currently payable  
137.33 for the same employment position or an employment position substantially similar to the  
137.34 one the person held as of the date of the disability, whichever is greater.

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

138.2 Sec. 27. Minnesota Statutes 2014, section 353F.01, is amended to read:

138.3 **353F.01 PURPOSE AND INTENT.**

138.4 The purpose of this chapter is to ensure, to the extent possible, that persons  
138.5 employed at public medical facilities ~~and other public employing units~~ who are privatized  
138.6 and consequently are excluded from retirement coverage by the Public Employees  
138.7 Retirement Association will be entitled to receive future retirement benefits under the  
138.8 general employees retirement plan of the Public Employees Retirement Association  
138.9 commensurate with the prior contributions made by them or made on their behalf upon the  
138.10 privatization of the medical facility ~~or other public employing unit~~.

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

138.12 Sec. 28. Minnesota Statutes 2014, section 353F.02, subdivision 3, is amended to read:

138.13 Subd. 3. **Effective date of privatization.** "Effective date of privatization" means  
138.14 the date that the operation of a medical facility ~~or other public employing unit~~ is assumed  
138.15 by another employer or the date that a medical facility ~~or other public employing unit~~  
138.16 is purchased by another employer and active membership in the Public Employees  
138.17 Retirement Association consequently terminates.

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

138.19 Sec. 29. Minnesota Statutes 2014, section 353F.02, subdivision 5a, is amended to read:

138.20 Subd. 5a. **Privatized former public employer.** "Privatized former public  
138.21 employer" means a medical facility ~~or other employing unit~~ that was formerly included in  
138.22 the definition of governmental subdivision under section 353.01, subdivision 6, that is  
138.23 privatized and whose employees are certified for participation under this chapter.

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

138.25 Sec. 30. Minnesota Statutes 2014, section 353F.04, subdivision 2, is amended to read:

138.26 Subd. 2. **Exceptions.** The increased augmentation rates specified in subdivision 1  
138.27 do not apply to a privatized former public employee:

138.28 (1) beginning the first of the month in which the privatized former public employee  
138.29 becomes covered again by a retirement plan enumerated in section 356.30, subdivision 3,

139.1 if the employee ~~continues to be covered and~~ accrues at least six months of credited service  
139.2 in any single plan enumerated in section 356.30, subdivision 3, except clause (6);

139.3 (2) beginning the first of the month in which the privatized former public employee  
139.4 becomes covered again by the general employees retirement plan of the Public Employees  
139.5 Retirement Association;

139.6 ~~(2)~~ (3) beginning the first of the month after a privatized former public employee  
139.7 terminates service with the successor entity; or

139.8 ~~(3)~~ (4) if the person begins receipt of a retirement annuity while employed by the  
139.9 employer which assumed operations of or purchased the privatized former public employer.

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

139.11 Sec. 31. Minnesota Statutes 2014, section 353F.051, subdivision 1, is amended to read:

139.12 Subdivision 1. **Eligibility.** A privatized former public employee who is totally and  
139.13 permanently disabled under ~~Minnesota Statutes 1998~~, section 353.01, subdivision 19,  
139.14 and who had a medically documented preexisting condition of the disability before the  
139.15 termination of coverage, may apply for a disability benefit.

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

139.17 Sec. 32. Minnesota Statutes 2014, section 353F.051, subdivision 2, is amended to read:

139.18 Subd. 2. **Calculation of benefits.** A person qualifying under subdivision 1 is  
139.19 entitled to receive a disability benefit calculated under ~~Minnesota Statutes 1998~~, section  
139.20 353.33, subdivision 3. The disability benefit must be augmented under ~~Minnesota Statutes~~  
139.21 ~~1998~~, section 353.71, subdivision 2, from the date of termination to the date the disability  
139.22 benefit begins to accrue.

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

139.24 Sec. 33. Minnesota Statutes 2014, section 353F.051, subdivision 3, is amended to read:

139.25 Subd. 3. **Applicability of general law.** Except as otherwise provided, ~~Minnesota~~  
139.26 ~~Statutes 1998~~, section 353.33, applies to a person who qualifies for disability under  
139.27 subdivision 1.

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

139.29 Sec. 34. Minnesota Statutes 2014, section 353G.08, subdivision 1, is amended to read:

140.1 Subdivision 1. **Annual funding requirements.** (a) Annually, the executive director  
140.2 shall determine the funding requirements of each account in the voluntary statewide  
140.3 lump-sum volunteer firefighter retirement plan on or before August 1. The funding  
140.4 requirements as directed under this section, must be determined using a mathematical  
140.5 procedure developed and certified as accurate by an approved actuary retained by the  
140.6 Public Employees Retirement Association and based on present value factors using a six  
140.7 percent interest rate, without any decrement assumptions. The funding requirements  
140.8 must be certified to the entity or entities associated with the fire department whose active  
140.9 firefighters are covered by the retirement plan.

140.10 (b) The overall funding balance of each account for the current calendar year must  
140.11 be determined in the following manner:

140.12 (1) The total accrued liability for all active and deferred members of the account as  
140.13 of December 31 of the current year must be calculated based on the good time service  
140.14 credit of active and deferred members as of that date.

140.15 (2) The total present assets of the account projected to December 31 of the current  
140.16 year, including receipts by and disbursements from the account anticipated to occur on or  
140.17 before December 31, must be calculated. To the extent possible, the market value of assets  
140.18 must be utilized in making this calculation.

140.19 (3) The amount of the total present assets calculated under clause (2) must be  
140.20 subtracted from the amount of the total accrued liability calculated under clause (1). If the  
140.21 amount of total present assets exceeds the amount of the total accrued liability, then the  
140.22 account is considered to have a surplus over full funding. If the amount of the total present  
140.23 assets is less than the amount of the total accrued liability, then the account is considered  
140.24 to have a deficit from full funding. If the amount of total present assets is equal to the  
140.25 amount of the total accrued liability, then the special fund is considered to be fully funded.

140.26 (c) The financial requirements of each account for the following calendar year must  
140.27 be determined in the following manner:

140.28 (1) The total accrued liability for all active and deferred members of the account  
140.29 as of December 31 of the calendar year next following the current calendar year must be  
140.30 calculated based on the good time service used in the calculation under paragraph (b),  
140.31 clause (1), increased by one year.

140.32 (2) The increase in the total accrued liability of the account for the following calendar  
140.33 year over the total accrued liability of the account for the current year must be calculated.

140.34 (3) The amount of ~~anticipated future~~ administrative expenses of the account must be  
140.35 calculated by multiplying the per person dollar amount of the administrative expenses for  
140.36 the most recent prior calendar year by the ~~factor of 1.035~~ number of active and deferred

141.1 firefighters reported to PERA on the most recent good time service credit certification  
141.2 form for each account.

141.3 (4) If the account is fully funded, the financial requirement of the account for the  
141.4 following calendar year is the total of the amounts calculated under clauses (2) and (3).

141.5 (5) If the account has a deficit from full funding, the financial requirement of the  
141.6 account for the following calendar year is the total of the amounts calculated under clauses  
141.7 (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full  
141.8 funding of the account.

141.9 (6) If the account has a surplus over full funding, the financial requirement of  
141.10 the account for the following calendar year is the financial requirement of the account  
141.11 calculated as though the account was fully funded under clause (4) and, if the account has  
141.12 also had a surplus over full funding during the prior two years, additionally reduced by an  
141.13 amount equal to one-tenth of the amount of the surplus over full funding of the account.

141.14 (d) The required contribution of the entity or entities associated with the fire  
141.15 department whose active firefighters are covered by the retirement plan is the annual  
141.16 financial requirements of the account of the retirement plan under paragraph (c) reduced by  
141.17 the amount of any fire state aid payable under sections 69.011 to 69.051 and supplemental  
141.18 state aid under section 423A.022 reasonably anticipated to be received by the retirement  
141.19 plan attributable to the entity or entities during the following calendar year, and an  
141.20 amount of interest on the assets projected to be received during the following calendar  
141.21 year calculated at the rate of six percent per annum. The required contribution must be  
141.22 allocated between the entities if more than one entity is involved. A reasonable amount  
141.23 of anticipated fire state aid is an amount that does not exceed the fire state aid actually  
141.24 received in the prior year multiplied by the factor 1.035.

141.25 (e) The required contribution calculated in paragraph (d) must be paid to the  
141.26 retirement plan on or before December 31 of the year for which it was calculated. If  
141.27 the contribution is not received by the retirement plan by December 31, it is payable  
141.28 with interest at an annual compound rate of six percent from the date due until the date  
141.29 payment is received by the retirement plan. If the entity does not pay the full amount of  
141.30 the required contribution, the executive director shall collect the unpaid amount under  
141.31 section 353.28, subdivision 6.

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

141.33 Sec. 35. Minnesota Statutes 2014, section 354.445, is amended to read:

141.34 **354.445 NO ANNUITY REDUCTION.**

142.1 (a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply  
142.2 to a person who:

142.3 (1) retires from the Minnesota State Colleges and Universities system with at least  
142.4 ten years of combined service credit in a system under the jurisdiction of the Board of  
142.5 Trustees of the Minnesota State Colleges and Universities;

142.6 (2) was employed on a full-time basis immediately preceding retirement as a faculty  
142.7 member or as an unclassified administrator in that system;

142.8 (3) was not a recipient of an early retirement incentive under section 136F.481;

142.9 (4) begins drawing an annuity from the Teachers Retirement Association; and

142.10 (5) returns to work on not less than a one-third time basis and not more than a  
142.11 two-thirds time basis in the system from which the person retired under an agreement in  
142.12 which the person may not earn a salary of more than \$62,000 in a ~~calendar~~ fiscal year  
142.13 through employment after retirement in the system from which the person retired.

142.14 (b) Initial participation, the amount of time worked, and the duration of participation  
142.15 under this section must be mutually agreed upon by the president of the institution where  
142.16 the person returns to work and the employee. The president may require up to one-year  
142.17 notice of intent to participate in the program as a condition of participation under this  
142.18 section. The president shall determine the time of year the employee shall work. The  
142.19 employer or the president may not require a person to waive any rights under a collective  
142.20 bargaining agreement as a condition of participation under this section.

142.21 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a)  
142.22 and (b) may not, based on employment to which the waiver in this section applies, earn  
142.23 further service credit in a Minnesota public defined benefit plan and is not eligible to  
142.24 participate in a Minnesota public defined contribution plan, other than a volunteer fire plan  
142.25 governed by chapter 424A. No employer or employee contribution to any of these plans  
142.26 may be made on behalf of such a person.

142.27 (d) For a person eligible under paragraphs (a) and (b) who earns more than \$62,000  
142.28 in a ~~calendar~~ fiscal year through employment after retirement due to employment by the  
142.29 Minnesota State Colleges and Universities system, the annuity reduction provisions of  
142.30 section 354.44, subdivision 5, apply only to income over \$62,000.

142.31 (e) A person who returns to work under this section is a member of the appropriate  
142.32 bargaining unit and is covered by the appropriate collective bargaining contract. Except  
142.33 as provided in this section, the person's coverage is subject to any part of the contract  
142.34 limiting rights of part-time employees.

142.35 **EFFECTIVE DATE.** (a) This section is effective retroactively from January 1, 2015.

143.1 (b) For purposes of the January 1, 2015, to June 30, 2015, period, the \$62,000  
143.2 exempt income limit must be prorated.

143.3 Sec. 36. Minnesota Statutes 2014, section 354.72, subdivision 2, is amended to read:

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

143.8 (b) If payment is received by the executive director by June 30 of the fiscal year  
143.9 of the strike period or by December 31 of the fiscal year following an authorized leave  
143.10 included under section 354.093, 354.095, or 354.096, payment must equal the total  
143.11 employee and employer contribution rates, including amortization contribution rates if  
143.12 applicable, multiplied by the member's average monthly salary rate on the date the leave  
143.13 or strike period commenced, ~~or for an extended leave under section 354.094, on the salary~~  
143.14 received during the year immediately preceding the initial year of the leave, multiplied  
143.15 by the months and portions of a month of the leave or strike period for which the teacher  
143.16 seeks allowable service credit. This paragraph also applies to an extended leave under  
143.17 section 354.094, except that payment must be received by June 30 of the year of the leave,  
143.18 and the salary used in the computation is the salary received during the year immediately  
143.19 preceding the initial year of the leave.

143.20 (c) If payment is made after June 30 and before the following June 30 for a strike  
143.21 period, or for leaves after December 31 of the fiscal year following a leave of absence  
143.22 under section 354.093, 354.095, or 354.096, ~~or for an extended leave of absence under~~  
143.23 section 354.094, and before July 1, the payment must include the amount determined in  
143.24 paragraph (b) plus compound interest at a monthly rate of 0.71 percent from June 30 ~~for~~  
143.25 a strike period, or from December 31 for a leave under section 354.093, 354.095, or  
143.26 354.096, until the last day of the month in which payment is received. If payment is made  
143.27 on or after July 1 and before the following July 1 for an extended leave of absence under  
143.28 section 354.094, the payment must include the amount determined in paragraph (b) plus  
143.29 compound interest at a monthly rate of 0.71 percent from June 30 until the last day of  
143.30 the month in which payment is received.

143.31 (d) If payment is received by the executive director after the applicable last permitted  
143.32 date under paragraph (c), the payment amount is the amount determined under section  
143.33 356.551. Notwithstanding payment deadlines specified in section 356.551, payment under  
143.34 this section may be made anytime before the effective date of retirement.

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

144.1 Sec. 37. Minnesota Statutes 2014, section 355.07, is amended to read:

144.2 **355.07 DECLARATION OF POLICY.**

144.3 (a) In order to extend to employees of the state, its political subdivisions, and its  
144.4 other governmental employers, and to the dependents and survivors of the employees of  
144.5 those employing units, the basic protection accorded to others by the old age, survivors,  
144.6 and disability insurance system embodied in the Social Security Act, it is hereby declared  
144.7 to be the policy of the legislature, subject to the limitations of this chapter, that these steps  
144.8 are taken to provide protection to employees of the state and its political subdivisions on  
144.9 as broad a basis as may be authorized by the legislature and is permitted under the Social  
144.10 Security Act.

144.11 (b) It is also the policy of the legislature that the protection afforded employees in  
144.12 positions covered by a retirement system on the date an agreement under this chapter is  
144.13 made applicable to service performed in those positions, or receiving periodic benefits  
144.14 under the retirement system at that time, will not be impaired as a result of making the  
144.15 agreement so applicable or as a result of legislative enactment in anticipation thereof when  
144.16 combined with the benefits accorded the employee by the Social Security Act.

144.17 (c) To this end, the agreement referred to in section 355.02 must not be made  
144.18 applicable to any service performed in any position covered by a retirement system unless  
144.19 a referendum is first held by secret ballot in which a majority of "eligible employees," as  
144.20 defined in section 218(d) (3) of the Social Security Act, vote in favor thereof, or unless  
144.21 a retirement system is divided in two divisions or parts, one of which is composed of  
144.22 positions of members of the system who desire coverage and one of which is composed of  
144.23 positions of members of the system who do not desire coverage under section 218(d) (3)  
144.24 of the Social Security Act, in accordance with subsections (6) and (7) thereof. The cost of  
144.25 the referendum must be borne by the affected governmental subdivision or subdivisions,  
144.26 which are required to elect a voting method.

144.27 (d) If a retirement system is divided as described in paragraph (c), any member of  
144.28 the division of members that did not desire coverage may be transferred to the division of  
144.29 members who did desire coverage as provided in section 218(d)(6)(f) of the Social Security  
144.30 Act so long as the individual files a written request for such a transfer with the director.

144.31 ~~(d)~~ (e) Nothing in any provision of this chapter authorizes the extension of the  
144.32 insurance system established by this chapter, to service in any police officer's or firefighter's  
144.33 position or in any position covered by a retirement system applicable exclusively to  
144.34 positions in one or more law enforcement or firefighting units, agencies or departments as  
144.35 covered by a retirement system in section 356.30, subdivision 3, clauses (4) and (7).

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

145.2 Sec. 38. Minnesota Statutes 2014, section 356.32, subdivision 1, is amended to read:

145.3 Subdivision 1. **Proportionate retirement annuity.** (a) Notwithstanding any  
145.4 provision to the contrary of the laws governing any of the retirement funds enumerated  
145.5 in subdivision 2, any person who is an active member of any applicable fund, who has  
145.6 credit for at least one year ~~but less than ten years~~ of allowable service in one or more of  
145.7 the covered plans, and who terminates active service under a mandatory retirement law or  
145.8 policy or at ~~age 65 or older, or at the normal retirement age if this age is~~ but not less than  
145.9 age 65, ~~for any reason~~ is entitled upon making written application on the form prescribed  
145.10 by the chief administrative officer of the plan to a proportionate retirement annuity from  
145.11 each covered plan in which the person has at least six months of allowable service credit.

145.12 (b) The proportionate annuity must be calculated under the applicable laws  
145.13 governing annuities based upon allowable service credit at the time of retirement and the  
145.14 person's average salary for the highest five successive years of allowable service or the  
145.15 average salary for the entire period of allowable service if less than five years.

145.16 (c) Nothing in this section prevents the imposition of the appropriate early retirement  
145.17 reduction of an annuity which commences before the normal retirement age.

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

145.19 Sec. 39. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

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

145.27 (1) a postretirement increase of two percent must be applied each year, effective  
145.28 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient  
145.29 who has been receiving an annuity or a benefit for at least 18 full months before the  
145.30 January 1 increase; and

145.31 (2) for each annuitant or benefit recipient who has been receiving an annuity or  
145.32 a benefit for at least six full months, an annual postretirement increase of 1/12 of two  
145.33 percent for each month that the person has been receiving an annuity or benefit must be

146.1 applied, effective January 1, following the calendar year in which the person has been  
146.2 retired for at least six months, but has been retired for less than 18 months.

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

146.4 Increases under this subdivision for the general state employees retirement plan, the  
146.5 correctional state employees retirement plan, or the judges retirement plan terminate on  
146.6 December 31 of the calendar year in which two prior consecutive actuarial valuations  
146.7 prepared by the approved actuary under sections 356.214 and 356.215 and the standards  
146.8 for actuarial work promulgated by the Legislative Commission on Pensions and  
146.9 Retirement ~~indicates~~ indicate that the market value of assets of the retirement plan  
146.10 equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan  
146.11 and increases under subdivision 1 recommence after that date. Increases under this  
146.12 subdivision for the legislators retirement plan ~~or the elected state~~ established under chapter  
146.13 3a, including constitutional officers retirement plan specified in that chapter, terminate on  
146.14 December 31 of the calendar year in which ~~the~~ two prior consecutive actuarial ~~valuation~~  
146.15 valuations prepared by the approved actuary under sections 356.214 and 356.215 and the  
146.16 standards for actuarial work promulgated by the Legislative Commission on Pensions  
146.17 and Retirement ~~indicates~~ indicate that the market value of assets of the general state  
146.18 employees retirement plan equals or exceeds 90 percent of the actuarial accrued liability  
146.19 of the retirement plan and increases under subdivision 1 recommence after that date.

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

146.24 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2014.

146.25 Sec. 40. Minnesota Statutes 2014, section 356.635, subdivision 9, is amended to read:

146.26 Subd. 9. **Military service.** Contributions, benefits, including death and disability  
146.27 benefits under section 401(a)(37) of the federal Internal Revenue Code, and service credit  
146.28 with respect to qualified military service must be provided according to section 414(u) of  
146.29 the federal Internal Revenue Code. For deaths occurring on or after January 1, 2007, while  
146.30 a member is performing qualified military service as defined in United States Code, title  
146.31 38, chapter 43, to the extent required by section 401(a)(37) of the federal Internal Revenue  
146.32 Code, survivors of a member in the system are entitled to any additional benefits that the  
146.33 system would have provided if the member had resumed employment and then died,  
146.34 including but not limited to accelerated vesting or survivor benefits that are contingent

147.1 on the member's death while employed. In any event, a deceased member's period of  
147.2 qualified military service must be counted for vesting purposes.

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

147.4 Sec. 41. Minnesota Statutes 2014, section 356.635, is amended by adding a subdivision  
147.5 to read:

147.6 Subd. 10. **Benefit limitations.** For purposes of applying the limits of section  
147.7 415(b) of the federal Internal Revenue Code, a retirement benefit that is payable in any  
147.8 form other than a single life annuity and that is subject to section 417(e)(3) of the federal  
147.9 Internal Revenue Code must be adjusted to an actuarially equivalent single life annuity  
147.10 that equals, if the annuity starting date is in a plan year beginning after 2005, the annual  
147.11 amount of the single life annuity commencing at the same annuity starting date that has  
147.12 the same actuarial present value as the participant's form of benefit, using whichever of the  
147.13 following produces the greatest annual amount:

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

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

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

147.19 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2005.

147.20 Sec. 42. **REPEALER.**

147.21 Minnesota Statutes 2014, sections 353.025; 353.83; 353.84; 353.85; and 353D.03,  
147.22 subdivision 4, are repealed.

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

## 147.24 **ARTICLE 13**

### 147.25 **OBSOLETE DATE REVISIONS AND VARIOUS CLARIFICATIONS**

147.26 Section 1. Minnesota Statutes 2014, section 352.01, subdivision 11, is amended to read:

147.27 Subd. 11. **Allowable service.** (a) "Allowable service" means:

147.28 ~~(1) service by an employee for which on or before July 1, 1961, the employee chose~~  
147.29 ~~to obtain credit for service by making payments to the fund under Minnesota Statutes~~  
147.30 ~~1961, section 352.24;~~

148.1           ~~(2)~~ (1) service by an employee ~~after July 1, 1957~~, for any calendar month in which  
148.2 the employee is paid salary from which deductions are made, deposited, and credited in the  
148.3 fund, including deductions made, deposited, and credited as provided in section 352.041;

148.4           ~~(3)~~ (2) service by an employee for any calendar month for which payments in lieu of  
148.5 salary deductions are made, deposited, and credited in the fund, as provided in section  
148.6 352.27;

148.7           ~~(4)~~ (3) the period of absence from their duties by employees who are temporarily  
148.8 disabled because of injuries incurred in the performance of duties and for which disability  
148.9 the state is liable under the workers' compensation law until the date authorized by the  
148.10 director for the commencement of payments of a total and permanent disability benefit  
148.11 from the retirement fund;

148.12           ~~(5)~~ (4) service covered by a refund repaid as provided in section 352.23 or 352D.05,  
148.13 subdivision 4, except service rendered as an employee of the adjutant general for which  
148.14 the person has credit with the federal civil service retirement system;

148.15           ~~(6)~~ (5) service rendered before July 1, 1978, by an employee of the Transit Operating  
148.16 Division of the Metropolitan Transit Commission or by an employee on an authorized  
148.17 leave of absence from the Transit Operating Division of the Metropolitan Transit  
148.18 Commission who is employed by the labor organization which is the exclusive bargaining  
148.19 agent representing employees of the Transit Operating Division, which was credited by  
148.20 the Metropolitan Transit Commission-Transit Operating Division employees retirement  
148.21 fund or any of its predecessor plans or funds as past, intermediate, future, continuous, or  
148.22 allowable service as defined in the Metropolitan Transit Commission-Transit Operating  
148.23 Division employees retirement fund plan document in effect on December 31, 1977;

148.24           ~~(7)~~ (6) service rendered after July 1, 1983, by an employee who is employed on  
148.25 a part-time basis for less than 50 percent of full time, for which the employee is paid  
148.26 salary from which deductions are made, deposited, and credited in the fund, including  
148.27 deductions made, deposited, and credited as provided in section 352.041 or for which  
148.28 payments in lieu of salary deductions are made, deposited, and credited in the fund  
148.29 as provided in section 352.27 ~~shall~~ must be credited on a fractional basis either by pay  
148.30 period, monthly, or annually based on the relationship that the percentage of salary earned  
148.31 bears to a full-time salary, with any salary paid for the fractional service credited on the  
148.32 basis of the rate of salary applicable for a full-time pay period, month, or a full-time  
148.33 year. For periods of part-time service that is duplicated service credit, section 356.30,  
148.34 subdivision 1, paragraphs (g) and (h), govern; and

149.1           ~~(8)~~ (7) any period of authorized leave of absence without pay that does not exceed  
149.2 one year and for which the employee obtained credit by payment to the fund under section  
149.3 352.017.

149.4           ~~(9)~~ [~~Renumbered clause (8)~~]

149.5           ~~(10)~~ MS 2002 [~~Expired~~]

149.6           ~~(11)~~ [~~Expired, 2002 e 392 art 2 s 4~~]

149.7           (b) For purposes of paragraph (a), clauses ~~(2)~~ (1) and ~~(3)~~ (2), any salary that is paid  
149.8 for a fractional part of any calendar month, including the month of separation from state  
149.9 service, is deemed to be the compensation for the entire calendar month.

149.10          (c) Allowable service determined and credited on a fractional basis must be used in  
149.11 calculating the amount of benefits payable, but service as determined on a fractional basis  
149.12 must not be used in determining the length of service required for eligibility for benefits.

149.13          Sec. 2. Minnesota Statutes 2014, section 352.01, subdivision 15, is amended to read:

149.14           Subd. 15. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is  
149.15 ~~either a fellow of the society of actuaries or who has at least 15 years of service to major~~  
149.16 ~~public employee funds, or any firm retaining an approved actuary on its staff~~ meets the  
149.17 definition in section 356.215, subdivision 1, paragraph (c).

149.18          Sec. 3. Minnesota Statutes 2014, section 352.021, subdivision 1, is amended to read:

149.19           Subdivision 1. **Establishment.** (a) There is established the general state employees  
149.20 retirement plan of the Minnesota State Retirement System for state employees.

149.21           (b) The general state employees retirement plan is a continuation of the State  
149.22 Employees Retirement Association.

149.23           ~~(c) Any person who was a member of the State Employees Retirement Association~~  
149.24 ~~on June 30, 1967, is covered by the general state employees retirement plan and is entitled~~  
149.25 ~~to all benefits provided by the plan upon fulfilling the age, service, contribution, and~~  
149.26 ~~other requirements of this chapter.~~

149.27          Sec. 4. Minnesota Statutes 2014, section 352.021, subdivision 3, is amended to read:

149.28           Subd. 3. **Optional exemptions.** (a) Any person who is appointed by the governor or  
149.29 lieutenant governor ~~may request exemption from coverage by~~ who is not already covered  
149.30 by the general state employees retirement plan under this chapter ~~if the appointee is not~~  
149.31 ~~covered by the plan on the date of appointment, and who is not an employee listed in~~  
149.32 section 352D.02, subdivision 1, paragraph (c), may request, in writing, an exemption  
149.33 from coverage by the plan.

150.1           **(b)** To qualify for this exemption, ~~a written~~ the request must be made within 90 days  
150.2 from the date of entering upon the duties of the position to which the person is appointed.

150.3           **(c)** After making the request, a person requesting the exemption is not entitled to  
150.4 coverage by the general state employees retirement plan while employed in the position  
150.5 that entitled that person to an exemption from coverage.

150.6           Sec. 5. Minnesota Statutes 2014, section 352.021, subdivision 4, is amended to read:

150.7           Subd. 4. **Reentering service after refund.** When a former employee who has  
150.8 withdrawn accumulated contributions reenters employment in a position entitled to  
150.9 coverage under the general state employees retirement plan, the employee must be covered  
150.10 by the plan on the same basis as a new employee and is not entitled to allowable service  
150.11 credit for any former service. The annuity rights forfeited when taking a refund can only  
150.12 be restored as provided in ~~this chapter~~ section 352.23.

150.13           Sec. 6. Minnesota Statutes 2014, section 352.029, subdivision 2, is amended to read:

150.14           Subd. 2. **Election.** A person described in subdivision 1 ~~shall be~~ is covered by  
150.15 the system if written election to be covered is delivered to the executive director ~~before~~  
150.16 ~~December 31, 1992~~, within 90 days of being employed by the labor organization, or  
150.17 within 90 days of starting the first leave of absence with an exclusive bargaining agent,  
150.18 whichever is later.

150.19           Sec. 7. Minnesota Statutes 2014, section 352.22, subdivision 8, is amended to read:

150.20           Subd. 8. **Refund specifically limited.** **(a)** If a former employee covered by the  
150.21 system does not apply for refund within five years after the last deduction was taken  
150.22 from salary for the retirement fund, and does not have enough service to qualify for a  
150.23 deferred annuity, accumulated member and employer contributions must be credited to  
150.24 and become a part of the retirement fund.

150.25           **(b)** If the former employee returns to state service and becomes a state employee  
150.26 covered by the system, the amount credited to the retirement fund, if more than \$25, must  
150.27 be restored to the individual account. If the amount credited to the fund is over \$25 and  
150.28 the former employee applies for refund or an annuity under section 352.72 or 356.30,  
150.29 the amount must be restored to the former employee's individual account and a refund  
150.30 made or an annuity paid, whichever applies.

150.31           Sec. 8. Minnesota Statutes 2014, section 352.22, subdivision 10, is amended to read:

151.1 Subd. 10. **Other refunds.** Former employees covered by the system are entitled  
151.2 to apply for refunds if they are or become members of the State Patrol retirement fund,  
151.3 the state Teachers Retirement Association, or employees of the University of Minnesota  
151.4 excluded from coverage under the system by action of the Board of Regents; or employees  
151.5 of the adjutant general who under federal law effectually elect membership in a federal  
151.6 retirement system; or officers or employees of the senate or house of representatives,  
151.7 excluded from coverage under section 352.01, subdivision 2b, clause ~~(7)~~ (6). The refunds  
151.8 must include accumulated contributions plus interest as provided in subdivision 2.

151.9 Sec. 9. Minnesota Statutes 2014, section 352.23, is amended to read:

151.10 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

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

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

151.18 (c) Repayment of refunds entitles the employee only to credit for service covered  
151.19 by (1) salary deductions; (2) payments previously made in lieu of salary deductions as  
151.20 permitted under law in effect when the payment in lieu of deductions was made; (3)  
151.21 payments made to obtain credit for service as permitted by laws in effect when payment  
151.22 was made; and (4) allowable service ~~once~~ previously credited while receiving temporary  
151.23 workers' compensation as provided in section 352.01, subdivision 11, clause ~~(5)~~ (4).

151.24 (d) Payments under this section for repayment of refunds are to be paid with interest  
151.25 at an annual rate of 8.5 percent compounded annually from the date the refund was taken  
151.26 until the date the refund is repaid. They may be paid in a lump sum or by payroll deduction  
151.27 in the manner provided in section 352.04. Payment may be made in a lump sum up to  
151.28 six months after termination from service.

151.29 Sec. 10. Minnesota Statutes 2014, section 352.75, subdivision 2, is amended to read:

151.30 Subd. 2. **New employees.** All persons ~~first~~ employed by the ~~former~~ Metropolitan  
151.31 ~~Transit Commission~~ Council as employees of the Transit Operating Division ~~on or after~~  
151.32 ~~July 1, 1978~~, are members of the general state employees retirement plan of the Minnesota  
151.33 State Retirement System and are ~~considered~~ state employees for purposes of this chapter  
151.34 unless specifically excluded under section 352.01, subdivision 2b.

152.1 Sec. 11. Minnesota Statutes 2014, section 352.87, subdivision 8, is amended to read:

152.2 Subd. 8. **Election of coverage.** To be covered by this section, an employee of the  
 152.3 Department of Public Safety described in subdivision 1 who is employed in a position  
 152.4 described in that subdivision ~~on or after July 1, 1999,~~ must file a notice with the executive  
 152.5 director of the Minnesota State Retirement System on a form prescribed by the executive  
 152.6 director stating whether or not the employee elects to be covered by this section. Notice  
 152.7 must be filed ~~by September 1, 1999, or~~ within 90 days of employment, ~~whichever is later.~~  
 152.8 Elections are irrevocable during any period of covered employment. A failure to file a  
 152.9 timely notice ~~shall be~~ is deemed a waiver of coverage by this section.

152.10 Sec. 12. Minnesota Statutes 2014, section 352B.011, subdivision 3, is amended to read:

152.11 Subd. 3. **Allowable service.** (a) "Allowable service" means:

152.12 (1) service in a month during which a member is paid a salary from which a member  
 152.13 contribution is deducted, deposited, and credited in the State Patrol retirement fund;

152.14 ~~(2) for members defined in subdivision 10, clause (1), service in any month for~~  
 152.15 ~~which payments have been made to the State Patrol retirement fund under law;~~

152.16 ~~(3) for members defined in subdivision 10, clauses (2) and (3), service for which~~  
 152.17 ~~payments have been made to the State Patrol retirement fund under law, service for which~~  
 152.18 ~~payments were made to the State Police officers retirement fund under law after June~~  
 152.19 ~~30, 1961, and all prior service which was credited to a member for service on or before~~  
 152.20 ~~June 30, 1961;~~

152.21 ~~(4)~~ (2) any period of authorized leave of absence without pay that does not exceed  
 152.22 one year and for which the employee obtains credit by payment to the fund under section  
 152.23 352B.013; and

152.24 ~~(5)~~ (3) eligible periods of uniformed service for which the member obtained service  
 152.25 credit by making the payment required under section 352B.086 to the fund.

152.26 (b) Allowable service also includes any period of absence from duty by a member  
 152.27 who, by reason of injury incurred in the performance of duty, is temporarily disabled and  
 152.28 for which disability the state is liable under the workers' compensation law, until the date  
 152.29 authorized by the executive director for commencement of payment of a disability benefit  
 152.30 or until the date of a return to employment if in conformity with section 352B.085.

152.31 Sec. 13. Minnesota Statutes 2014, section 352B.07, is amended to read:

152.32 **352B.07 ACTIONS BY OR AGAINST THE GOVERNING BOARD OF THE**  
 152.33 **RETIREMENT PLAN.**

153.1 With respect to the State Patrol retirement plan, the board of the Minnesota State  
 153.2 Retirement System may sue or be sued in the name of the board of directors of the state  
 153.3 retirement system. In all actions brought by or against it, the board shall be represented by  
 153.4 the attorney general. The attorney general shall also be the legal adviser for the board.  
 153.5 Venue of all actions is in the Ramsey County District Court.

153.6 Sec. 14. Minnesota Statutes 2014, section 352B.25, is amended to read:

153.7 **352B.25 CONTINUING APPROPRIATION; PAYMENT OF PENSION**  
 153.8 **FUNDS BY INDIVIDUALS.**

153.9 The State Patrol retirement fund ~~and the participation in the Minnesota~~  
 153.10 ~~postretirement investment fund~~ must be disbursed only for the purposes provided in this  
 153.11 chapter. The expenses of the system and any benefits or annuities provided in this chapter;  
 153.12 ~~other than benefits payable from the Minnesota postretirement investment fund,~~ must be  
 153.13 paid from the State Patrol retirement fund. The amounts necessary to make the payments  
 153.14 from the State Patrol retirement fund ~~and the participation in the Minnesota postretirement~~  
 153.15 ~~investment fund~~ are annually appropriated from those funds for those purposes.

153.16 Sec. 15. Minnesota Statutes 2014, section 353.01, subdivision 2b, is amended to read:

153.17 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible  
 153.18 to participate as members of the association with retirement coverage by the general  
 153.19 employees retirement plan, the local government correctional employees retirement plan  
 153.20 under chapter 353E, or the public employees police and fire retirement plan:

153.21 (1) persons whose annual salary from one governmental subdivision never exceeds  
 153.22 an amount, stipulated in writing in advance, of \$5,100 if the person is not a school district  
 153.23 employee or \$3,800 if the person is a school year employee. If annual compensation from  
 153.24 one governmental subdivision to an employee exceeds the stipulated amount in a calendar  
 153.25 year or a school year, whichever applies, after being stipulated in advance not to exceed  
 153.26 the applicable amount, the stipulation is no longer valid and contributions must be made  
 153.27 on behalf of the employee under section 353.27, subdivision 12, from the first month in  
 153.28 which the employee received salary exceeding \$425 in a month;

153.29 (2) public officers who are elected to a governing body, city mayors, or persons who  
 153.30 are appointed to fill a vacancy in an elective office of a governing body, whose term of office  
 153.31 commences on or after July 1, 2002, for the service to be rendered in that elective position;

153.32 (3) election judges and persons employed solely to administer elections;

153.33 (4) patient and inmate personnel who perform services for a governmental  
 153.34 subdivision;

154.1 (5) except as otherwise specified in subdivision 12a, employees who are employed  
154.2 solely in a temporary position as defined under subdivision 12a, and employees who  
154.3 resign from a nontemporary position and accept a temporary position within 30 days of  
154.4 that resignation in the same governmental subdivision;

154.5 (6) employees who are employed by reason of work emergency caused by fire,  
154.6 flood, storm, or similar disaster, but if the person becomes a probationary or provisional  
154.7 employee within the same pay period, other than on a temporary basis, the person is a  
154.8 "public employee" retroactively to the beginning of the pay period;

154.9 (7) employees who by virtue of their employment in one governmental subdivision  
154.10 are required by law to be a member of and to contribute to any of the plans or funds  
154.11 administered by the Minnesota State Retirement System, the Teachers Retirement  
154.12 Association, or the St. Paul Teachers Retirement Fund Association, but this exclusion  
154.13 must not be construed to prevent a person from being a member of and contributing to  
154.14 the Public Employees Retirement Association and also belonging to and contributing to  
154.15 another public pension plan or fund for other service occurring during the same period  
154.16 of time, and a person who meets the definition of "public employee" in subdivision 2 by  
154.17 virtue of other service occurring during the same period of time becomes a member of the  
154.18 association unless contributions are made to another public retirement plan on the salary  
154.19 based on the other service or to the Teachers Retirement Association by a teacher as  
154.20 defined in section 354.05, subdivision 2;

154.21 (8) persons who are members of a religious order and are excluded from coverage  
154.22 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the  
154.23 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),  
154.24 as amended, if no irrevocable election of coverage has been made under section 3121(r) of  
154.25 the Internal Revenue Code of 1954, as amended;

154.26 (9) persons who are:

154.27 (i) employed by a governmental subdivision who have not reached the age of 23  
154.28 and who are enrolled on a full-time basis to attend or are attending classes on a full-time  
154.29 basis at an accredited school, college, or university in an undergraduate, graduate, or  
154.30 professional-technical program, or at a public or charter high school;

154.31 (ii) employed as resident physicians, medical interns, pharmacist residents, or  
154.32 pharmacist interns and are serving in a degree or residency program in a public hospital  
154.33 or in a public clinic; or

154.34 (iii) students who are serving for a period not to exceed five years in an internship  
154.35 or a residency program that is sponsored by a governmental subdivision, including an  
154.36 accredited educational institution;

155.1 (10) persons who hold a part-time adult supplementary technical college license who  
155.2 render part-time teaching service in a technical college;

155.3 (11) except for employees of Hennepin County or employees of Hennepin  
155.4 Healthcare System, Inc., foreign citizens who are employed by a governmental subdivision  
155.5 under a work permit or under an H-1b visa initially issued or extended for a combined  
155.6 period of less than three years of employment but upon extension of the employment of  
155.7 the visa beyond the three-year period, the foreign citizen must be reported for membership  
155.8 beginning on the first of the month following the extension if the monthly earnings  
155.9 threshold as provided under subdivision 2a, paragraph (a), is met;

155.10 (12) public hospital employees who elected not to participate as members of the  
155.11 association before 1972 and who did not elect to participate from July 1, 1988, to October  
155.12 1, 1988;

155.13 (13) except as provided in section 353.86, volunteer ambulance service personnel, as  
155.14 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel  
155.15 may still qualify as public employees under subdivision 2 and may be members of the  
155.16 Public Employees Retirement Association and participants in the general employees  
155.17 retirement plan or the public employees police and fire plan, whichever applies, on the  
155.18 basis of compensation received from public employment service other than service as  
155.19 volunteer ambulance service personnel;

155.20 (14) except as provided in section 353.87, volunteer firefighters, as defined in  
155.21 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,  
155.22 but a person who is a volunteer firefighter may still qualify as a public employee under  
155.23 subdivision 2 and may be a member of the Public Employees Retirement Association and  
155.24 a participant in the general employees retirement plan or the public employees police  
155.25 and fire plan, whichever applies, on the basis of compensation received from public  
155.26 employment activities other than those as a volunteer firefighter;

155.27 (15) pipefitters and associated trades personnel employed by Independent School  
155.28 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
155.29 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,  
155.30 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter  
155.31 241, article 2, section 12;

155.32 (16) electrical workers, plumbers, carpenters, and associated trades personnel who  
155.33 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,  
155.34 who have retirement coverage under a collective bargaining agreement by the Electrical  
155.35 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,  
155.36 or the pension plan applicable to Carpenters Local 322 who were either first employed

156.1 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under  
156.2 Laws 2000, chapter 461, article 7, section 5;

156.3 (17) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,  
156.4 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul  
156.5 or Independent School District No. 625, St. Paul, with coverage under a collective  
156.6 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,  
156.7 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324  
156.8 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities  
156.9 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if  
156.10 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special  
156.11 Session chapter 10, article 10, section 6;

156.12 (18) plumbers who are employed by the Metropolitan Airports Commission, with  
156.13 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
156.14 who either were first employed after May 1, 2001, or if first employed before May 2,  
156.15 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
156.16 10, section 6;

156.17 (19) employees who are hired after June 30, 2002, solely to fill seasonal positions  
156.18 under subdivision 12b which are limited in duration by the employer to 185 consecutive  
156.19 calendar days or less in each year of employment with the governmental subdivision;

156.20 (20) persons who are provided supported employment or work-study positions by a  
156.21 governmental subdivision and who participate in an employment or industries program  
156.22 maintained for the benefit of these persons where the governmental subdivision limits the  
156.23 position's duration to up to five years, including persons participating in a federal or state  
156.24 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment  
156.25 relief program where the training or work experience is not provided as a part of, or  
156.26 for, future permanent public employment;

156.27 (21) independent contractors and the employees of independent contractors;

156.28 (22) reemployed annuitants of the association during the course of that reemployment;

156.29 (23) persons appointed to serve on a board or commission of a governmental  
156.30 subdivision or an instrumentality thereof; and

156.31 (24) persons employed as full-time fixed-route bus drivers by the St. Cloud  
156.32 Metropolitan Transit Commission who are members of the International Brotherhood  
156.33 of Teamsters Local 638 and who are, by virtue of that employment, members of the  
156.34 International Brotherhood of Teamsters Central States pension plan.

157.1 (b) Any person performing the duties of a public officer in a position defined in  
157.2 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an  
157.3 employee of an independent contractor.

157.4 Sec. 16. Minnesota Statutes 2014, section 353.01, subdivision 6, is amended to read:

157.5 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a  
157.6 county, city, town, school district within this state, or a department, unit or instrumentality  
157.7 of state or local government, or any public body established under state or local  
157.8 authority that has a governmental purpose, is under public control, is responsible for the  
157.9 employment and payment of the salaries of employees of the entity, and receives a major  
157.10 portion of its revenues from taxation, fees, assessments or from other public sources.

157.11 (b) Governmental subdivision also means the Public Employees Retirement  
157.12 Association, the League of Minnesota Cities, the Association of Metropolitan  
157.13 Municipalities, charter schools formed under section 124D.10, service cooperatives  
157.14 exercising retirement plan participation under section 123A.21, subdivision 5, joint  
157.15 powers boards organized under section 471.59, subdivision 11, paragraph (a), family  
157.16 service collaboratives and children's mental health collaboratives organized under  
157.17 section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating  
157.18 the collaboratives are governmental units that otherwise qualify for retirement plan  
157.19 membership, public hospitals owned or operated by, or an integral part of, a governmental  
157.20 subdivision or governmental subdivisions, the Association of Minnesota Counties, the  
157.21 Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the  
157.22 Metropolitan Airports Commission, the University of Minnesota with respect to police  
157.23 officers covered by the public employees police and fire retirement plan, ~~the Minneapolis~~  
157.24 ~~Employees Retirement Fund for employment initially commenced after June 30, 1979~~, the  
157.25 Range Association of Municipalities and Schools, soil and water conservation districts,  
157.26 economic development authorities created or operating under sections 469.090 to 469.108,  
157.27 the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red  
157.28 Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake  
157.29 Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning  
157.30 Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc.  
157.31 (c) Governmental subdivision does not mean any municipal housing and  
157.32 redevelopment authority organized under the provisions of sections 469.001 to 469.047;  
157.33 or any port authority organized under sections 469.048 to 469.089 other than the Port  
157.34 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than  
157.35 the Red Wing Port Authority; or any hospital district organized or reorganized ~~prior to~~

158.1 before July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the  
158.2 board of a family service collaborative or children's mental health collaborative organized  
158.3 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled  
158.4 by representatives of governmental units.

158.5 (d) A nonprofit corporation governed by chapter 317A or organized under Internal  
158.6 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a  
158.7 governmental subdivision unless the entity has obtained a written advisory opinion from  
158.8 the United States Department of Labor or a ruling from the Internal Revenue Service  
158.9 declaring the entity to be an instrumentality of the state so as to provide that any future  
158.10 contributions by the entity on behalf of its employees are contributions to a governmental  
158.11 plan within the meaning of Internal Revenue Code, section 414(d).

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

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

158.18 Sec. 17. Minnesota Statutes 2014, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

158.31 (5) a period of authorized personal, parental, or medical leave of absence without  
158.32 pay, including a leave of absence covered under the federal Family Medical Leave Act,  
158.33 that does not exceed one year, and for which a member obtained service credit for each  
158.34 month in the leave period by payment under section 353.0161 to the fund made in place of  
158.35 salary deductions. An employee must return to public service and render a minimum of

159.1 three months of allowable service in order to be eligible to make payment under section  
159.2 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the  
159.3 employee must be granted allowable service credit for the purchased period;

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

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

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

160.1 would have received if the member had continued to be employed in covered employment  
160.2 rather than to provide uniformed service, or, if the determination of that rate is not  
160.3 reasonably certain, the annual salary rate is the member's average salary rate during the  
160.4 12-month period of covered employment rendered immediately preceding the period of the  
160.5 uniformed service. Payment of the member equivalent contributions must be made during  
160.6 a period that begins with the date on which the individual returns to public employment  
160.7 and that is three times the length of the military leave period, or within five years of the  
160.8 date of discharge from the military service, whichever is less. If the determined payment  
160.9 period is less than one year, the contributions required under this clause to receive service  
160.10 credit may be made within one year of the discharge date. Payment may not be accepted  
160.11 following 30 days after termination of public service under subdivision 11a. If the member  
160.12 equivalent contributions provided for in this clause are not paid in full, the member's  
160.13 allowable service credit must be prorated by multiplying the full and fractional number  
160.14 of years of uniformed service eligible for purchase by the ratio obtained by dividing the  
160.15 total member contributions received by the total member contributions otherwise required  
160.16 under this clause. The equivalent employer contribution, and, if applicable, the equivalent  
160.17 additional employer contribution must be paid by the governmental subdivision employing  
160.18 the member if the member makes the equivalent employee contributions. The employer  
160.19 payments must be made from funds available to the employing unit, using the employer  
160.20 and additional employer contribution rate or rates in effect at the time that the uniformed  
160.21 service was performed, applied to the same annual salary rate or rates used to compute the  
160.22 equivalent member contribution. The governmental subdivision involved may appropriate  
160.23 money for those payments. The amount of service credit obtainable under this section may  
160.24 not exceed five years unless a longer purchase period is required under United States Code,  
160.25 title 38, section 4312. The employing unit shall pay interest on all equivalent member and  
160.26 employer contribution amounts payable under this clause. Interest must be computed at a  
160.27 rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the  
160.28 break in service to the end of the month in which the payment is received. Upon payment,  
160.29 the employee must be granted allowable service credit for the purchased period; or

160.30 (9) a period specified under section 353.0162.

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

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

161.3 (c) For an active member who was an active member of the former Minneapolis  
 161.4 Firefighters Relief Association on December 29, 2011, "allowable service" is the period  
 161.5 of service credited by the Minneapolis Firefighters Relief Association as reflected in  
 161.6 the transferred records of the association up to December 30, 2011, and the period  
 161.7 of service credited under paragraph (a), clause (1), after December 30, 2011. For an  
 161.8 active member who was an active member of the former Minneapolis Police Relief  
 161.9 Association on December 29, 2011, "allowable service" is the period of service credited  
 161.10 by the Minneapolis Police Relief Association as reflected in the transferred records of the  
 161.11 association up to December 30, 2011, and the period of service credited under paragraph  
 161.12 (a), clause (1), after December 30, 2011.

161.13 ~~(d) MS 2002 [Expired]~~

161.14 Sec. 18. Minnesota Statutes 2014, section 353.01, subdivision 17, is amended to read:

161.15 Subd. 17. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is ~~a~~  
 161.16 ~~fellow of the society of actuaries or who has at least 15 years of service to major public~~  
 161.17 ~~employee funds or any firm retaining such an actuary on its staff~~ meets the definition in  
 161.18 section 356.215, subdivision 1, paragraph (c).

161.19 Sec. 19. Minnesota Statutes 2014, section 353.017, subdivision 2, is amended to read:

161.20 Subd. 2. **Election.** A person described in subdivision 1 is covered by the association  
 161.21 if written election to be covered is delivered to the association within six months of  
 161.22 employment by the labor organization ~~or within six months after July 1, 1993, whichever~~  
 161.23 ~~is applicable.~~

161.24 Sec. 20. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

161.25 Subd. 2. **Rights of deferred annuitant.** The entitlement of a deferred annuitant or  
 161.26 other former member of the general employees retirement plan of the Public Employees  
 161.27 Retirement Association, the Minneapolis Employees Retirement Fund division, the  
 161.28 public employees police and fire retirement plan, or the local government correctional  
 161.29 employees retirement plan to receive an annuity under the law in effect at the time the  
 161.30 person terminated public service is ~~herein~~ preserved. ~~The provisions of section 353.71,~~  
 161.31 ~~subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or~~  
 161.32 ~~other former member who first begins receiving an annuity after July 1, 1973.~~

162.1 Sec. 21. Minnesota Statutes 2014, section 353.64, subdivision 7a, is amended to read:

162.2 Subd. 7a. **Pension coverage for certain metropolitan transit police officers.** A  
162.3 person who is employed as a police officer ~~on or after the first day of the first payroll~~  
162.4 ~~period after July 1, 1993~~, by the Metropolitan Council and who is not eligible for coverage  
162.5 under the agreement with the Secretary of the federal Department of Health and Human  
162.6 Services making the provisions of the federal Old Age, Survivors, and Disability Insurance  
162.7 Act because the person's position is excluded from application under United States Code,  
162.8 sections 418(d)(5)(A) and 418(d)(8)(D), and under section 355.07, is a member of the  
162.9 public employees police and fire fund and is considered to be a police officer within the  
162.10 meaning of this section. The Metropolitan Council shall deduct the employee contribution  
162.11 from the salary of each police officer as required by section 353.65, subdivision 2, shall  
162.12 make the employer contribution for each police officer as required by section 353.65,  
162.13 subdivision 3, and shall meet the employer recording and reporting requirements in  
162.14 section 353.65, subdivision 4.

162.15 Sec. 22. Minnesota Statutes 2014, section 353.64, subdivision 8, is amended to read:

162.16 Subd. 8. **Pension coverage for certain state military affairs department**  
162.17 **firefighters.** A person who is employed as a full-time firefighter ~~on or after the first day~~  
162.18 ~~of the first payroll period after June 10, 1987~~, by the Department of Military Affairs  
162.19 of the state of Minnesota and who is not eligible for coverage under the agreement  
162.20 signed between the state and the secretary of the federal Department of Health and  
162.21 Human Services making the provisions of the federal Old Age, Survivors, and Disability  
162.22 Insurance Act applicable to state employees because the person's position is excluded from  
162.23 application under United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D) and  
162.24 section 355.07, is a member of the public employees police and fire fund and is considered  
162.25 to be a firefighter within the meaning of this section. The state Department of Military  
162.26 Affairs shall make the employee contribution deduction from the salary of each full-time  
162.27 Military Affairs Department firefighter as required by section 353.65, subdivision 2, shall  
162.28 make the employer contribution with respect to each firefighter as required by section  
162.29 353.65, subdivision 3, and shall meet the employer recording and reporting requirements  
162.30 in section 353.65, subdivision 4.

162.31 Sec. 23. Minnesota Statutes 2014, section 353.64, subdivision 9, is amended to read:

162.32 Subd. 9. **Pension coverage for certain sheriffs' association employees.** (a)  
162.33 A former member of the association who is an employee of the Minnesota Sheriffs'  
162.34 Association may elect to be a police and fire fund member with respect to service with

163.1 the sheriffs' association, if written election to be covered is delivered to the board within  
163.2 60 days after ~~July 1, 1989, or within 60 days after~~ the commencement of employment;  
163.3 ~~whichever is later.~~

163.4 (b) Employee and employer contributions for past service are the obligation of  
163.5 the employee, except that the Minnesota sheriffs' association may pay the employer  
163.6 contributions. The employer shall, in any event, deduct necessary future contributions  
163.7 from the employee's salary and remit all contributions to the association as required by  
163.8 this chapter.

163.9 (c) Persons who become association members under this section ~~shall~~ are not be  
163.10 eligible for election to the board of trustees.

163.11 Sec. 24. Minnesota Statutes 2014, section 353.64, subdivision 10, is amended to read:

163.12 Subd. 10. **Pension coverage for Hennepin Healthcare System, Inc.; paramedics**  
163.13 **and emergency medical technicians.** An employee of Hennepin Healthcare System, Inc.  
163.14 ~~who is a member of the public employees police and fire retirement plan under sections~~  
163.15 353.63 to 353.68 if the person is:

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

163.18 (2) employed full time as a paramedic or emergency medical technician by Hennepin  
163.19 County ~~on or after the effective date specified in Laws 1994, chapter 499, section 2;~~ and

163.20 (3) not eligible ~~after the effective date under Laws 1994, chapter 499, section 2,~~ for  
163.21 coverage under the agreement signed between the state and the secretary of the federal  
163.22 Department of Health and Human Services making the provisions of the federal Old Age,  
163.23 Survivors, and Disability Insurance Act applicable to paramedics and emergency medical  
163.24 technicians because the person's position is excluded after that date from application under  
163.25 United States Code, title 42, sections 418(d)(5)(A) and 418(d)(8)(D), and section 355.07;  
163.26 ~~is a member of the public employees police and fire fund under sections 353.63 to 353.68.~~

163.27 Hennepin Healthcare System, Inc. shall deduct the employee contribution from  
163.28 the salary of each full-time paramedic and emergency medical technician it employs as  
163.29 required by section 353.65, subdivision 2, shall make the employer contribution for each  
163.30 full-time paramedic and emergency medical technician it employs as required by section  
163.31 353.65, subdivision 3, and shall meet the employer recording and reporting requirements  
163.32 in section 353.65, subdivision 4.

163.33 Sec. 25. Minnesota Statutes 2014, section 353D.071, subdivision 2, is amended to read:

164.1 Subd. 2. **Required minimum distributions.** (a) The provisions of this subdivision  
164.2 ~~shall~~ apply for purposes of determining required minimum distributions for calendar years  
164.3 ~~beginning with the 2003 calendar year and will~~ must take precedence over any inconsistent  
164.4 provisions of the plan. All distributions required under this section ~~will~~ must be determined  
164.5 and made in accordance with the treasury regulations under section 401(a)(9) of the  
164.6 Internal Revenue Code, including regulations providing special rules for governmental  
164.7 plans, as defined under section 414(d) of the Internal Revenue Code, that comply with a  
164.8 reasonable good faith interpretation of the minimum distribution requirements.

164.9 (b) The member's entire interest ~~will~~ must be distributed to the member in a lump  
164.10 sum no later than the member's required beginning date.

164.11 (c) If the member dies before the required minimum distribution is made, the  
164.12 member's entire interest ~~will~~ must be distributed in a lump sum no later than as follows:

164.13 (1) if the member's surviving spouse is the member's sole designated beneficiary, the  
164.14 distribution must be made by December 31 of the calendar year immediately following the  
164.15 calendar year in which the member died, or by December 31 of the calendar year in which  
164.16 the member would have attained age 70 years, six months, whichever is later;

164.17 (2) if the member's surviving spouse is not the member's sole beneficiary, or if there  
164.18 is no designated beneficiary as of September 30 of the year following the year of the  
164.19 member's death, the member's entire interest ~~shall~~ must be distributed by December 31  
164.20 of the calendar year containing the fifth anniversary of the member's death as directed  
164.21 under section 353D.07, subdivision 5; or

164.22 (3) if the member's surviving spouse is the member's sole designated beneficiary and  
164.23 the surviving spouse dies after the member, but before the account balance is distributed  
164.24 to the surviving spouse, paragraph (c), clause (2), ~~shall~~ must apply as if the surviving  
164.25 spouse were the member.

164.26 (d) For purposes of paragraph (c), unless clause (3) applies, distributions are  
164.27 considered to be made on the member's required beginning date. If paragraph (c), clause  
164.28 (3), applies, distributions are considered to begin on the date distributions ~~are required to~~  
164.29 must be made to the surviving spouse under paragraph (c), clause (1).

164.30 Sec. 26. Minnesota Statutes 2014, section 354.05, subdivision 10, is amended to read:

164.31 Subd. 10. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who  
164.32 ~~is either a fellow of the society of actuaries or who has at least 15 years of service to~~  
164.33 ~~major public employee funds or any firm retaining such an actuary on its staff~~ meets the  
164.34 definition in section 356.215, subdivision 1, paragraph (c).

165.1 Sec. 27. Minnesota Statutes 2014, section 354.05, subdivision 13, is amended to read:

165.2 Subd. 13. **Allowable service.** "Allowable service" means:

165.3 ~~(1) any service rendered by a teacher for which on or before July 1, 1957, the~~  
165.4 ~~teacher's account in the retirement fund was credited by reason of employee contributions~~  
165.5 ~~in the form of salary deductions, payments in lieu of salary deductions, or in any other~~  
165.6 ~~manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by~~  
165.7 ~~Laws 1955, chapters 361, 549, 550, and 611;~~

165.8 ~~(2) any service rendered by a teacher for which on or before July 1, 1961, the teacher~~  
165.9 ~~elected to obtain credit for service by making payments to the fund under Minnesota~~  
165.10 ~~Statutes 1980, section 354.09 and section 354.51;~~

165.11 ~~(3) (1) any service rendered by a teacher after July 1, 1957, for any calendar month~~  
165.12 ~~when the member receives salary from which deductions are made, deposited and credited~~  
165.13 ~~in the fund;~~

165.14 ~~(4) (2) any service rendered by a person after July 1, 1957, for any calendar month~~  
165.15 ~~where payments in lieu of salary deductions are made, deposited and credited into the fund~~  
165.16 ~~as provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53;~~

165.17 ~~(5) (3) any service rendered by a teacher for which the teacher elected to obtain~~  
165.18 ~~credit for service by making payments to the fund under Minnesota Statutes 1980,~~  
165.19 ~~section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957,~~  
165.20 ~~section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or~~  
165.21 ~~Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3;~~

165.22 ~~(6) (4) both service during years of actual membership in the course of which~~  
165.23 ~~contributions were currently made and service in years during which the teacher was not a~~  
165.24 ~~member but for which the teacher later elected to obtain credit by making payments to the~~  
165.25 ~~fund as permitted by any law then in effect;~~

165.26 ~~(7) (5) any service rendered where contributions were made and no credit was~~  
165.27 ~~established because of the limitations contained in Minnesota Statutes 1957, section~~  
165.28 ~~135.09, subdivision 2, as determined by the ratio between the amounts of money credited~~  
165.29 ~~to the teacher's account in a fiscal year and the maximum retirement contribution allowable~~  
165.30 ~~for that year;~~

165.31 ~~(8) MS 2002 [Expired]~~

165.32 ~~(9) (6) a period of time during which a teacher was on strike without pay, not to exceed~~  
165.33 ~~a period of one year, if payment in lieu of salary deductions is made under section 354.72;~~

165.34 ~~(10) (7) a period of service before July 1, 2006, that was properly credited as~~  
165.35 ~~allowable service by the Minneapolis Teachers Retirement Fund Association, and that~~  
165.36 ~~was rendered by a teacher as an employee of Special School District No. 1, Minneapolis,~~

166.1 or by an employee of the Minneapolis Teachers Retirement Fund Association who was  
166.2 a member of the Minneapolis Teachers Retirement Fund Association by virtue of that  
166.3 employment, who has not begun receiving an annuity or other retirement benefit from  
166.4 the former Minneapolis Teachers Retirement Fund Association calculated in whole or  
166.5 in part on that service before July 1, 2006, and who has not taken a refund of member  
166.6 contributions related to that service unless the refund is repaid under section 354.50,  
166.7 subdivision 4. Service as an employee of Special School District No. 1, Minneapolis, on  
166.8 or after July 1, 2006, is "allowable service" only as provided by this chapter; or  
166.9 ~~(11)~~ (8) a period of service before July 1, 2015, that was properly credited as  
166.10 allowable service by the Duluth Teachers Retirement Fund Association, and that was  
166.11 rendered by a teacher as an employee of Independent School District No. 709, Duluth, or  
166.12 by an employee of the Duluth Teachers Retirement Fund Association who was a member  
166.13 of the Duluth Teachers Retirement Fund Association by virtue of that employment, who  
166.14 has not begun receiving an annuity or other retirement benefit from the former Duluth  
166.15 Teachers Retirement Fund Association calculated in whole or in part on that service  
166.16 before July 1, 2015, and who has not taken a refund of member contributions related to  
166.17 that service unless the refund is repaid under section 354.50, subdivision 4. Service as an  
166.18 employee of Independent School District No. 709, Duluth, on or after July 1, 2015, is  
166.19 "allowable service" only as provided by this chapter.

166.20 Sec. 28. Minnesota Statutes 2014, section 354.05, subdivision 25, is amended to read:

166.21 Subd. 25. **Formula service credit.** "Formula service credit" means any allowable  
166.22 service credit as defined in subdivision 13 except:

166.23 ~~(1) Any service rendered prior to July 1, 1951, for which payments were made~~  
166.24 ~~pursuant to subdivision 13 except as provided in section 354.09, subdivision 4, as~~  
166.25 ~~determined by multiplying the number of years of service established in the records of the~~  
166.26 ~~Teachers Retirement Association as of July 1, 1961 by the ratio obtained between the total~~  
166.27 ~~amount paid and the maximum amount payable for those years;~~

166.28 ~~(2) Any service rendered prior to July 1, 1957 for which payments were made~~  
166.29 ~~pursuant to section 354.09, subdivision 4, as determined by multiplying the number of~~  
166.30 ~~years of service established in the records of the teachers retirement association by the~~  
166.31 ~~ratio obtained between the total amount paid and the maximum amount payable for those~~  
166.32 ~~years; or~~

166.33 ~~(3)~~ (1) any service rendered for which contributions were not made in full as  
166.34 determined by the ratio between the amounts of money credited to the teacher's account in

167.1 a fiscal year and the retirement contribution payable for the fiscal year ~~pursuant to~~ under  
167.2 sections 354.092, 354.42 and 354.51; and

167.3 ~~(4)~~ (2) no period of service shall may be counted more than once for purposes  
167.4 of this subdivision.

167.5 Sec. 29. Minnesota Statutes 2014, section 354.07, subdivision 5, is amended to read:

167.6 Subd. 5. **Records; accounts; interest.** (a) The board shall keep a record of the  
167.7 receipts and disbursements of the fund and a separate account ~~with~~ for each member of  
167.8 the association. The board shall also keep separate accounts for annuity payments, for  
167.9 employer contributions and all other necessary accounts and reserves.

167.10 (b) It shall determine annually the annual interest earnings of the fund which shall  
167.11 include realized capital gains and losses. ~~Any amount in the capital reserve account on~~  
167.12 ~~July 1, 1973, shall be transferred to the employer contribution's account.~~

167.13 (c) The annual interest earnings shall must be apportioned and credited to the  
167.14 separate members' accounts except those covered under the provisions of section 354.44,  
167.15 subdivision 6. The rate to be used in this distribution, computed to the last full quarter  
167.16 percent shall, must be determined by dividing the interest earnings by the total invested  
167.17 assets of the fund. The excess of the annual interest earnings in the excess earnings reserve  
167.18 which was not credited to the various accounts shall must be credited to the gross interest  
167.19 earnings for the next succeeding year.

167.20 Sec. 30. Minnesota Statutes 2014, section 354.092, subdivision 4, is amended to read:

167.21 Subd. 4. **Service credit.** A member may not receive more than three years of  
167.22 allowable service credit in any ten consecutive years under this section ~~unless the~~  
167.23 ~~allowable service credit was paid for by the member before July 1, 1962.~~ Notwithstanding  
167.24 the provisions of any agreements to the contrary, employee and employer contributions  
167.25 may not be made to receive allowable service credit under this section if the member does  
167.26 not retain the right to full reinstatement both during and at the end of the sabbatical leave.

167.27 Sec. 31. Minnesota Statutes 2014, section 354.42, subdivision 1a, is amended to read:

167.28 Subd. 1a. **Teachers retirement fund.** (a) Within the Teachers Retirement  
167.29 Association and the state treasury is created a special retirement fund, which must include  
167.30 all the assets of the Teachers Retirement Association and all revenue of the association.  
167.31 ~~The fund is the continuation of the fund established under Laws 1931, chapter 406, section~~  
167.32 ~~2, notwithstanding the repeal of Minnesota Statutes 1973, section 354.42, subdivision 1,~~  
167.33 ~~by Laws 1974, chapter 289, section 59.~~

168.1 (b) The teachers retirement fund must be credited with all employee and employer  
168.2 contributions, all investment revenue and gains, and all other income authorized by law.

168.3 (c) From the teachers retirement fund is appropriated the payments of annuities  
168.4 and benefits authorized by this chapter and the reasonable and necessary expenses of  
168.5 administering the fund and the association.

168.6 Sec. 32. Minnesota Statutes 2014, section 354.44, subdivision 8, is amended to read:

168.7 Subd. 8. **Annuity payment; provision of evidence of receipt.** (a) An annuity or  
168.8 benefit for a given month must be paid during the first week of that month.

168.9 (b) Evidence of receipt of the check issued or acknowledgment of the amount  
168.10 electronically transferred in payment of an annuity or benefit may be required from the  
168.11 payee on a form prescribed by the executive director. The evidence of receipt form may  
168.12 be required periodically at times specified by the board. ~~In the event~~ If the filing of an  
168.13 evidence of receipt form is required and the form is not filed, future annuities or benefits  
168.14 must be withheld until the form is submitted.

168.15 Sec. 33. Minnesota Statutes 2014, section 354.44, subdivision 9, is amended to read:

168.16 Subd. 9. **Determining applicable law.** ~~An employee~~ A former teacher who returns  
168.17 to covered service following a termination and who is not receiving a retirement annuity  
168.18 under this section must have earned at least 85 days of credited service following the  
168.19 return to covered service to be eligible for improved benefits resulting from any law  
168.20 change enacted subsequent to that termination.

168.21 Sec. 34. Minnesota Statutes 2014, section 354.45, subdivision 1a, is amended to read:

168.22 Subd. 1a. **Bounce-back annuity.** (a) If a former member or disabilitant selects a  
168.23 joint and survivor annuity option under subdivision 1, the former member or disabilitant  
168.24 must receive a normal single life annuity if the designated optional annuity beneficiary  
168.25 dies before the former member or disabilitant. Under this option, no reduction may be  
168.26 made in the person's annuity to provide for restoration of the normal single life annuity in  
168.27 the event of the death of the designated optional annuity beneficiary.

168.28 (b) The restoration of the normal single life annuity under this subdivision will take  
168.29 effect on ~~July 1, 1989~~, or the first of the month following the date of death of the designated  
168.30 optional annuity beneficiary, or on the first of the month following one year before the date  
168.31 on which a certified copy of the death record of the designated optional annuity beneficiary  
168.32 is received in the office of the Teachers Retirement Association, whichever date is later.

169.1 (c) Except as stated in paragraph (b), this subdivision may not be interpreted as  
169.2 authorizing retroactive benefit payments.

169.3 Sec. 35. Minnesota Statutes 2014, section 354.48, subdivision 3, is amended to read:

169.4 Subd. 3. **Computation of benefits.** ~~(a) The amount of the disability benefit granted~~  
169.5 ~~to members covered under section 354.44, subdivision 2, paragraphs (b) and (c), is an~~  
169.6 ~~amount equal to double the annuity which could be purchased by the member's accumulated~~  
169.7 ~~deductions plus interest on the amount computed as though the teacher were at normal~~  
169.8 ~~retirement age at the time the benefit begins to accrue and in accordance with the law in~~  
169.9 ~~effect on the last day for which salary is received. Any member who applies for a disability~~  
169.10 ~~benefit after June 30, 1974, and who failed to make an election under Minnesota Statutes~~  
169.11 ~~1971, section 354.145, shall have the disability benefit computed under this paragraph, as~~  
169.12 ~~further specified in paragraphs (b) and (c), or paragraph (d), whichever is larger.~~

169.13 (b) ~~The benefit granted shall be determined by the following:~~

169.14 (1) ~~the amount of the accumulated deductions;~~

169.15 (2) ~~interest actually earned on these accumulated deductions to the date the benefit~~  
169.16 ~~begins to accrue;~~

169.17 (3) ~~interest for the years from the date the benefit begins to accrue to the date the~~  
169.18 ~~member attains normal retirement age at the rate of three percent;~~

169.19 (4) ~~annuity purchase rates based on an appropriate annuity table of mortality~~  
169.20 ~~established by the board as provided in section 354.07, subdivision 1, and using~~  
169.21 ~~the applicable postretirement interest rate assumption specified in section 356.215,~~  
169.22 ~~subdivision 8.~~

169.23 (c) ~~In addition, a supplementary monthly benefit of \$25 to age 65 or the five-year~~  
169.24 ~~anniversary of the effective date of the disability benefit, whichever is later, must be~~  
169.25 ~~paid to basic members.~~

169.26 (d) (a) The disability benefit granted to members covered under section 354.44,  
169.27 subdivision 6, shall must be computed in the same manner as the annuity provided in  
169.28 section 354.44, subdivision 6. The disability benefit ~~shall be~~ is the formula annuity without  
169.29 the reduction for each month the member is under normal retirement age when the benefit  
169.30 begins to accrue as defined by the law in effect on the last day for which salary is paid.

169.31 (e) (b) For the purposes of computing a retirement annuity when the member  
169.32 becomes eligible, the amounts paid for disability benefits ~~shall~~ must not be deducted from  
169.33 the individual member's accumulated deductions. If the disability benefits provided in  
169.34 this subdivision exceed the monthly average salary of the disabled member, the disability  
169.35 benefits ~~shall~~ must be reduced to an amount equal to the disabled member's average salary.

170.1 Sec. 36. Minnesota Statutes 2014, section 354.51, subdivision 1, is amended to read:

170.2 Subdivision 1. **Eligibility to make payments.** No member ~~shall be~~ is entitled to  
170.3 make payments in lieu of salary deductions to the retirement board to receive allowable  
170.4 service credit for any period of service ~~prior to~~ rendered before that date for which  
170.5 employee contributions were not deducted from the member's salary, except as provided  
170.6 in subdivision ~~4~~ 5, or section 354.50 or 354.53.

170.7 Sec. 37. Minnesota Statutes 2014, section 354.51, subdivision 5, is amended to read:

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

170.11 ~~(1) Payment of shortages in member deductions on salary earned after June 30,~~  
170.12 ~~1957, and before July 1, 1981, may be made any time before retirement. Payment must~~  
170.13 ~~include interest at an annual rate of 8.5 percent compounded annually from the end of the~~  
170.14 ~~fiscal year in which the shortage occurred to the end of the month in which payment is~~  
170.15 ~~made and the interest must be credited to the fund. If payment of a shortage in deductions~~  
170.16 ~~is not made, the formula service credit of the member must be prorated under section~~  
170.17 ~~354.05, subdivision 25, clause (3).~~

170.18 ~~(2) Payment of shortages in member deductions on salary earned after June 30, 1981,~~  
170.19 ~~are the sole obligation of the employing unit and are payable by the employing unit upon~~  
170.20 ~~notification by the executive director of the shortage with interest at an annual rate of 8.5~~  
170.21 ~~percent compounded annually from the end of the fiscal year in which the shortage occurred~~  
170.22 ~~to the end of the month in which payment is made and the interest must be credited to the~~  
170.23 ~~fund. Effective July 1, 1986, The employing unit shall also pay the employer contributions~~  
170.24 ~~as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the shortage~~  
170.25 ~~payment is not paid by the employing unit within 60 days of notification, and if the~~  
170.26 ~~executive director does not use the recovery procedure in section 354.512, the executive~~  
170.27 ~~director shall certify the amount of the shortage to the applicable county auditor, who shall~~  
170.28 ~~spread a levy in the amount of the shortage payment over the taxable property of the~~  
170.29 ~~taxing district of the employing unit if the employing unit is supported by property taxes.~~

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

171.1 of a full academic year, exclusive of the summer session, for the applicable institution  
171.2 that exceeds the most recent 36 months.

171.3 (b) For a person who is employed by the Minnesota State Colleges and Universities  
171.4 system in a faculty position or in an eligible unclassified administrative position and  
171.5 whose employment was less than 25 percent of a full academic year, exclusive of the  
171.6 summer session, for the applicable institution, upon the person's election under section  
171.7 354B.21 of retirement coverage under this chapter, the shortage in member deductions  
171.8 on the salary for employment by the Minnesota State Colleges and Universities system  
171.9 institution of less than 25 percent of a full academic year, exclusive of the summer session,  
171.10 for the applicable institution for the most recent 36 months and the associated employer  
171.11 contributions must be paid by the Minnesota State Colleges and Universities system  
171.12 institution, plus annual compound interest at the rate of 8.5 percent from the end of the  
171.13 fiscal year in which the shortage occurred to the end of the month in which the Teachers  
171.14 Retirement Association coverage election is made. An individual electing coverage  
171.15 under this paragraph shall repay the amount of the shortage in member deductions, plus  
171.16 interest, through deduction from salary or compensation payments within the first year of  
171.17 employment after the election under section 354B.21, subject to the limitations in section  
171.18 16D.16. The Minnesota State Colleges and Universities system may use any means  
171.19 available to recover amounts which were not recovered through deductions from salary or  
171.20 compensation payments. No payment of the shortage in member deductions under this  
171.21 paragraph may be made for a period longer than the most recent 36 months.

171.22 Sec. 38. Minnesota Statutes 2014, section 354.52, subdivision 4c, is amended to read:

171.23 Subd. 4c. **MnSCU service credit reporting.** For all part-time service rendered ~~on or~~  
171.24 ~~after July 1, 2004,~~ the service credit reporting requirement in subdivision 4b for all part-time  
171.25 employees of the Minnesota State Colleges and Universities system must be met by the  
171.26 Minnesota State Colleges and Universities system reporting to the association on or before  
171.27 July 31 of each year the final calculation of each part-time member's service credit for the  
171.28 immediately preceding fiscal year based on the employee's assignments for the fiscal year.

171.29 Sec. 39. Minnesota Statutes 2014, section 354.55, subdivision 10, is amended to read:

171.30 Subd. 10. **Reduced benefits.** Any benefit to which any person may be entitled  
171.31 under this chapter may be reduced in amount upon application of the person entitled  
171.32 thereto to the ~~board of trustees, provided that such~~ executive director if the person shall  
171.33 ~~first relinquish~~ relinquishes in writing all claim to that part of the full benefit which is the  
171.34 difference between the benefit which the person would be otherwise entitled to receive

172.1 and the benefit which the person will receive after the benefit reduction. The reduced  
172.2 benefit ~~shall be~~ is payment in full of all amounts due under this chapter for the month for  
172.3 which the payment is made and acceptance of the reduced benefit releases the retirement  
172.4 association from all obligation to pay to ~~such~~ the person the difference between the amount  
172.5 of the reduced benefit and the full amount of the benefit which ~~such~~ the person would  
172.6 otherwise have received. ~~After July 1, 1971,~~ Any benefit reduced under the provisions of  
172.7 this subdivision may not again be restored.

172.8 Sec. 40. Minnesota Statutes 2014, section 354A.011, subdivision 6, is amended to read:

172.9 Subd. 6. **Approved actuary.** "Approved actuary" means ~~any~~ an actuary who is  
172.10 ~~either a fellow of the society of actuaries or who has at least 15 years of service to major~~  
172.11 ~~public employee retirement funds or any firm which retains such an actuary on its staff~~  
172.12 meets the definition in section 356.215, subdivision 1, paragraph (c).

172.13 Sec. 41. Minnesota Statutes 2014, section 354A.092, is amended to read:

172.14 **354A.092 SABBATICAL LEAVE.**

172.15 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund  
172.16 Association who is granted a sabbatical leave is entitled to receive allowable service credit  
172.17 in the association for periods of sabbatical leave. To obtain the service credit, the teacher  
172.18 on sabbatical leave shall make an employee contribution to the association. No teacher is  
172.19 entitled to receive more than three years of allowable service credit under this section for  
172.20 a period or periods of sabbatical leave during any ten consecutive years. If the teacher  
172.21 granted a sabbatical leave makes the employee contribution for a period of sabbatical  
172.22 leave under this section, the employing unit shall make an employer contribution on  
172.23 behalf of the teacher to the association for that period of sabbatical leave in the manner  
172.24 described in section 354A.12, subdivision 2a. The employee and employer contributions  
172.25 must be in an amount equal to the employee and employer contribution rates in effect for  
172.26 other active members of the association covered by the same program applied to a salary  
172.27 figure equal to the teacher's actual covered salary for the plan year immediately preceding  
172.28 the sabbatical leave period. Payment of the employee contribution authorized under this  
172.29 section must be made by the teacher on or before June 30 of the year next following  
172.30 the year in which the sabbatical leave terminated and must be made without interest.  
172.31 ~~For sabbatical leaves taken after June 30, 1986,~~ The required employer contributions  
172.32 must be paid by the employing unit within 30 days after notification by the association  
172.33 of the amount due. If the employee contributions for the sabbatical leave period are  
172.34 less than an amount equal to the applicable contribution rate applied to a salary figure

173.1 equal to the teacher's actual covered salary for the plan year immediately preceding the  
173.2 sabbatical leave period, service credit must be prorated. The prorated service credit must  
173.3 be determined by the ratio between the amount of the actual payment which was made and  
173.4 the full contribution amount payable under this section.

173.5 Sec. 42. Minnesota Statutes 2014, section 354A.12, subdivision 3c, is amended to read:

173.6 Subd. 3c. **Termination of supplemental contributions and direct matching**  
173.7 **and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers  
173.8 Retirement Fund Association by Independent School District No. 625 under section  
173.9 423A.02, subdivision 3, and all forms of aid under subdivision 3a to the St. Paul Teachers  
173.10 Retirement Fund Association must continue until the ~~current~~ actuarial value of assets of  
173.11 the fund equal or exceed the actuarial accrued liability of the fund as determined in the  
173.12 most recent actuarial report for the fund by the actuary retained under section 356.214  
173.13 or until the established date for full funding under section 356.215, subdivision 11,  
173.14 whichever occurs earlier.

173.15 (b) The aid to the Duluth Teachers Retirement Fund Association under section  
173.16 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth  
173.17 Teachers Retirement Fund Association must continue until the current assets of the fund  
173.18 equal or exceed the actuarial accrued liability of the fund as determined in the most  
173.19 recent actuarial report for the fund by the actuary retained under section 356.214 or until  
173.20 the established date for full funding under section 356.215, subdivision 11, whichever  
173.21 occurs earlier.

173.22 Sec. 43. Minnesota Statutes 2014, section 354A.31, subdivision 7, is amended to read:

173.23 Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person  
173.24 who has become at least 55 years old and first becomes a coordinated member after  
173.25 June 30, 1989, and to any other coordinated member who has become at least 55 years  
173.26 old and whose annuity is higher when calculated using the retirement annuity formula  
173.27 percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), as applicable,  
173.28 in conjunction with this subdivision than when calculated under subdivision 4, paragraph  
173.29 (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

173.30 (b) A coordinated member who retires before the normal retirement age ~~shall be~~  
173.31 ~~paid the~~ is entitled to receive a retirement annuity calculated using the retirement annuity  
173.32 formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d),  
173.33 ~~whichever is applicable~~ applies, multiplied by the applicable early retirement factor  
173.34 specified below:

		Under age 62 or less than 30 years of service		Age 62 or older with 30 years of service	
174.1					
174.2					
174.3	Normal retirement age:	65	66	65	66
174.4	Age at retirement				
174.5	55	0.5376	0.4592		
174.6	56	0.5745	0.4992		
174.7	57	0.6092	0.5370		
174.8	58	0.6419	0.5726		
174.9	59	0.6726	0.6062		
174.10	60	0.7354	0.6726		
174.11	61	0.7947	0.7354		
174.12	62	0.8507	0.7947	0.8831	0.8389
174.13	63	0.9035	0.8507	0.9246	0.8831
174.14	64	0.9533	0.9035	0.9635	0.9246
174.15	65	1.0000	0.9533	1.0000	0.9635
174.16	66		1.0000		1.0000

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

174.20 Sec. 44. Minnesota Statutes 2014, section 354A.42, is amended to read:

174.21 **354A.42 ST. PAUL TEACHER INCREASE LIMIT.**

174.22 Notwithstanding any law to the contrary, the St. Paul Teachers Retirement Fund  
 174.23 Association may not pay a postretirement adjustment of more than five percent in any  
 174.24 year, ~~effective July 1, 2010.~~

174.25 Sec. 45. Minnesota Statutes 2014, section 356.215, subdivision 1, is amended to read:

174.26 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to  
 174.27 356.23, each of the terms in the following paragraphs has the meaning given.

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

174.36 (c) "Approved actuary" means:

175.1           (1) a person who is regularly engaged in the business of providing actuarial services  
175.2 and who is a fellow in the Society of Actuaries; or

175.3           (2) a firm that retains a person described in clause (1) on its staff.

175.4           (d) "Entry age actuarial cost method" means an actuarial cost method under which  
175.5 the actuarial present value of the projected benefits of each individual currently covered  
175.6 by the benefit plan and included in the actuarial valuation is allocated on a level basis over  
175.7 the service of the individual, if the benefit plan is governed by section 424A.093, or over  
175.8 the earnings of the individual, if the benefit plan is governed by any other law, between the  
175.9 entry age and the assumed exit age, with the portion of the actuarial present value which is  
175.10 allocated to the valuation year to be the normal cost and the portion of the actuarial present  
175.11 value not provided for at the valuation date by the actuarial present value of future normal  
175.12 costs to be the actuarial accrued liability, with aggregation in the calculation process to be  
175.13 the sum of the calculated result for each covered individual and with recognition given to  
175.14 any different benefit formulas which may apply to various periods of service.

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

175.18           (f) "Actuarial value of assets" means the market value of all assets as of the  
175.19 preceding June 30, reduced by:

175.20           (1) 20 percent of the difference between the actual net change in the market value  
175.21 of total assets between the June 30 that occurred three years earlier and the June 30 that  
175.22 occurred four years earlier and the computed increase in the market value of total assets  
175.23 over that fiscal year period if the assets had earned a rate of return on assets equal to the  
175.24 annual percentage preretirement interest rate assumption used in the actuarial valuation  
175.25 for the July 1 that occurred four years earlier;

175.26           (2) 40 percent of the difference between the actual net change in the market value  
175.27 of total assets between the June 30 that occurred two years earlier and the June 30 that  
175.28 occurred three years earlier and the computed increase in the market value of total assets  
175.29 over that fiscal year period if the assets had earned a rate of return on assets equal to the  
175.30 annual percentage preretirement interest rate assumption used in the actuarial valuation  
175.31 for the July 1 that occurred three years earlier;

175.32           (3) 60 percent of the difference between the actual net change in the market value  
175.33 of total assets between the June 30 that occurred one year earlier and the June 30 that  
175.34 occurred two years earlier and the computed increase in the market value of total assets  
175.35 over that fiscal year period if the assets had earned a rate of return on assets equal to the

176.1 annual percentage preretirement interest rate assumption used in the actuarial valuation  
176.2 for the July 1 that occurred two years earlier; and

176.3 (4) 80 percent of the difference between the actual net change in the market value  
176.4 of total assets between the most recent June 30 and the June 30 that occurred one year  
176.5 earlier and the computed increase in the market value of total assets over that fiscal year  
176.6 period if the assets had earned a rate of return on assets equal to the annual percentage  
176.7 preretirement interest rate assumption used in the actuarial valuation for the July 1 that  
176.8 occurred one year earlier.

176.9 (g) "Unfunded actuarial accrued liability" means the total current and expected  
176.10 future benefit obligations, reduced by the sum of the actuarial value of assets and the  
176.11 present value of future normal costs.

176.12 (h) "Pension benefit obligation" means the actuarial present value of credited  
176.13 projected benefits, determined as the actuarial present value of benefits estimated to be  
176.14 payable in the future as a result of employee service attributing an equal benefit amount,  
176.15 including the effect of projected salary increases and any step rate benefit accrual rate  
176.16 differences, to each year of credited and expected future employee service.

176.17 Sec. 46. Minnesota Statutes 2014, section 356.215, subdivision 18, is amended to read:

176.18 Subd. 18. **Establishment of actuarial assumptions.** ~~(a) Before July 2, 2010, the~~  
176.19 ~~actuarial assumptions used for the preparation of actuarial valuations under this section~~  
176.20 ~~that are other than preretirement interest, postretirement interest, salary increase, and~~  
176.21 ~~payroll increase may be changed only with the approval of the Legislative Commission on~~  
176.22 ~~Pensions and Retirement or after a period of one year has elapsed since the date on which~~  
176.23 ~~the proposed assumption change or changes were received by the Legislative Commission~~  
176.24 ~~on Pensions and Retirement without commission action.~~

176.25 ~~(b) After July 1, 2010, (a) The~~ actuarial assumptions used for the preparation  
176.26 of actuarial valuations under this section that are other than ~~postretirement interest and~~  
176.27 ~~preretirement~~ the interest rate may be changed only with the approval of the Legislative  
176.28 Commission on Pensions and Retirement or after a period of one year has elapsed since  
176.29 the date on which the proposed assumption change or changes were received by the  
176.30 Legislative Commission on Pensions and Retirement without commission action.

176.31 ~~(e) (b)~~ A change in the applicable actuarial assumptions may be proposed by the  
176.32 governing board of the applicable pension fund or relief association, by ~~the~~ an actuary  
176.33 retained ~~by the joint retirement systems~~ under section 356.214 or by the actuary retained  
176.34 by a local ~~police or firefighters~~ relief association governed by sections 424A.091 to  
176.35 424A.096 or by Laws 2013, chapter 111, article 5, sections 31 to 42, if one is retained.

177.1 Sec. 47. Minnesota Statutes 2014, section 356.245, is amended to read:

177.2 **356.245 LOCAL ELECTED OFFICIALS.**

177.3 An elected official who is covered by section 353.01, subdivision 2a, or 353D.01,  
 177.4 subdivision 2, whichever applies, is eligible to participate in ~~the state of Minnesota a~~  
 177.5 deferred compensation plan under section 356.24. The applicable local governmental unit  
 177.6 may make the matching employer contributions authorized by that section on the part  
 177.7 of a participating elected official.

177.8 Sec. 48. Minnesota Statutes 2014, section 356.40, is amended to read:

177.9 **356.40 DATE FOR PAYMENT OF ANNUITIES AND BENEFITS.**

177.10 (a) Notwithstanding any law to the contrary, all annuities and benefits payable ~~on~~  
 177.11 ~~and after December 1, 1977~~ by a covered retirement fund, as defined in section 356.30,  
 177.12 subdivision 3, must be paid in advance for each month during the first week of that month.  
 177.13 ~~The bylaws of local retirement funds must be amended accordingly.~~

177.14 (b) In no event, however, may this section authorize the payment of both a retirement  
 177.15 annuity and a surviving spouse's benefit in one month where the law governing the  
 177.16 applicable retirement fund provides for the payment of the retired member's retirement  
 177.17 annuity to the surviving spouse for the month in which the retired member dies.

177.18 Sec. 49. Minnesota Statutes 2014, section 356.407, subdivision 1, is amended to read:

177.19 Subdivision 1. **Restoration upon termination of remarriage.** Notwithstanding any  
 177.20 provision to the contrary of the laws governing any of the retirement plans enumerated  
 177.21 in subdivision 2, any person who was receiving a surviving spouse's benefit from any of  
 177.22 those plans and whose benefit terminated solely because of remarriage is, if the remarriage  
 177.23 terminates for any reason, again entitled upon reapplication to a surviving spouse's benefit;  
 177.24 provided, however, that the person is not entitled to retroactive payments for the period of  
 177.25 remarriage. The benefit resumes at the level which the person would have been receiving  
 177.26 if there had been no remarriage. ~~This section applies prospectively to any person who first~~  
 177.27 ~~becomes entitled to receive a surviving spouse's benefit on or after May 18, 1975, and~~  
 177.28 ~~also applies retroactively to any person who first became entitled to receive a surviving~~  
 177.29 ~~spouse's benefit before May 18, 1975; provided, however, that no person is entitled to~~  
 177.30 ~~retroactive payments for any period of time before May 18, 1975.~~

177.31 Sec. 50. Minnesota Statutes 2014, section 356.415, subdivision 1, is amended to read:

177.32 Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as  
 177.33 otherwise provided in subdivision 1a, 1b, 1c, 1d, 1e, or 1f, retirement annuity, disability

178.1 benefit, or survivor benefit recipients of a covered retirement plan are entitled to a  
178.2 postretirement adjustment annually on January 1, as follows:

178.3 (1) a postretirement increase of 2.5 percent must be applied each year, effective  
178.4 January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has  
178.5 been receiving an annuity or a benefit for at least 12 full months prior to the January 1  
178.6 increase; and

178.7 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
178.8 benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5  
178.9 percent for each month that the person has been receiving an annuity or benefit must be  
178.10 applied, effective on January 1 following the calendar year in which the person has been  
178.11 retired for less than 12 months.

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

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

178.16 Sec. 51. Minnesota Statutes 2014, section 356.415, subdivision 1a, is amended to read:

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

178.24 (1) a postretirement increase of two percent must be applied each year, effective  
178.25 on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient  
178.26 who has been receiving an annuity or a benefit for at least 18 full months before the  
178.27 January 1 increase; and

178.28 (2) for each annuitant or benefit recipient who has been receiving an annuity or  
178.29 a benefit for at least six full months, an annual postretirement increase of 1/12 of two  
178.30 percent for each month that the person has been receiving an annuity or benefit must be  
178.31 applied, effective January 1, following the calendar year in which the person has been  
178.32 retired for at least six months, but has been retired for less than 18 months.

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

178.34 Increases under this subdivision for the general state employees retirement plan, the  
178.35 correctional state employees retirement plan, or the judges retirement plan terminate on

179.1 December 31 of the calendar year in which two prior consecutive actuarial valuations  
179.2 prepared by the approved actuary under sections 356.214 and 356.215 and the standards  
179.3 for actuarial work promulgated by the Legislative Commission on Pensions and  
179.4 Retirement indicates that the market value of assets of the retirement plan equals or  
179.5 exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases  
179.6 under subdivision 1 recommence after that date. Increases under this subdivision for  
179.7 the legislators retirement plan or the elected state officers retirement plan terminate  
179.8 on December 31 of the calendar year in which the actuarial valuation prepared by the  
179.9 approved actuary under sections 356.214 and 356.215 and the standards for actuarial work  
179.10 promulgated by the Legislative Commission on Pensions and Retirement indicates that the  
179.11 market value of assets of the general state employees retirement plan equals or exceeds  
179.12 90 percent of the actuarial accrued liability of the retirement plan and increases under  
179.13 subdivision 1 recommence after that date.

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

179.18 Sec. 52. Minnesota Statutes 2014, section 356.415, subdivision 1d, is amended to read:

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

179.20 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers  
179.21 Retirement Association are entitled to a postretirement adjustment annually on January  
179.22 1, as follows:

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

179.24 ~~(2) (1) for January 1, 2013, and each successive January 1 until funding stability is~~  
179.25 ~~restored, a postretirement increase of two percent must be applied each year, effective~~  
179.26 ~~on January 1, to the monthly annuity or benefit amount of each annuitant or benefit~~  
179.27 ~~recipient who has been receiving an annuity or a benefit for at least 18 full months prior~~  
179.28 ~~to the January 1 increase;~~

179.29 ~~(3) (2) for January 1, 2013, and each successive January 1 until funding stability is~~  
179.30 ~~restored, for each annuitant or benefit recipient who has been receiving an annuity or a~~  
179.31 ~~benefit for at least six full months before the January 1 increase, an annual postretirement~~  
179.32 ~~increase of 1/12 of two percent for each month the person has been receiving an annuity or~~  
179.33 ~~benefit must be applied, effective January 1, for which the person has been retired for at~~  
179.34 ~~least six months but less than 18 months;~~

180.1           ~~(4)~~ (3) for each January 1 following the restoration of funding stability, a  
180.2 postretirement increase of 2.5 percent must be applied each year, effective January 1, to  
180.3 the monthly annuity or benefit amount of each annuitant or benefit recipient who has  
180.4 been receiving an annuity or a benefit for at least 18 full months prior to the January 1  
180.5 increase; and

180.6           ~~(5)~~ (4) for each January 1 following the restoration of funding stability, for each  
180.7 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least  
180.8 six full months before the January 1 increase, an annual postretirement increase of 1/12  
180.9 of 2.5 percent for each month the person has been receiving an annuity or benefit must  
180.10 be applied, effective January 1, for which the person has been retired for at least six  
180.11 months but less than 18 months.

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

180.17           (c) An increase in annuity or benefit payments under this section must be made  
180.18 automatically unless written notice is filed by the annuitant or benefit recipient with the  
180.19 executive director of the Teachers Retirement Association requesting that the increase  
180.20 not be made.

180.21           (d) The retirement annuity payable to a person who retires before becoming eligible  
180.22 for Social Security benefits and who has elected the optional payment as provided in  
180.23 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life  
180.24 retirement annuity for the purposes of any postretirement adjustment. The period-certain  
180.25 retirement annuity plus the life retirement annuity must be the annuity amount payable  
180.26 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an  
180.27 annuity amount payable under section 354.35. A postretirement adjustment granted on  
180.28 the period-certain retirement annuity must terminate when the period-certain retirement  
180.29 annuity terminates.

180.30           Sec. 53. Minnesota Statutes 2014, section 356.415, subdivision 1e, is amended to read:

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

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

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

181.5 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
181.6 benefit for at least six full months, an annual postretirement increase of 1/12 of one percent  
181.7 for each month that the person has been receiving an annuity or benefit must be applied,  
181.8 effective January 1, following the calendar year in which the person has been retired for at  
181.9 least six months, but has been retired for less than 18 months.

181.10 (b) ~~The increases provided by this subdivision commence on January 1, 2014.~~  
181.11 Increases under paragraph (a) for the State Patrol retirement plan terminate on December  
181.12 31 of the calendar year in which two prior consecutive actuarial valuations prepared by  
181.13 the approved actuary under sections 356.214 and 356.215 and the standards for actuarial  
181.14 work promulgated by the Legislative Commission on Pensions and Retirement indicates  
181.15 that the market value of assets of the retirement plan equals or exceeds 85 percent of  
181.16 the actuarial accrued liability of the retirement plan and increases under paragraph (c)  
181.17 recommence after that date.

181.18 (c) Retirement annuity, disability benefit, or survivor benefit recipients of the State  
181.19 Patrol retirement plan are entitled to a postretirement adjustment annually on January  
181.20 1, as follows:

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

181.25 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
181.26 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent  
181.27 for each month that the person has been receiving an annuity or benefit must be applied,  
181.28 effective January 1, following the calendar year in which the person has been retired for at  
181.29 least six months, but has been retired for less than 18 months.

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

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

182.5 Sec. 54. Minnesota Statutes 2014, section 356.415, subdivision 1f, is amended to read:

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

182.10 (b) Retirement annuity, disability benefit, or survivor benefit recipients of the  
182.11 judges retirement plan are entitled to a postretirement adjustment annually on January  
182.12 1, as follows:

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

182.17 (2) for each annuitant or benefit recipient who has been receiving an annuity or a  
182.18 benefit for at least six full months, an annual postretirement increase of 1/12 of 1.75  
182.19 percent for each month that the person has been receiving an annuity or benefit must be  
182.20 applied, effective January 1, following the calendar year in which the person has been  
182.21 retired for at least six months, but has been retired for less than 18 months.

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

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

182.33 Sec. 55. Minnesota Statutes 2014, section 356.431, is amended to read:

183.1           **356.431 CONVERSION OF LUMP-SUM POSTRETIREMENT AND**  
183.2 **SUPPLEMENTAL PAYMENT TO AN INCREASED MONTHLY ANNUITY.**

183.3           Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid  
183.4 ~~after December 31, 2001,~~ to eligible persons under Minnesota Statutes 2014, section  
183.5 356.42, the amount of the most recent lump-sum benefit payable to an eligible recipient  
183.6 under Minnesota Statutes 2014, section 356.42 must be divided by 12. The result must be  
183.7 added to the monthly annuity or benefit otherwise payable to an eligible recipient, must  
183.8 become a permanent part of the benefit recipient's pension, and must be included in any  
183.9 pension benefit subject to future ~~increases~~ postretirement adjustments.

183.10          Sec. 56. Minnesota Statutes 2014, section 356.62, is amended to read:

183.11           **356.62 PAYMENT OF EMPLOYEE CONTRIBUTION.**

183.12           (a) For purposes of any public pension plan, as defined in section 356.63, paragraph  
183.13 (b), each employer shall pick up the employee contributions required ~~pursuant to~~ under  
183.14 law or under the pension plan document for all salary ~~payable after December 31, 1982.~~  
183.15 If the United States Treasury Department rules that under section 414(h) of the Internal  
183.16 Revenue Code of 1986, as amended through December 31, 1992, that These picked up  
183.17 contributions are not includable in the employee's adjusted gross income until they are  
183.18 distributed or made available, then these picked up contributions must be treated as  
183.19 employer contributions in determining tax treatment under the Internal Revenue Code  
183.20 of 1986, ~~as amended through December 31, 1992,~~ and the employer shall discontinue  
183.21 withholding federal income taxes on the amount of these contributions. The employer  
183.22 shall pay these picked up contributions from the same source of funds as is used to pay the  
183.23 salary of the employee. The employer shall pick up these employee contributions by a  
183.24 reduction in the cash salary of the employee.

183.25           (b) Employee contributions that are picked up must be treated for all purposes of the  
183.26 public pension plan in the same manner and to the same extent as employee contributions  
183.27 that were made ~~prior to~~ before the date on which the employee contributions pick up  
183.28 began. The amount of the employee contributions that are picked up must be included  
183.29 in the salary upon which retirement coverage is credited and upon which retirement and  
183.30 survivor's benefits are determined. For purposes of this section, "employee" means  
183.31 any person covered by a public pension plan. For purposes of this section, "employee  
183.32 contributions" include any sums deducted from the employee's salary or wages or  
183.33 otherwise paid in lieu thereof, regardless of whether they are denominated contributions  
183.34 by the public pension plan.

184.1 ~~(c) For any calendar year in which withholding has been reduced under this section,~~  
184.2 The employing unit shall supply each employee and the commissioner of revenue with an  
184.3 information return indicating the amount of the employer's picked-up contributions for the  
184.4 calendar year that were not subject to withholding. This return must be provided to the  
184.5 employee not later than January 31 of the succeeding calendar year. The commissioner of  
184.6 revenue shall prescribe the form of the return and the provisions of section 289A.12 must  
184.7 apply to the extent not inconsistent with the provisions of this section.

184.8 Sec. 57. Minnesota Statutes 2014, section 356B.10, subdivision 2, is amended to read:

184.9 Subd. 2. **Building; related facilities.** ~~(a) The commissioner of administration~~  
184.10 ~~may shall~~ provide a building and related facilities to be jointly occupied by the board of  
184.11 directors of the Minnesota State Retirement System, the board of trustees of the Public  
184.12 Employees Retirement Association, and the board of trustees of the Teachers Retirement  
184.13 Association for the administration of their public pension systems.

184.14 ~~(b) Design of the facilities is not subject to section 16B.33. The competitive~~  
184.15 ~~acquisition process set forth in chapter 16C does not apply if the process set forth in~~  
184.16 ~~subdivision 3 is followed.~~

184.17 ~~(c) The boards and the commissioner must submit the plans for a public pension~~  
184.18 ~~facility under this section to the chair of the house of representatives Ways and Means~~  
184.19 ~~Committee and to the chair of the senate State Government Finance Committee for their~~  
184.20 ~~approval before the plans are implemented.~~

184.21 Sec. 58. Minnesota Statutes 2014, section 356B.10, subdivision 3, is amended to read:

184.22 Subd. 3. **Contracting procedures.** ~~(a) The commissioner may enter into a contract~~  
184.23 ~~for facilities with a contractor to furnish the architectural, engineering, and related services~~  
184.24 ~~as well as the labor, materials, supplies, equipment, and related construction services on~~  
184.25 ~~the basis of a request for qualifications and competitive responses received through a~~  
184.26 ~~request for proposals process that must include the items listed in paragraphs (b) to (i).~~

184.27 ~~(b) Before issuing a request for qualifications and a request for proposals, the~~  
184.28 ~~commissioner, with the assistance of the boards, shall prepare performance criteria and~~  
184.29 ~~specifications that include:~~

184.30 ~~(1) a general floor plan or layout indicating the general dimensions of the public~~  
184.31 ~~building and space requirements;~~

184.32 ~~(2) design criteria for the exterior and site area;~~

184.33 ~~(3) performance specifications for all building systems and components to ensure~~  
184.34 ~~quality and cost efficiencies;~~

- 185.1 ~~(4) conceptual floor plans for systems space;~~  
185.2 ~~(5) preferred types of interior finishes, styles of windows, lighting and outlets, doors,~~  
185.3 ~~and features such as built-in counters and telephone wiring;~~  
185.4 ~~(6) mechanical and electrical requirements;~~  
185.5 ~~(7) special interior features required; and~~  
185.6 ~~(8) a completion schedule.~~
- 185.7 ~~(e) The commissioner shall first solicit statements of qualifications from eligible~~  
185.8 ~~contractors and select more than one qualified contractor based upon experience, technical~~  
185.9 ~~competence, past performance, capability to perform, and other appropriate facts.~~  
185.10 ~~Contractors selected under this process must be, employ, or have as a partner, member,~~  
185.11 ~~coventurer, or subcontractor, persons licensed and registered under chapter 326 to provide~~  
185.12 ~~the services required to design and complete the project. The commissioner does not~~  
185.13 ~~have to select any of the respondents if none reasonably fulfill the criteria set forth in~~  
185.14 ~~this paragraph.~~
- 185.15 ~~(d) The contractors selected shall be asked to respond to a request for proposals.~~  
185.16 ~~Responses must include site plans, design concept, elevation, statement of material to~~  
185.17 ~~be used, floor layouts, a detailed development budget, and a total cost to complete the~~  
185.18 ~~project. The proposal must indicate that the contractor obtained at least two proposals~~  
185.19 ~~from subcontractors for each item of work and must set forth how the subcontractors~~  
185.20 ~~were selected. The commissioner, with the assistance of the boards, shall evaluate the~~  
185.21 ~~proposals based upon design, cost, quality, aesthetics, and the best overall value to the~~  
185.22 ~~state pension funds. The commissioner need not select any of the proposals submitted~~  
185.23 ~~and reserves the right to reject any and all proposals, and may terminate the process or~~  
185.24 ~~revise the request for proposals and solicit new proposals if the commissioner determines~~  
185.25 ~~that the best interests of the pension funds would be better served by doing so. Proposals~~  
185.26 ~~submitted are nonpublic data until the contract is awarded.~~
- 185.27 ~~(e) The contractor selected must comply with sections 574.26 to 574.261. Before~~  
185.28 ~~executing a final contract, the contractor selected shall certify a firm construction price~~  
185.29 ~~and completion date.~~
- 185.30 ~~(f) The commissioner may consider building sites in the city of St. Paul and~~  
185.31 ~~surrounding suburbs.~~
- 185.32 ~~(g) (a) Any land, building, or facility leased, constructed, or acquired and any~~  
185.33 ~~leasehold interest acquired under this section must be held by the state in trust for the three~~  
185.34 ~~retirement systems as tenants in common. Each retirement system fund must consider its~~  
185.35 ~~interest as a fixed asset of its pension fund in accordance with governmental accounting~~  
185.36 ~~standards.~~

186.1           ~~(h)~~ (b) The commissioner may lease to another governmental subdivision, or to a  
 186.2 private company under contract with the State Board of Investment; or with the Board  
 186.3 of Directors of the Minnesota State Retirement System, whichever applies, to provide  
 186.4 deferred compensation services under section 352.965, any portion of the funds' building  
 186.5 and lands that is not required for ~~their~~ the direct use of the retirement systems upon terms  
 186.6 and conditions that they deem to be in the best interest of the pension funds. Any income  
 186.7 accruing from the rentals must be separately accounted for and utilized to offset ongoing  
 186.8 administrative expenses and any excess must be carried forward as a reserve for future  
 186.9 administrative expenses. The commissioner may also enter into lease agreements for  
 186.10 the establishment of satellite offices ~~should~~ if the retirement plan boards find them to  
 186.11 be necessary in order to assure their members reasonable access to their services. The  
 186.12 commissioner may lease under section 16B.24 any portion of the facilities not required for  
 186.13 the direct use of the retirement plan boards.

186.14           ~~(i)~~ (c) The boards shall formulate ~~and~~ adopt, and periodically revise a written  
 186.15 working agreement that sets forth the nature of each retirement system's ownership  
 186.16 interest, the duties and obligations of each system toward the construction, operation, and  
 186.17 maintenance costs of its facilities, and identifies one retirement fund to serve as manager  
 186.18 for operating and maintenance purposes. The boards may contract with independent third  
 186.19 parties for maintenance-related activities, services, and supplies, and may use the services  
 186.20 of the Department of Administration where the boards determine that it is economically  
 186.21 feasible to do so. If the boards cannot agree or cannot resolve a dispute about the operations  
 186.22 or maintenance of the facilities, they may request the commissioner of administration to  
 186.23 appoint a representative from the department's real estate management division to serve as  
 186.24 arbitrator of the dispute with authority to issue a written resolution of the dispute.

186.25           Sec. 59. Minnesota Statutes 2014, section 356B.10, subdivision 4, is amended to read:

186.26           Subd. 4. **Revenue bonds.** (a) The commissioner of management and budget, ~~on~~  
 186.27 ~~request of the governor, may sell and issue revenue bonds in an aggregate principal amount~~  
 186.28 ~~up to \$38,000,000 to achieve the purposes described in subdivisions 1 and 2, plus the~~  
 186.29 ~~amount needed to pay issuance costs and interest costs and to establish necessary reserves~~  
 186.30 ~~to secure the bonds. The commissioner of management and budget may issue bonds for the~~  
 186.31 ~~purpose of refunding bonds issued under this subdivision~~ Minnesota Statutes 2001, section  
 186.32 356.89, subdivision 4. The bonds may be sold and issued on terms and in a manner the  
 186.33 commissioner of management and budget determines to be in the best interests of the state.

187.1           **(b)** The proceeds of the bonds must be credited to a bond proceeds account in the  
187.2 pension building fund which the commissioner of management and budget must create  
187.3 in the state treasury.

187.4           Sec. 60. Minnesota Statutes 2014, section 356B.10, subdivision 5, is amended to read:

187.5           Subd. 5. **Security.** **(a)** The boards may pledge any or all assets of the retirement  
187.6 fund or funds administered by the boards as security for the bonds.

187.7           **(b)** The bonds and the interest on them must be paid solely from and secured by ~~all~~  
187.8 the assets of the boards pledged and appropriated for these purposes to the debt service  
187.9 fund created in subdivision 6 and any investment income on the fund and any reserve  
187.10 established for this purpose.

187.11           **(c)** The bonds are not public debt, and the full faith, credit, and taxing powers of  
187.12 the state are not pledged for their payment. The bonds and the interest on them must not  
187.13 be paid, directly or indirectly, in whole or in part, from a tax of statewide application on  
187.14 any class of property, income, transaction, or privilege.

187.15           Sec. 61. Minnesota Statutes 2014, section 356B.10, subdivision 6, is amended to read:

187.16           Subd. 6. **Debt service fund.** There is established in the state treasury a separate and  
187.17 special pension building debt service fund. Money in the funds managed by the boards is  
187.18 appropriated to the boards for transfer to the pension building debt service fund. Money  
187.19 appropriated and transferred to the fund and investment income on it on hand or required  
187.20 to be transferred to the fund must be used and is irrevocably appropriated to pay when due  
187.21 the principal of and interest on the bonds ~~authorized~~ referenced in subdivision 4.

187.22           Sec. 62. Minnesota Statutes 2014, section 356B.10, subdivision 7, is amended to read:

187.23           Subd. 7. **Covenants; agreements.** ~~The commissioner of management and budget~~  
187.24 ~~may, for and on behalf of the state, enter into covenants and agreements~~ entered into by  
187.25 the commissioner of management and budget for the construction of the pension building  
187.26 that were not inconsistent with Minnesota Statutes 2001, section 356.89, subdivisions 1 to  
187.27 6, and determined by the commissioner as may be necessary or desirable to facilitate the  
187.28 sale and issuance of the bonds on terms favorable to the state, including, but not limited  
187.29 to, covenants and agreements relating to the payment of and security for the bonds, tax  
187.30 exemption, and disclosure of information required by federal and state securities laws. ~~The~~  
187.31 ~~covenants and agreements of the commissioner of management and budget constitute an~~  
187.32 enforceable contract of the state and by them the state pledges and agrees with the holders  
187.33 of any bonds that the state will not limit or alter the rights vested in the commissioner of

188.1 management and budget to fulfill the terms of the covenants or agreements made with the  
188.2 holders of the bonds, or in any way impair the rights and remedies of the holders until  
188.3 the bonds, together with the interest on them, with interest on any unpaid installments of  
188.4 interest, and all costs and expenses in connection with any action or proceeding by or on  
188.5 behalf of the holders, are fully met and discharged. ~~The commissioner of management and~~  
188.6 ~~budget may include this pledge and agreement of the state in any covenant or agreement~~  
188.7 ~~with the holders of the bonds.~~ Sections 16A.672 and 16A.675 apply to the bonds.

188.8 Sec. 63. Minnesota Statutes 2014, section 423A.02, subdivision 1b, is amended to read:

188.9 Subd. 1b. **Additional amortization state aid.** (a) ~~Beginning October 1, 2013,~~  
188.10 ~~and~~ Annually thereafter, the commissioner shall allocate the additional amortization  
188.11 state aid, if any, including any state aid in excess of the limitation in subdivision 4, on  
188.12 the following basis:

188.13 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated  
188.14 with police and firefighter retirement coverage;

188.15 (2) 25.8 percent as additional funding to support the minimum fire state aid for  
188.16 volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);

188.17 (3) 12.9 percent to the city of Duluth to defray employer costs associated with  
188.18 police and firefighter retirement coverage;

188.19 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the  
188.20 investment performance requirement of paragraph (c) is met; and

188.21 (5) 1.3 percent to the city of Virginia to defray the employer contribution under  
188.22 section 353.665, subdivision 8, paragraph (d).

188.23 If there is no additional employer contribution under section 353.665, subdivision  
188.24 8, paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect

188.25 to the former Minneapolis Police Relief Association and the former Minneapolis Fire  
188.26 Department Relief Association, the commissioner shall allocate that 47.1 percent of the

188.27 aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St.

188.28 Paul Teachers Retirement Fund Association, and 30 percent as additional funding to

188.29 support minimum fire state aid for volunteer firefighters relief associations under section  
188.30 69.021, subdivision 7, paragraph (d). If there is no employer contribution by the city of

188.31 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire

188.32 Department Relief Association certified on or before June 30 by the executive director of

188.33 the Public Employees Retirement Association, the commissioner shall allocate that 1.3

188.34 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21

188.35 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional

189.1 funding to support minimum fire state aid for volunteer firefighters relief associations  
189.2 under section 69.021, subdivision 7, paragraph (d).

189.3 (b) The allocation must be made by the commissioner of revenue on October 1  
189.4 annually.

189.5 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if  
189.6 the teacher's association five-year average time-weighted rate of investment return does  
189.7 not equal or exceed the performance of a composite portfolio assumed passively managed  
189.8 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt  
189.9 securities, and 30 percent in domestic stock calculated using the formula under section  
189.10 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases  
189.11 until the five-year annual rate of investment return equals or exceeds the performance of  
189.12 that composite portfolio.

189.13 (d) The amounts required under this subdivision are the amounts annually  
189.14 appropriated to the commissioner of revenue under section 69.021, subdivision 11,  
189.15 paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

189.16 Sec. 64. Minnesota Statutes 2014, section 424A.001, subdivision 10, is amended to  
189.17 read:

189.18 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who ~~either:~~

189.19 ~~(1) was a member of the applicable fire department or the independent nonprofit~~  
189.20 ~~firefighting corporation and a member of the relief association on July 1, 2006; or~~

189.21 ~~(2) became~~ is a member of the applicable fire department or the independent  
189.22 nonprofit firefighting corporation and is eligible for membership in the applicable relief  
189.23 association ~~after June 30, 2006~~, and:

189.24 (i) is engaged in providing emergency response services or delivering fire education  
189.25 or prevention services as a member of a municipal fire department, a joint powers entity  
189.26 fire department, or an independent nonprofit firefighting corporation;

189.27 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire  
189.28 prevention duties under subdivision 8; and

189.29 (iii) meets any other minimum firefighter and service standards established by the  
189.30 fire department or the independent nonprofit firefighting corporation or specified in the  
189.31 articles of incorporation or bylaws of the relief association.

189.32 Sec. 65. **REVISOR'S INSTRUCTION.**

190.1 The revisor of statutes shall make any technical cross-reference changes resulting  
 190.2 from amendments in this act, including any grammatical changes necessary to preserve  
 190.3 sentence structure.

190.4 Sec. 66. **REPEALER.**

190.5 Minnesota Statutes 2014, sections 352.271; 352.75, subdivisions 1, 3, 4, 5, and 6;  
 190.6 352.76; 352.91, subdivisions 3a and 3b; 352B.29; 353.83; 353.84; 353.85; 354.146,  
 190.7 subdivisions 1 and 3; 354.33, subdivisions 5 and 6; 354.39; 354.55, subdivisions 13, 16,  
 190.8 and 19; 354.58; 354A.35, subdivision 2a; 356.405; 356.49, subdivision 2; and 424A.03,  
 190.9 subdivision 3, are repealed.

190.10 Sec. 67. **EFFECTIVE DATE.**

190.11 Sections 1 to 66 are effective July 1, 2015.

## 190.12 **ARTICLE 14**

### 190.13 **PERA-MERF MERGER PROVISIONS**

190.14 Section 1. Minnesota Statutes 2014, section 256D.21, is amended to read:

190.15 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**  
 190.16 **EMPLOYEES.**

190.17 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis  
 190.18 who is was transferred to and employed by the county under the provisions of section  
 190.19 256D.20 and who is was a contributing member of a retirement system organized under  
 190.20 the provisions of Minnesota Statutes 2008, chapter 422A, is a member of the ~~MERF~~  
 190.21 ~~division of the~~ Public Employees Retirement Association and is entitled to all of the  
 190.22 applicable benefits conferred by and is subject to all the restrictions of section 353.50.

190.23 Subd. 2. **City obligation.** The cost to the public of that portion of the retirement  
 190.24 allowances or other benefits accrued while any such employee was in the service of the city  
 190.25 of Minneapolis must remain an obligation of the city and a tax must be levied and collected  
 190.26 by it to discharge its obligation as provided in section ~~353.50~~ 353.27, subdivision ~~7~~ 3c.

190.27 Subd. 3. **County obligation.** The cost to the public of the retirement allowances or  
 190.28 other benefits accruing to employees so transferred to and employed by the county is the  
 190.29 obligation of and paid by the county in section ~~353.50~~ 353.27, subdivision ~~7~~ 3c. The county  
 190.30 shall pay to the general employees retirement fund of the Public Employees Retirement  
 190.31 Association those amounts. The cost to the public of the retirement coverage under this  
 190.32 section must be paid from the county revenue fund by the county auditor, and the county  
 190.33 board is authorized to levy and collect such taxes as may be necessary to pay such costs.

191.1 Sec. 2. Minnesota Statutes 2014, section 353.01, subdivision 2a, is amended to read:

191.2 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees  
191.3 whose annual salary from one governmental subdivision is stipulated in advance to exceed  
191.4 \$5,100 if the person is not a school year employee or \$3,800 if the person is a school year  
191.5 employee and who are not specifically excluded under subdivision 2b or who have not  
191.6 been provided an option to participate under subdivision 2d, whether individually or by  
191.7 action of the governmental subdivision, must participate as members of the association  
191.8 with retirement coverage by the general employees retirement plan under this chapter,  
191.9 the public employees police and fire retirement plan under this chapter, or the local  
191.10 government correctional employees retirement plan under chapter 353E, whichever  
191.11 applies. Membership commences as a condition of their employment on the first day of  
191.12 their employment or on the first day that the eligibility criteria are met, whichever is later.

191.13 Public employees include but are not limited to:

191.14 (1) persons whose salary meets the threshold in this paragraph from employment in  
191.15 one or more positions within one governmental subdivision;

191.16 (2) elected county sheriffs;

191.17 (3) persons who are appointed, employed, or contracted to perform governmental  
191.18 functions that by law or local ordinance are required of a public officer, including, but  
191.19 not limited to:

191.20 (i) town and city clerk or treasurer;

191.21 (ii) county auditor, treasurer, or recorder;

191.22 (iii) city manager as defined in section 353.028 who does not exercise the option  
191.23 provided under subdivision 2d; or

191.24 (iv) emergency management director, as provided under section 12.25;

191.25 (4) physicians under section 353D.01, subdivision 2, who do not elect public  
191.26 employees defined contribution plan coverage under section 353D.02, subdivision 2;

191.27 (5) full-time employees of the Dakota County Agricultural Society;

191.28 (6) employees of the Red Wing Port Authority who were first employed by the  
191.29 Red Wing Port Authority before May 1, 2011, and who are not excluded employees  
191.30 under subdivision 2b;

191.31 (7) employees of the Seaway Port Authority of Duluth who are not excluded  
191.32 employees under subdivision 2b;

191.33 (8) employees of the Stevens County Housing and Redevelopment Authority who  
191.34 were first employed by the Stevens County Housing and Redevelopment Authority before  
191.35 May 1, 2014, and who are not excluded employees under subdivision 2b; and

191.36 (9) employees of the Public Employees Retirement Association.

192.1 (b) A public employee or elected official who was a member of the association on  
192.2 June 30, 2002, based on employment that qualified for membership coverage by the public  
192.3 employees retirement plan or the public employees police and fire plan under this chapter,  
192.4 or the local government correctional employees retirement plan under chapter 353E as of  
192.5 June 30, 2002, retains that membership for the duration of the person's employment in that  
192.6 position or incumbency in elected office. Except as provided in subdivision 28, the person  
192.7 shall participate as a member until the employee or elected official terminates public  
192.8 employment under subdivision 11a or terminates membership under subdivision 11b.

192.9 (c) If in any subsequent year the annual salary of an included public employee is  
192.10 less than the minimum salary threshold specified in this subdivision, the member retains  
192.11 membership eligibility.

192.12 (d) For the purpose of participation in the ~~MERF division of the~~ general employees  
192.13 retirement plan, public employees include employees who were members of the former  
192.14 Minneapolis Employees Retirement Fund on June 29, 2010, ~~and who participate as~~  
192.15 ~~members of the MERF division of the association.~~

192.16 Sec. 3. Minnesota Statutes 2014, section 353.01, subdivision 6, is amended to read:

192.17 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a  
192.18 county, city, town, school district within this state, or a department, unit or instrumentality  
192.19 of state or local government, or any public body established under state or local  
192.20 authority that has a governmental purpose, is under public control, is responsible for the  
192.21 employment and payment of the salaries of employees of the entity, and receives a major  
192.22 portion of its revenues from taxation, fees, assessments or from other public sources.

192.23 (b) Governmental subdivision also means the Public Employees Retirement  
192.24 Association, the League of Minnesota Cities, the Association of Metropolitan  
192.25 Municipalities, charter schools formed under section 124D.10, service cooperatives  
192.26 exercising retirement plan participation under section 123A.21, subdivision 5, joint  
192.27 powers boards organized under section 471.59, subdivision 11, paragraph (a), family  
192.28 service collaboratives and children's mental health collaboratives organized under  
192.29 section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating  
192.30 the collaboratives are governmental units that otherwise qualify for retirement plan  
192.31 membership, public hospitals owned or operated by, or an integral part of, a governmental  
192.32 subdivision or governmental subdivisions, the Association of Minnesota Counties, the  
192.33 Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the  
192.34 Metropolitan Airports Commission, the University of Minnesota with respect to police  
192.35 officers covered by the public employees police and fire retirement plan, ~~the Minneapolis~~

193.1 ~~Employees Retirement Fund for employment initially commenced after June 30, 1979, the~~  
193.2 Range Association of Municipalities and Schools, soil and water conservation districts,  
193.3 economic development authorities created or operating under sections 469.090 to 469.108,  
193.4 the Port Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red  
193.5 Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake  
193.6 Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning  
193.7 Center, the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc.

193.8 (c) Governmental subdivision does not mean any municipal housing and  
193.9 redevelopment authority organized under the provisions of sections 469.001 to 469.047;  
193.10 or any port authority organized under sections 469.048 to 469.089 other than the Port  
193.11 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than  
193.12 the Red Wing Port Authority; or any hospital district organized or reorganized prior to  
193.13 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board  
193.14 of a family service collaborative or children's mental health collaborative organized  
193.15 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled  
193.16 by representatives of governmental units.

193.17 (d) A nonprofit corporation governed by chapter 317A or organized under Internal  
193.18 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a  
193.19 governmental subdivision unless the entity has obtained a written advisory opinion from  
193.20 the United States Department of Labor or a ruling from the Internal Revenue Service  
193.21 declaring the entity to be an instrumentality of the state so as to provide that any future  
193.22 contributions by the entity on behalf of its employees are contributions to a governmental  
193.23 plan within the meaning of Internal Revenue Code, section 414(d).

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

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

193.30 Sec. 4. Minnesota Statutes 2014, section 353.01, subdivision 48, is amended to read:

193.31 Subd. 48. **MERF division.** "MERF division" means the ~~separate retirement~~  
193.32 ~~plan within~~ former Minneapolis Employees Retirement Fund of which the actuarial  
193.33 liabilities and assets are merged with the general employees retirement plan of the Public  
193.34 Employees Retirement Association ~~containing~~, and the benefits of which are governed by  
193.35 the applicable provisions of Minnesota Statutes 2008, chapter 422A.

194.1 Sec. 5. Minnesota Statutes 2014, section 353.03, subdivision 1, is amended to read:

194.2 Subdivision 1. **Management; composition; election.** (a) The management of the  
194.3 Public Employees Retirement Association is vested in ~~an 11-member~~ a 12-member board  
194.4 of trustees consisting of ~~ten~~ 11 members and the state auditor. The state auditor may  
194.5 designate a deputy auditor with expertise in pension matters as the auditor's representative  
194.6 on the board. The governor shall appoint five trustees to four-year terms, one of whom  
194.7 ~~shall~~ must be designated to represent school boards, one to represent cities, one to  
194.8 represent counties, one who is a retired annuitant, and one who is a public member  
194.9 knowledgeable in pension matters. The membership of the association, including  
194.10 recipients of retirement annuities and disability and survivor benefits, shall elect ~~five~~ six  
194.11 trustees for terms of four years~~;~~. ~~One of whom~~ the trustees must be a member of the police  
194.12 and fire fund ~~and~~. One of the trustees must be a member who retired from the former  
194.13 Minneapolis Retirement Fund Association or from the former MERF division and was  
194.14 transferred to the general employees retirement plan. One of whom ~~the trustees~~ must be:

194.15 (1) a former member who met the definition of public employee under section  
194.16 353.01, subdivisions 2 and 2a, for at least five years prior to terminating membership and  
194.17 who is receiving a retirement annuity or

194.18 (2) a member who receives a disability benefit.

194.19 Terms expire on January 31 of the fourth year, and positions are vacant until newly elected  
194.20 members are seated. Except as provided in this subdivision, trustees elected by the  
194.21 membership of the association must be public employees and members of the association.

194.22 (b) For seven days beginning October 1 of each year preceding a year in which an  
194.23 election is held, the association shall accept filings of candidates for the board of trustees.  
194.24 A candidate shall submit at the time of filing a nominating petition signed by 25 or more  
194.25 members of the association. No name may be withdrawn from nomination by the nominee  
194.26 after October 15. At the request of a candidate for an elected position on the board of  
194.27 trustees, the board shall provide a statement of up to 300 words prepared by the candidate  
194.28 to all persons eligible to vote in the election of the candidate. The board may adopt  
194.29 policies and procedures to govern the form and length of these statements and the timing  
194.30 and deadlines for submitting materials to be distributed to the eligible voters.

194.31 (c) By January 10 of each year in which elections are to be held, the board shall  
194.32 distribute to the eligible voters the instructions and materials necessary to vote for the  
194.33 candidates seeking terms on the board of trustees. Eligible voters are the members,  
194.34 retirees, and other benefit recipients. No voter may vote for more than one candidate for  
194.35 each board position to be filled. A vote for more than one person for any position is void.  
194.36 No special marking may be used to indicate incumbents. Votes cast by using paper ballots

195.1 mailed to the association must be postmarked no later than January 31. Votes cast by using  
195.2 telephone or other electronic means authorized under the board's procedures must be  
195.3 entered by the end of the day on January 31. The design of the voting response media  
195.4 must ensure that each voter's vote is secret.

195.5 (d) A candidate who receives contributions, who makes expenditures in excess  
195.6 of \$100, or who has given implicit or explicit consent for any other person to receive  
195.7 contributions or make expenditures in excess of \$100 for the purpose of bringing about the  
195.8 candidate's election shall file a report with the campaign finance and public disclosure  
195.9 board disclosing the source and amount of all contributions to the candidate's campaign.  
195.10 The campaign finance and public disclosure board shall prescribe forms governing these  
195.11 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.  
195.12 These terms do not include any distribution made by the association board on behalf of the  
195.13 candidate. A candidate shall file a report within 30 days from the day that the results of  
195.14 the election are announced. The Campaign Finance and Public Disclosure Board shall  
195.15 maintain these reports and make them available for public inspection in the same manner  
195.16 as the board maintains and makes available other reports filed with it.

195.17 (e) The secretary of state shall review and comment on the procedures defined by  
195.18 the board of trustees for conducting the elections specified in this subdivision, including  
195.19 board policies adopted under paragraph (b).

195.20 (f) The board of trustees and the executive director shall undertake their activities  
195.21 consistent with chapter 356A.

195.22 Sec. 6. Minnesota Statutes 2014, section 353.05, is amended to read:

195.23 **353.05 CUSTODIAN OF FUNDS.**

195.24 The commissioner of management and budget shall be ex officio treasurer of the  
195.25 retirement funds of the association, ~~including the MERF division~~, and the general bond  
195.26 of the commissioner of management and budget to the state must be so conditioned as  
195.27 to cover all liability for acts as treasurer of these funds. All money of the association  
195.28 received by the commissioner of management and budget must be set aside in the state  
195.29 treasury to the credit of the proper fund or account. The commissioner of management  
195.30 and budget shall transmit monthly to the executive director a detailed statement of all  
195.31 amounts so received and credited to the funds, ~~including the MERF division~~. Payments  
195.32 out of the funds, ~~including the MERF division~~, may only be made on warrants issued by  
195.33 the commissioner of management and budget, upon abstracts signed by the executive  
195.34 director; provided that abstracts for investment may be signed by the executive director of  
195.35 the State Board of Investment.

196.1 Sec. 7. Minnesota Statutes 2014, section 353.06, is amended to read:

196.2 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

196.3 The executive director shall from time to time certify to the State Board of Investment  
196.4 for investment such portions of the funds of the association, ~~including the MERF division,~~  
196.5 as in the director's judgment may not be required for immediate use. The State Board of  
196.6 Investment shall thereupon invest and reinvest the sum so certified, or transferred, in  
196.7 such securities as are duly authorized as legal investments under section 11A.24 and has  
196.8 authority to sell, convey, and exchange such securities and invest and reinvest the securities  
196.9 when it deems it desirable to do so and shall sell securities upon request of the executive  
196.10 director when such funds are needed for its purposes. All of the provisions regarding  
196.11 accounting procedures and restrictions and conditions for the purchase and sale of securities  
196.12 under chapter 11A must apply to the accounting, purchase and sale of securities for the  
196.13 funds of the Public Employees Retirement Association, ~~including the MERF division.~~

196.14 Sec. 8. Minnesota Statutes 2014, section 353.27, subdivision 1, is amended to read:

196.15 Subdivision 1. **Income; disbursements.** There is a special fund known as the  
196.16 "general employees retirement fund," the "retirement fund," or the "fund," which must  
196.17 include all the assets of the general employees retirement plan of the association. This  
196.18 fund must be credited with all contributions, all interest and all other income of the  
196.19 general employees retirement plan of the Public Employees Retirement Association that  
196.20 are authorized by law. From this fund there is appropriated the payments authorized by  
196.21 sections 353.01 to 353.46 and by Minnesota Statutes 2008, chapter 422A, in the amounts  
196.22 and at such time provided herein, including the expenses of administering the general  
196.23 employees retirement plan and fund.

196.24 Sec. 9. Minnesota Statutes 2014, section 353.27, subdivision 3b, is amended to read:

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

196.26 (a) For purposes of this section:

196.27 (1) a contribution sufficiency exists if the total of the employee contribution under  
196.28 subdivision 2, the employer contribution under subdivision 3, the additional employer  
196.29 contribution under subdivision 3a, and any additional contribution previously imposed  
196.30 under this subdivision exceeds the total of the normal cost, the administrative expenses,  
196.31 and the amortization contribution of the general employees retirement plan as reported in  
196.32 the most recent actuarial valuation of the retirement plan prepared by the actuary retained  
196.33 under section 356.214 and prepared under section 356.215 and the standards for actuarial  
196.34 work of the Legislative Commission on Pensions and Retirement; and

197.1 (2) a contribution deficiency exists if the total of the employee contributions under  
197.2 subdivision 2, the employer contributions under subdivision 3, the additional employer  
197.3 contribution under subdivision 3a, and any additional contribution previously imposed  
197.4 under this subdivision is less than the total of the normal cost, the administrative expenses,  
197.5 and the amortization contribution of the general employees retirement plan as reported in  
197.6 the most recent actuarial valuation of the retirement plan prepared by the actuary retained  
197.7 under section 356.214 and prepared under section 356.215 and the standards for actuarial  
197.8 work of the Legislative Commission on Pensions and Retirement.

197.9 (b) Employee and employer contributions to the general employees retirement plan  
197.10 under subdivisions 2 and 3 must be adjusted:

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

197.18 (2) if the regular actuarial valuation of the general employees retirement plan of the  
197.19 Public Employees Retirement Association under section 356.215 indicates that there is a  
197.20 contribution deficiency equal to or greater than 0.5 percent of covered payroll and that the  
197.21 deficiency has existed for at least two consecutive years, the coordinated program employee  
197.22 and employer contribution rates must be increased as determined under paragraph (d) to a  
197.23 level such that no deficiency exists based on the most recent actuarial valuation.

197.24 (c) If the actuarially required contribution of the general employees retirement plan is  
197.25 less than the total support provided by the combined employee and employer contribution  
197.26 rates under subdivisions 2, 3, and 3a, by more than one percent of covered payroll,  
197.27 the general employees retirement plan coordinated program employee and employer  
197.28 contribution rates under subdivisions 2 and 3 must be decreased incrementally over one or  
197.29 more years by no more than 0.25 percent of pay each for employee and employer matching  
197.30 contribution rates to a level such that there remains a contribution sufficiency of at least one  
197.31 percent of covered payroll. No contribution rate decrease may be made until at least two  
197.32 years have elapsed since any adjustment under this subdivision has been fully implemented.

197.33 (d) If the actuarially required contribution exceeds the total support provided by the  
197.34 combined employee and employer contribution rates under subdivisions 2, 3, and 3a,  
197.35 the employee and matching employer contribution rates must be increased equally to  
197.36 eliminate that contribution deficiency. If the contribution deficiency is:

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

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

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

198.7 (e) The general employees retirement plan contribution sufficiency or deficiency  
198.8 determination under paragraphs (a) to (d) must be made ~~without the inclusion of~~ including  
198.9 the contributions to, the funded condition of, or the actuarial funding requirements of the  
198.10 ~~MERF division~~ credited under section 353.27, subdivision 3c, and state aid under section  
198.11 353.505.

198.12 (f) Any recommended adjustment to the contribution rates must be reported to  
198.13 the chair and the executive director of the Legislative Commission on Pensions and  
198.14 Retirement by January 15 following the receipt of the most recent annual actuarial  
198.15 valuation prepared under section 356.215. If the Legislative Commission on Pensions  
198.16 and Retirement does not recommend against the rate change or does not recommend  
198.17 a modification in the rate change, the recommended adjustment becomes effective for  
198.18 any salary paid on or after the January 1 next following the legislative session in which  
198.19 the Legislative Commission on Pensions and Retirement did not take any action to  
198.20 disapprove or modify the Public Employees Retirement Association Board of Trustees'  
198.21 recommendation to adjust the employee and employer rates.

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

198.25 (h) Before any reduction in contributions to eliminate a sufficiency in excess of one  
198.26 percent of covered pay may be recommended, the executive director must review any  
198.27 need for a change in actuarial assumptions, as recommended by the actuary retained under  
198.28 section 356.214 in the most recent experience study of the general employees retirement  
198.29 plan prepared under section 356.215 and the standards for actuarial work promulgated by  
198.30 the Legislative Commission on Pensions and Retirement that may result in an increase  
198.31 in the actuarially required contribution and must report to the Legislative Commission  
198.32 on Pensions and Retirement any recommendation by the board to use the sufficiency  
198.33 exceeding one percent of covered payroll to offset the impact of an actuarial assumption  
198.34 change recommended by the actuary retained under section 356.214, subdivision 1, and  
198.35 reviewed by the actuary retained by the commission under section 356.214, subdivision 4.

199.1 (i) No contribution sufficiency in excess of one percent of covered pay may be  
199.2 proposed to be used to increase benefits, and no benefit increase may be proposed that  
199.3 would initiate an automatic adjustment to increase contributions under this subdivision.  
199.4 Any proposed benefit improvement must include a recommendation, prepared by the  
199.5 actuary retained under section 356.214, subdivision 1, and reviewed by the actuary  
199.6 retained by the Legislative Commission on Pensions and Retirement as provided under  
199.7 section 356.214, subdivision 4, on how the benefit modification will be funded.

199.8 Sec. 10. Minnesota Statutes 2014, section 353.27, is amended by adding a subdivision  
199.9 to read:

199.10 Subd. 3c. Former MERF members; member and employer contributions. (a)  
199.11 For the period July 1, 2015, until December 31, 2031, the member contributions for former  
199.12 members of the Minneapolis Employees Retirement Fund and by the former Minneapolis  
199.13 Employees Retirement Fund-covered employing units are governed by this subdivision.

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

199.17 (c) The employer regular contribution with respect to a public employee who was  
199.18 a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is  
199.19 9.75 percent of the salary of the employee.

199.20 (d) The employer additional contribution for any public employees who were  
199.21 members of the former Minneapolis Employees Retirement Fund on June 29, 2010, is  
199.22 2.68 percent of the salary of each applicable employee plus an annual amount equal to  
199.23 the employing unit's share of \$3,900,000 that was paid or was payable during calendar  
199.24 year 2014.

199.25 (e) For the period July 1, 2015, until December 31, 2031, the employer supplemental  
199.26 contribution is the employing unit's share of \$21,000,000.

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

199.31 (g) The employer supplemental contribution amount under paragraph (e) for  
199.32 calendar year 2015 must be invoiced by the executive director of the Public Employees  
199.33 Retirement Association by July 1, 2015. The calendar year 2015 payment is payable in a  
199.34 single amount on or before September 30, 2015. For subsequent calendar years, the  
199.35 employer supplemental contribution under paragraph (e) must be invoiced on January 31

200.1 of each year and is payable in two parts, with the first half payable on or before July 31  
200.2 and with the second half payable on or before December 15. Late payments are payable  
200.3 with compound interest at the rate of 0.71 percent per month for each month or portion of  
200.4 a month that has elapsed after the due date.

200.5 (h) The employer additional contribution under paragraph (d) and the employer  
200.6 supplemental contribution under paragraph (e) terminate on December 31, 2031.

200.7 Sec. 11. Minnesota Statutes 2014, section 353.34, subdivision 1, is amended to read:

200.8 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled to  
200.9 either a refund of accumulated employee deductions under subdivision 2, or to a deferred  
200.10 annuity under subdivision 3. Application for a refund may not be made before the date of  
200.11 termination of public service. A refund must be paid within 120 days following receipt  
200.12 of the application unless the applicant has again become a public employee required  
200.13 to be covered by the association.

200.14 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,  
200.15 a refund is not payable before termination of service under section 353.01, subdivision 11a.

200.16 (c) An individual who terminates public service covered by the Public Employees  
200.17 Retirement Association general employees retirement plan, ~~the MERF division~~ except  
200.18 members of the former Minneapolis Employees Retirement Fund under section 353.01,  
200.19 subdivision 2b, paragraph (d), the Public Employees Retirement Association police  
200.20 and fire retirement plan, or the public employees local government correctional service  
200.21 retirement plan, and who is employed by a different employer and who becomes an  
200.22 active member covered by one of the other two plans, may receive a refund of employee  
200.23 contributions plus annual compound interest from the plan from which the member  
200.24 terminated service at the applicable rate specified in subdivision 2.

200.25 (d) Refunds payable to members of the former Minneapolis Employees Retirement  
200.26 Fund under section 353.01, subdivision 2a, paragraph (d), are governed by Minnesota  
200.27 Statutes 2008, chapter 422A.

200.28 Sec. 12. Minnesota Statutes 2014, section 353.37, subdivision 1, is amended to read:

200.29 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible  
200.30 for an annuity from the general employees retirement plan of the Public Employees  
200.31 Retirement Association, the public employees police and fire retirement plan, or the local  
200.32 government correctional employees retirement plan must be suspended under subdivision  
200.33 2 or reduced under subdivision 3, whichever results in the higher annual annuity amount, if  
200.34 the person reenters public service as a nonelective employee of a governmental subdivision

201.1 in a position covered by this chapter or returns to work as an employee of a labor  
201.2 organization that represents public employees who are association members under this  
201.3 chapter and salary for the reemployment service exceeds the annual maximum earnings  
201.4 allowable for that age for the continued receipt of full benefit amounts monthly under the  
201.5 federal Old Age, Survivors and Disability Insurance Program as set by the secretary of  
201.6 health and human services under United States Code, title 42, section 403, in any calendar  
201.7 year. If the person has not yet reached the minimum age for the receipt of Social Security  
201.8 benefits, the maximum salary for the person is equal to the annual maximum earnings  
201.9 allowable for the minimum age for the receipt of Social Security benefits.

201.10 (b) The provisions of paragraph (a) do not apply to the members of the general  
201.11 employees plan of the Public Employees Retirement Association who were former  
201.12 members of MERF division.

201.13 Sec. 13. Minnesota Statutes 2014, section 353.46, subdivision 2, is amended to read:

201.14 Subd. 2. **Rights of deferred annuitant.** (a) The entitlement of a deferred annuitant  
201.15 or other former member of the general employees retirement plan of the Public Employees  
201.16 Retirement Association, ~~the Minneapolis Employees Retirement Fund division,~~ the  
201.17 public employees police and fire retirement plan, or the local government correctional  
201.18 employees retirement plan to receive an annuity under the law in effect at the time the  
201.19 person terminated public service is herein preserved. The provisions of section 353.71,  
201.20 subdivision 2, as amended by Laws 1973, chapter 753, apply to a deferred annuitant or  
201.21 other former member who first begins receiving an annuity after July 1, 1973.

201.22 (b) The entitlement of a deferred annuitant or former member of the Minneapolis  
201.23 Employees Retirement Fund, upon merger with the general employees retirement plan  
201.24 of the Public Employees Retirement Association, continues under the provisions of  
201.25 Minnesota Statutes 2008, section 422A.16.

201.26 Sec. 14. Minnesota Statutes 2014, section 353.46, subdivision 6, is amended to read:

201.27 Subd. 6. **Computation of benefits for certain coordinated members.** Any  
201.28 coordinated member of the general employees retirement plan of the Public Employees  
201.29 Retirement Association who, before July 1, 1979, was a member of the former coordinated  
201.30 program of the former Minneapolis Municipal Employees Retirement Fund and who,  
201.31 before July 1, 1978, was a member of the basic program of the Minneapolis Municipal  
201.32 Employees Retirement Fund is entitled to receive a retirement annuity when otherwise  
201.33 qualified, the calculation of which must utilize the formula accrual rates specified in  
201.34 Minnesota Statutes 2008, section 422A.15, subdivision 1, for that portion of credited

202.1 service which was rendered before July 1, 1978, and the formula accrual rates specified  
 202.2 in section 353.29, subdivision 3, for the remainder of credited service, both applied to  
 202.3 the average salary as specified in section 353.01, subdivision 17a. The formula accrual  
 202.4 rates to be used in calculating the retirement annuity must recognize the service after July  
 202.5 1, 1978, as a member of the former coordinated program of the former Minneapolis  
 202.6 Municipal Employees Retirement Fund and after July 1, 1979, as a member of the  
 202.7 general employees retirement plan of the Public Employees Retirement Association as a  
 202.8 continuation of service rendered before July 1, 1978. The annuity amount attributable  
 202.9 to service as a member of the basic program of the former Minneapolis Municipal  
 202.10 Employees Retirement Fund is ~~payable from the MERF division~~ and the annuity amount  
 202.11 attributable to all other service is payable from the general employees retirement fund of  
 202.12 the Public Employees Retirement Association.

202.13 Sec. 15. Minnesota Statutes 2014, section 353.50, subdivision 6, is amended to read:

202.14 Subd. 6. **Benefits for former MERF division members.** (a) **Retired, disabled,**  
 202.15 **deferred, and inactive member benefits.** The annuities and benefits of, or attributable to,  
 202.16 retired, disabled, deferred, or inactive ~~Minneapolis Employees Retirement Fund~~ members  
 202.17 ~~with that status as of June 30, 2010~~ of the former MERF division, as calculated under  
 202.18 Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15;  
 202.19 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and  
 202.20 422A.23, continue in force and are payable from the general employees retirement plan.

202.21 (b) **Benefits; benefit eligibility for June 30, 2010, active members.** Persons who  
 202.22 were active members of covered by the former ~~Minneapolis Employees Retirement~~  
 202.23 ~~Fund~~ MERF division on ~~June 30, 2010~~ December 31, 2014, upon satisfying eligibility  
 202.24 requirements stated in the applicable sections of Minnesota Statutes 2008 specified in  
 202.25 paragraph (a), are entitled to annuities or benefits specified in those sections. Eligibility  
 202.26 for a formula retirement annuity includes the requirement in Minnesota Statutes 2008,  
 202.27 sections 422A.13 and 422A.16, that the terminating member has attained the normal  
 202.28 retirement age, which is age 60 if the person has at least ten years of service credit, or any  
 202.29 age if the person has 30 or more years of service credit.

202.30 (c) **Postretirement adjustments.** After December 31, ~~2010~~ 2014, annuities and  
 202.31 benefits ~~from~~ for former members of the former MERF division are eligible for annual  
 202.32 automatic postretirement adjustments solely under the applicable portions of section  
 202.33 356.415.

202.34 Sec. 16. Minnesota Statutes 2014, section 353.505, is amended to read:

203.1 **353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.**

203.2 (a) ~~Subject to the limitation in paragraph (c), The state shall pay to the MERF~~  
203.3 ~~division account of the Public Employees Retirement Association with respect to the~~  
203.4 ~~former Minneapolis Employees Retirement Fund annually an amount equal to the amount~~  
203.5 ~~calculated under paragraph (b).~~

203.6 (b) ~~The payment amount is an amount equal to the financial requirements of the~~  
203.7 ~~MERF division of the Public Employees Retirement Association reported in the actuarial~~  
203.8 ~~valuation of the general employees retirement plan of the Public Employees Retirement~~  
203.9 ~~Association prepared by the actuary retained under section 356.214 consistent with section~~  
203.10 ~~356.215 for the most recent year but based on a target date for full amortization of the~~  
203.11 ~~unfunded actuarial accrued liabilities by June 30, 2031, less the amount of employee~~  
203.12 ~~contributions required under section 353.50, subdivision 7, paragraph (b), and the amount~~  
203.13 ~~of employer contributions required under section 353.50, subdivision 7, paragraphs (c)~~  
203.14 ~~and (d). Payments must be made September 15 annually.~~

203.15 (c) ~~The annual state contribution under this subdivision may not exceed \$9,000,000,~~  
203.16 ~~plus the cost of the annual supplemental benefit determined under Minnesota Statutes~~  
203.17 ~~2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the~~  
203.18 ~~cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section~~  
203.19 ~~356.43, plus \$13,750,000 on September 15, 2011, \$13,750,000 on September 15, 2012,~~  
203.20 ~~and \$15,000,000 on September 15, 2013, and annually thereafter.~~

203.21 (d) ~~Annually and after June 30, 2012, if the amount determined under paragraph (b)~~  
203.22 ~~exceeds the applicable maximum amount specified in paragraph (c), the excess must be~~  
203.23 ~~allocated to and paid to the fund by the employers identified in Minnesota Statutes 2008,~~  
203.24 ~~section 422A.101, subdivisions 1a, 2, and 2a. Each employer's share of the excess is~~  
203.25 ~~proportionate to the employer's share of the fund's unfunded actuarial accrued liability~~  
203.26 ~~as disclosed in the annual actuarial valuation prepared by the actuary retained under~~  
203.27 ~~section 356.214 compared to the total unfunded actuarial accrued liability as of July 1,~~  
203.28 ~~2009, attributed to all employers identified in Minnesota Statutes 2008, section 422A.101,~~  
203.29 ~~subdivisions 1a and 2, other than units of metropolitan government. Payments must be~~  
203.30 ~~made as set forth in paragraph (b).~~

203.31 (a) Annually and after June 30, 2015, the state shall pay to the general employees  
203.32 retirement plan of the Public Employees Retirement Association, with respect to the  
203.33 former MERF division, \$16,000,000. Payments must be made September 15 annually.

203.34 (e) (b) State contributions under this section end on September 15, 2031, or on  
203.35 September 1 following the first date on which the current assets of the MERF division  
203.36 general employees retirement plan of the Public Employees Retirement Association

204.1 equal or exceed the actuarial accrued liability of the ~~MERF division~~ general employees  
204.2 retirement plan of the Public Employees Retirement Association in the actuarial valuation  
204.3 of the retirement plan prepared by an approved actuary under section 356.215 and the  
204.4 standards for actuarial work promulgated by the Legislative Commission on Pensions and  
204.5 Retirement, including any actuarial accrued liability increase resulting from a change in the  
204.6 interest rate actuarial assumption occurring after January 1, 2015, whichever occurs earlier.

204.7 Sec. 17. Minnesota Statutes 2014, section 355.01, subdivision 3j, is amended to read:

204.8 Subd. 3j. **Public employee.** "Public employee" means an officer or an employee of  
204.9 a local governmental subdivision of the state who performs services in a position covered  
204.10 by the Public Employees Retirement Association established under chapter 353. The term  
204.11 does not include any person who was a member of the former Minneapolis Employees  
204.12 Retirement Fund on June 29, 2010, while the person is employed in a position that was  
204.13 transferred to the Public Employees Retirement Association.

204.14 Sec. 18. Minnesota Statutes 2014, section 356.214, subdivision 1, is amended to read:

204.15 Subdivision 1. **Actuary retention.** (a) The governing board or managing or  
204.16 administrative official of each public pension plan and retirement fund or plan enumerated  
204.17 in paragraph (b) shall contract with an established actuarial consulting firm to conduct  
204.18 annual actuarial valuations and related services. The principal from the actuarial  
204.19 consulting firm on the contract must be an approved actuary under section 356.215,  
204.20 subdivision 1, paragraph (c).

204.21 (b) Actuarial services must include the preparation of actuarial valuations and  
204.22 related actuarial work for the following retirement plans:

- 204.23 (1) the teachers retirement plan, Teachers Retirement Association;  
204.24 (2) the general state employees retirement plan, Minnesota State Retirement System;  
204.25 (3) the correctional employees retirement plan, Minnesota State Retirement System;  
204.26 (4) the State Patrol retirement plan, Minnesota State Retirement System;  
204.27 (5) the judges retirement plan, Minnesota State Retirement System;  
204.28 (6) the general employees retirement plan, Public Employees Retirement  
204.29 Association, ~~including the MERF division~~;  
204.30 (7) the public employees police and fire plan, Public Employees Retirement  
204.31 Association;  
204.32 (8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund  
204.33 Association;  
204.34 (9) the legislators retirement plan, Minnesota State Retirement System; and

205.1 (10) the local government correctional service retirement plan, Public Employees  
205.2 Retirement Association.

205.3 (c) The actuarial valuation for the legislators retirement plan must include a separate  
205.4 calculation of total plan actuarial accrued liabilities due to constitutional officer coverage  
205.5 under section 3A.17.

205.6 (d) The contracts must require completion of the annual actuarial valuation  
205.7 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations  
205.8 as specified in section 356.215, and in conformity with the standards for actuarial work  
205.9 adopted by the Legislative Commission on Pensions and Retirement.

205.10 The contracts must require completion of annual experience data collection and  
205.11 processing and a quadrennial published experience study for the plans listed in paragraph  
205.12 (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by  
205.13 the commission. The experience data collection, processing, and analysis must evaluate  
205.14 the following:

205.15 (1) individual salary progression;

205.16 (2) the rate of return on investments based on the current asset value;

205.17 (3) payroll growth;

205.18 (4) mortality;

205.19 (5) retirement age;

205.20 (6) withdrawal; and

205.21 (7) disablement.

205.22 (e) The actuary shall annually prepare a report to the governing or managing board  
205.23 or administrative official and the legislature, summarizing the results of the actuarial  
205.24 valuation calculations. The actuary shall include with the report any recommendations  
205.25 concerning the appropriateness of the support rates to achieve proper funding of  
205.26 the retirement plans by the required funding dates. The actuary shall, as part of the  
205.27 quadrennial experience study, include recommendations on the appropriateness of the  
205.28 actuarial valuation assumptions required for evaluation in the study.

205.29 (f) If the actuarial gain and loss analysis in the actuarial valuation calculations  
205.30 indicates a persistent pattern of sizable gains or losses, the governing or managing board  
205.31 or administrative official shall direct the actuary to prepare a special experience study for  
205.32 a plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), or (10), in the manner  
205.33 provided for in the standards for actuarial work adopted by the commission.

205.34 Sec. 19. Minnesota Statutes 2014, section 356.215, subdivision 11, is amended to read:

206.1           Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating  
206.2 the level normal cost, the actuarial valuation of the retirement plan must contain an  
206.3 exhibit for financial reporting purposes indicating the additional annual contribution  
206.4 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit  
206.5 for contribution determination purposes indicating the additional contribution sufficient  
206.6 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in  
206.7 subdivision 8, paragraph (c), but excluding ~~the MERF division of the Public Employees~~  
206.8 ~~Retirement Association~~ and the legislators retirement plan, the additional contribution  
206.9 must be calculated on a level percentage of covered payroll basis by the established  
206.10 date for full funding in effect when the valuation is prepared, assuming annual payroll  
206.11 growth at the applicable percentage rate set forth in subdivision 8, paragraph (d). For all  
206.12 other retirement plans and for the ~~MERF division of the Public Employees Retirement~~  
206.13 ~~Association~~ and the legislators retirement plan, the additional annual contribution must be  
206.14 calculated on a level annual dollar amount basis.

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

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

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

206.35           (ii) the level annual dollar contribution or level percentage, whichever is applicable,  
206.36 needed to amortize the unfunded actuarial accrued liability amount determined under item

207.1 (i) by the established date for full funding in effect before the change must be calculated  
207.2 using the interest assumption specified in subdivision 8 in effect before the change;

207.3 (iii) the unfunded actuarial accrued liability of the fund must be determined in  
207.4 accordance with any new plan provisions governing annuities and benefits payable from  
207.5 the fund and any new actuarial assumptions and the remaining plan provisions governing  
207.6 annuities and benefits payable from the fund and actuarial assumptions in effect before  
207.7 the change;

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

207.14 (v) the level annual dollar or level percentage amortization contribution under item  
207.15 (iv) must be added to the level annual dollar amortization contribution or level percentage  
207.16 calculated under item (ii);

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

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

207.29 ~~(d) For the MERF division of the Public Employees Retirement Association, the~~  
207.30 ~~established date for full funding is June 30, 2031.~~

207.31 ~~(e)~~ (d) For the general employees retirement plan of the Public Employees  
207.32 Retirement Association, the established date for full funding is June 30, 2031.

207.33 ~~(f)~~ (e) For the Teachers Retirement Association, the established date for full funding  
207.34 is June 30, 2037.

207.35 ~~(g)~~ (f) For the correctional state employees retirement plan of the Minnesota State  
207.36 Retirement System, the established date for full funding is June 30, 2038.

208.1           (Ⓜ) (g) For the judges retirement plan, the established date for full funding is June  
208.2 30, 2038.

208.3           (Ⓜ) (h) For the public employees police and fire retirement plan, the established date  
208.4 for full funding is June 30, 2038.

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

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

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

208.18          Sec. 20. Minnesota Statutes 2014, section 356.30, subdivision 3, is amended to read:

208.19           Subd. 3. **Covered plans.** This section applies to the following retirement plans:

208.20           (1) the general state employees retirement plan of the Minnesota State Retirement  
208.21 System, established under chapter 352;

208.22           (2) the correctional state employees retirement plan of the Minnesota State  
208.23 Retirement System, established under chapter 352;

208.24           (3) the unclassified employees retirement program, established under chapter 352D;

208.25           (4) the State Patrol retirement plan, established under chapter 352B;

208.26           (5) the legislators retirement plan, established under chapter 3A, including  
208.27 constitutional officers as specified in that chapter;

208.28           (6) the general employees retirement plan of the Public Employees Retirement  
208.29 Association, established under chapter 353, ~~including the MERF division of the Public~~  
208.30 ~~Employees Retirement Association;~~

208.31           (7) the public employees police and fire retirement plan of the Public Employees  
208.32 Retirement Association, established under chapter 353;

208.33           (8) the local government correctional service retirement plan of the Public  
208.34 Employees Retirement Association, established under chapter 353E;

208.35           (9) the Teachers Retirement Association, established under chapter 354;

209.1 (10) the St. Paul Teachers Retirement Fund Association, established under chapter  
209.2 354A; and  
209.3 (11) the judges retirement fund, established by chapter 490.

209.4 Sec. 21. Minnesota Statutes 2014, section 356.302, subdivision 7, is amended to read:

209.5 Subd. 7. **Covered retirement plans.** This section applies to the following  
209.6 retirement plans:

209.7 (1) the general state employees retirement plan of the Minnesota State Retirement  
209.8 System, established by chapter 352;

209.9 (2) the unclassified state employees retirement program of the Minnesota State  
209.10 Retirement System, established by chapter 352D;

209.11 (3) the general employees retirement plan of the Public Employees Retirement  
209.12 Association, established by chapter 353, ~~including the MERF division of the Public~~  
209.13 ~~Employees Retirement Association;~~

209.14 (4) the Teachers Retirement Association, established by chapter 354;

209.15 (5) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

209.16 (6) the state correctional employees retirement plan of the Minnesota State  
209.17 Retirement System, established by chapter 352;

209.18 (7) the State Patrol retirement plan, established by chapter 352B;

209.19 (8) the public employees police and fire plan of the Public Employees Retirement  
209.20 Association, established by chapter 353;

209.21 (9) the local government correctional service retirement plan of the Public  
209.22 Employees Retirement Association, established by chapter 353E; and

209.23 (10) the judges retirement plan, established by chapter 490.

209.24 Sec. 22. Minnesota Statutes 2014, section 356.303, subdivision 4, is amended to read:

209.25 Subd. 4. **Covered retirement plans.** This section applies to the following  
209.26 retirement plans:

209.27 (1) the legislators retirement plan, established by chapter 3A;

209.28 (2) the general state employees retirement plan of the Minnesota State Retirement  
209.29 System, established by chapter 352;

209.30 (3) the correctional state employees retirement plan of the Minnesota State  
209.31 Retirement System, established by chapter 352;

209.32 (4) the State Patrol retirement plan, established by chapter 352B;

209.33 (5) the elective state officers retirement plan, established by chapter 352C;

209.34 (6) the unclassified state employees retirement program, established by chapter 352D;

210.1 (7) the general employees retirement plan of the Public Employees Retirement  
210.2 Association, established by chapter 353, ~~including the MERF division of the Public~~  
210.3 ~~Employees Retirement Association;~~

210.4 (8) the public employees police and fire plan of the Public Employees Retirement  
210.5 Association, established by chapter 353;

210.6 (9) the local government correctional service retirement plan of the Public  
210.7 Employees Retirement Association, established by chapter 353E;

210.8 (10) the Teachers Retirement Association, established by chapter 354;

210.9 (11) the St. Paul Teachers Retirement Fund Association, established by chapter  
210.10 354A; and

210.11 (12) the judges retirement fund, established by chapter 490.

210.12 Sec. 23. Minnesota Statutes 2014, section 356.32, subdivision 2, is amended to read:

210.13 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the  
210.14 following retirement plans:

210.15 (1) the general state employees retirement plan of the Minnesota State Retirement  
210.16 System, established under chapter 352;

210.17 (2) the correctional state employees retirement plan of the Minnesota State  
210.18 Retirement System, established under chapter 352;

210.19 (3) the State Patrol retirement plan, established under chapter 352B;

210.20 (4) the general employees retirement plan of the Public Employees Retirement  
210.21 Association, established under chapter 353, ~~including the MERF division of the Public~~  
210.22 ~~Employees Retirement Association;~~

210.23 (5) the public employees police and fire plan of the Public Employees Retirement  
210.24 Association, established under chapter 353;

210.25 (6) the Teachers Retirement Association, established under chapter 354; and

210.26 (7) the St. Paul Teachers Retirement Fund Association, established under chapter  
210.27 354A.

210.28 Sec. 24. Minnesota Statutes 2014, section 356.401, subdivision 3, is amended to read:

210.29 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the  
210.30 following retirement plans:

210.31 (1) the legislators retirement plan, established by chapter 3A, including constitutional  
210.32 officers as specified in that chapter;

210.33 (2) the general state employees retirement plan of the Minnesota State Retirement  
210.34 System, established by chapter 352;

- 211.1 (3) the correctional state employees retirement plan of the Minnesota State  
 211.2 Retirement System, established by chapter 352;  
 211.3 (4) the State Patrol retirement plan, established by chapter 352B;  
 211.4 (5) the unclassified state employees retirement program, established by chapter 352D;  
 211.5 (6) the general employees retirement plan of the Public Employees Retirement  
 211.6 Association, established by chapter 353, ~~including the MERF division of the Public~~  
 211.7 ~~Employees Retirement Association;~~  
 211.8 (7) the public employees police and fire plan of the Public Employees Retirement  
 211.9 Association, established by chapter 353;  
 211.10 (8) the public employees defined contribution plan, established by chapter 353D;  
 211.11 (9) the local government correctional service retirement plan of the Public  
 211.12 Employees Retirement Association, established by chapter 353E;  
 211.13 (10) the voluntary statewide lump-sum volunteer firefighter retirement plan,  
 211.14 established by chapter 353G;  
 211.15 (11) the Teachers Retirement Association, established by chapter 354;  
 211.16 (12) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;  
 211.17 (13) the individual retirement account plan, established by chapter 354B;  
 211.18 (14) the higher education supplemental retirement plan, established by chapter  
 211.19 354C; and  
 211.20 (15) the judges retirement fund, established by chapter 490.

211.21 Sec. 25. Minnesota Statutes 2014, section 356.407, subdivision 2, is amended to read:

211.22 Subd. 2. **Covered funds.** The provisions of this section apply to the following  
 211.23 retirement funds:

- 211.24 (1) the general employees retirement plan of the Public Employees Retirement  
 211.25 Association established under chapter 353, ~~including the MERF division of the Public~~  
 211.26 ~~Employees Retirement Association;~~  
 211.27 (2) the public employees police and fire plan of the Public Employees Retirement  
 211.28 Association established under chapter 353;  
 211.29 (3) the State Patrol retirement plan established under chapter 352B;  
 211.30 (4) the legislators retirement plan established under chapter 3A;  
 211.31 (5) the elective state officers retirement plan established under chapter 352C; and  
 211.32 (6) the Teachers Retirement Association established under chapter 354.

211.33 Sec. 26. Minnesota Statutes 2014, section 356.415, subdivision 2, is amended to read:

212.1 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the  
212.2 following retirement plans:

212.3 (1) the legislators retirement plan established under chapter 3A, including  
212.4 constitutional officers as specified in that chapter;

212.5 (2) the correctional state employees retirement plan of the Minnesota State  
212.6 Retirement System established under chapter 352;

212.7 (3) the general state employees retirement plan of the Minnesota State Retirement  
212.8 System established under chapter 352;

212.9 (4) the State Patrol retirement plan established under chapter 352B;

212.10 (5) the general employees retirement plan of the Public Employees Retirement  
212.11 Association established under chapter 353, ~~including the MERF division of the Public~~  
212.12 ~~Employees Retirement Association;~~

212.13 (6) the public employees police and fire retirement plan of the Public Employees  
212.14 Retirement Association established under chapter 353;

212.15 (7) the local government correctional employees retirement plan of the Public  
212.16 Employees Retirement Association established under chapter 353E;

212.17 (8) the teachers retirement plan established under chapter 354; and

212.18 (9) the judges retirement plan established under chapter 490.

212.19 Sec. 27. Minnesota Statutes 2014, section 356.461, subdivision 2, is amended to read:

212.20 Subd. 2. **Covered plans.** This section applies to the following retirement plans:

212.21 (1) the legislators retirement plan, established under chapter 3A, including  
212.22 constitutional officers as specified in that chapter;

212.23 (2) the correctional state employees retirement plan of the Minnesota State  
212.24 Retirement System, established under chapter 352;

212.25 (3) the general state employees retirement plan of the Minnesota State Retirement  
212.26 System, established under chapter 352;

212.27 (4) the State Patrol retirement plan, established under chapter 352B;

212.28 (5) the unclassified state employees retirement program of the Minnesota State  
212.29 Retirement System, established under chapter 352D;

212.30 (6) the judges retirement plan, established under chapter 490;

212.31 (7) the general employees retirement plan of the Public Employees Retirement  
212.32 Association, established under chapter 353, ~~including the MERF division of the Public~~  
212.33 ~~Employees Retirement Association;~~

212.34 (8) the public employees police and fire retirement plan of the Public Employees  
212.35 Retirement Association, established under chapter 353;

213.1 (9) the local government correctional service retirement plan of the Public  
213.2 Employees Retirement Association, established under chapter 353E; and  
213.3 (10) the Teachers Retirement Association, established under chapter 354.

213.4 Sec. 28. Minnesota Statutes 2014, section 356.465, subdivision 3, is amended to read:

213.5 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the  
213.6 following retirement plans:

213.7 (1) the general state employees retirement plan of the Minnesota State Retirement  
213.8 System established under chapter 352;

213.9 (2) the correctional state employees retirement plan of the Minnesota State  
213.10 Retirement System established under chapter 352;

213.11 (3) the State Patrol retirement plan established under chapter 352B;

213.12 (4) the legislators retirement plan established under chapter 3A;

213.13 (5) the judges retirement plan established under chapter 490;

213.14 (6) the general employees retirement plan of the Public Employees Retirement  
213.15 Association established under chapter 353, ~~including the MERF division of the Public~~  
213.16 ~~Employees Retirement Association;~~

213.17 (7) the public employees police and fire plan of the Public Employees Retirement  
213.18 Association established under chapter 353;

213.19 (8) the teachers retirement plan established under chapter 354;

213.20 (9) the St. Paul Teachers Retirement Fund Association established under chapter  
213.21 354A; and

213.22 (10) the local government correctional service retirement plan of the Public  
213.23 Employees Retirement Association established under chapter 353E.

213.24 Sec. 29. Minnesota Statutes 2014, section 480.181, subdivision 2, is amended to read:

213.25 Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a  
213.26 person is transferred to state employment under this section, the person may elect to do  
213.27 either or both of the following:

213.28 (1) keep life insurance; hospital, medical, and dental insurance; and vacation and  
213.29 sick leave benefits and accumulated time provided by the county instead of receiving  
213.30 benefits from the state under the judicial branch personnel rules; or

213.31 (2) remain a member of the general employees retirement plan of the Public  
213.32 Employees Retirement Association or the MERF division of the Public Employees  
213.33 Retirement Association instead of joining the Minnesota State Retirement System.

214.1 Employees who make an election under clause (1) remain on the county payroll,  
214.2 but the state shall reimburse the county on a quarterly basis for the salary and cost of the  
214.3 benefits provided by the county. The state shall make the employer contribution on behalf  
214.4 of employees who make an election under clause (2) to the general employees retirement  
214.5 plan of the Public Employees Retirement Association or the employer contribution under  
214.6 section ~~353.50~~ 353.27, subdivision 7 3c, paragraphs (c) and (d), to the MERF division  
214.7 general employees retirement fund of the Public Employees Retirement Association on  
214.8 behalf of employees who make an election under clause (2) for any employees who were  
214.9 members of the former Minneapolis Employees Retirement Fund on June 24, 2010.

214.10 (b) An employee who makes an election under paragraph (a), clause (1), may revoke  
214.11 the election, once, at any time, but if the employee revokes the election, the employee  
214.12 cannot make another election. An employee who makes an election under paragraph (a),  
214.13 clause (2), may revoke the election at any time within six months after the person becomes  
214.14 a state employee. Once an employee revokes this election, the employee cannot make  
214.15 another election.

214.16 (c) The Supreme Court, after consultation with the Judicial Council, the  
214.17 commissioner of management and budget, and the executive directors of the Public  
214.18 Employees Retirement Association and the Minnesota State Retirement Association shall  
214.19 adopt procedures for making elections under this section.

214.20 (d) The Supreme Court shall notify all affected employees of the options available  
214.21 under this section. The executive directors of the Public Employees Retirement  
214.22 Association and the Minnesota State Retirement System shall provide counseling to  
214.23 affected employees on the effect of making an election to remain a member of the Public  
214.24 Employees Retirement Association.

214.25 Sec. 30. **MERF DIVISION MERGER INTO PERA-GENERAL.**

214.26 The MERF division and division account are merged into the general employees  
214.27 retirement plan and fund of the Public Employees Retirement Association as provided  
214.28 under Minnesota Statutes 2014, section 353.50, subdivision 9, and no longer exist as  
214.29 a component part of the association or of the general employees retirement plan. The  
214.30 general employees retirement plan of the Public Employees Retirement Association is  
214.31 the successor in interest of the former Minneapolis Employees Retirement Fund under  
214.32 Minnesota Statutes 2014, section 353.50, subdivision 5. The beneficial title for the assets  
214.33 of the former MERF division account is combined with the beneficial title for the assets of  
214.34 the general employees retirement plan and is vested undivided in the benefit recipients of

215.1 the general employees retirement plan. The liabilities of the general employees retirement  
 215.2 fund include the liabilities under Minnesota Statutes 2014, section 353.50, subdivision 6.

215.3 Sec. 31. **REPEALER.**

215.4 Minnesota Statutes 2014, sections 353.01, subdivision 49; 353.27, subdivision 1a;  
 215.5 353.50, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10; and 354.71, are repealed.

215.6 Sec. 32. **EFFECTIVE DATE.**

215.7 Sections 1 to 31 are effective the day following final enactment."

215.8 Delete the title and insert:

215.9 "A bill for an act  
 215.10 relating to retirement; various statewide and local Minnesota public employee  
 215.11 retirement plans; modifying statutory actuarial assumptions; modifying refund  
 215.12 and purchase payment interest rates; modifying the financial sustainability  
 215.13 triggers for postretirement adjustment mechanisms; modifying provisions  
 215.14 directing criteria for making recommendations to adjust employee and employer  
 215.15 contribution rates; making administrative and technical modifications; making  
 215.16 administrative changes to the Teachers Retirement Association; changing  
 215.17 maximum excluded earnings limits from calendar to fiscal year; extending  
 215.18 the interest-free period for leave of absence service credit purchases; making  
 215.19 federal conformity changes affecting all state pension plans; clarifying retirement  
 215.20 plan coverage for certain part-time legislative employees; including certain  
 215.21 Minnesota River Area Agency on Aging employees in the Public Employees  
 215.22 Retirement Association; excluding certain Minneapolis Park and Recreation  
 215.23 Board employees; making changes of an administrative nature; clarifying  
 215.24 coverage treatment of former MSRS-Cambridge employees; revising disability to  
 215.25 retirement transfer dates for State Patrol plan disabilitants; correcting legislators  
 215.26 plan postretirement adjustment trigger; permitting a service credit purchase  
 215.27 for certain St. Paul public school employees; authorizing the purchase of  
 215.28 allowable service credit for excluded pre-1995 seasonal Department of Revenue  
 215.29 employment; eliminating various outdated or obsolete allowable service credit  
 215.30 provisions; eliminating other outdated date references in pension provisions;  
 215.31 clarifying or eliminating other ambiguous retirement provisions; correcting  
 215.32 various pension-related headnotes; clarifying the calculation of the short service  
 215.33 alternative pension computation for former defined contribution relief association  
 215.34 members; adding additional service pension levels; relaxing certain deadlines  
 215.35 for approval of service pension level increases; clarifying the application of  
 215.36 the vesting provisions for portable service pensions; establishing a voluntary  
 215.37 statewide monthly benefit volunteer firefighter retirement plan to permit  
 215.38 transfers of local monthly benefit volunteer firefighters relief association plan  
 215.39 administration to the Public Employees Retirement Association; implementing  
 215.40 the recommendations of the state auditor's volunteer firefighter working group;  
 215.41 addressing various disbursement and accounting issues; addressing various  
 215.42 benefit issues; updating volunteer fire state aid references; addressing various  
 215.43 relief association establishment and membership issues; providing for options for  
 215.44 the governance and administration of the Roseville Volunteer Firefighters Relief  
 215.45 Association; authorizing retirement plan accrued liability and proportional asset  
 215.46 transfer upon employment transfer for the Centennial Volunteer Firefighters  
 215.47 Relief Association and adjoining fire departments; permitting a Nashville  
 215.48 Township employee to purchase service credit for a period of omitted  
 215.49 contributions; modifying the Public Employees Retirement Association general  
 215.50 plan provisions; merging the Minneapolis employees retirement fund division

216.1 into the general employees retirement plan; eliminating obsolete language  
 216.2 resulting from the merger; amending Minnesota Statutes 2014, sections  
 216.3 3A.03, subdivision 2; 11A.17, subdivision 2; 69.051, subdivision 1a; 69.80;  
 216.4 256D.21; 352.01, subdivisions 2a, 11, 13a, 15; 352.017, subdivision 2; 352.021,  
 216.5 subdivisions 1, 3, 4; 352.029, subdivision 2; 352.04, subdivisions 8, 9; 352.045;  
 216.6 352.22, subdivisions 8, 10; 352.23; 352.27; 352.271; 352.75, subdivision 2;  
 216.7 352.87, subdivision 8; 352.91, subdivision 3e; 352.955, subdivision 3; 352B.011,  
 216.8 subdivision 3; 352B.013, subdivision 2; 352B.07; 352B.085; 352B.086;  
 216.9 352B.10, subdivision 5; 352B.105; 352B.11, subdivision 4; 352B.25; 352D.02,  
 216.10 subdivision 1; 352D.05, subdivision 4; 352D.11, subdivision 2; 352D.12; 353.01,  
 216.11 subdivisions 2a, 2b, 6, 10, 11a, 16, 17, 28, 36, 48; 353.0161, subdivision 2, by  
 216.12 adding a subdivision; 353.0162; 353.017, subdivision 2; 353.03, subdivisions 1,  
 216.13 3; 353.031, subdivisions 5, 10; 353.05; 353.06; 353.27, subdivisions 1, 3b, 7a,  
 216.14 10, 12, 12a, by adding a subdivision; 353.28, subdivision 5; 353.29, subdivision  
 216.15 7; 353.33, subdivisions 6, 13; 353.34, subdivision 1; 353.35, subdivision  
 216.16 1; 353.37, subdivision 1; 353.46, subdivisions 2, 6; 353.50, subdivision 6;  
 216.17 353.505; 353.64, subdivisions 7a, 8, 9, 10; 353.656, subdivisions 1a, 1b, 2, 4,  
 216.18 5a; 353D.03, subdivision 3; 353D.071, subdivision 2; 353E.06, subdivisions  
 216.19 5, 6; 353F.01; 353F.02, subdivisions 3, 5a; 353F.04, subdivision 2; 353F.051,  
 216.20 subdivisions 1, 2, 3; 353G.01, subdivisions 6, 7, 11, 12, by adding subdivisions;  
 216.21 353G.02; 353G.03; 353G.04; 353G.05; 353G.06; 353G.07; 353G.08; 353G.09;  
 216.22 353G.10; 353G.11; 353G.115; 353G.12, subdivision 2, by adding a subdivision;  
 216.23 353G.13; 353G.14; 353G.15; 353G.16; 354.05, subdivisions 10, 13, 25;  
 216.24 354.07, subdivision 5; 354.092, subdivision 4; 354.42, subdivisions 1a, 4b, 4d;  
 216.25 354.44, subdivisions 8, 9; 354.445; 354.45, subdivision 1a; 354.48, subdivision  
 216.26 3; 354.51, subdivisions 1, 5; 354.52, subdivision 4c; 354.55, subdivision  
 216.27 10; 354.72, subdivision 2; 354A.011, subdivision 6; 354A.092; 354A.093,  
 216.28 subdivision 6; 354A.096; 354A.108; 354A.12, subdivision 3c; 354A.29,  
 216.29 subdivisions 7, 8, 9; 354A.31, subdivision 7; 354A.38, subdivision 3; 354A.42;  
 216.30 355.01, subdivision 3j; 355.07; 356.195, subdivision 2; 356.214, subdivision 1;  
 216.31 356.215, subdivisions 1, 8, 11, 18; 356.245; 356.30, subdivision 3; 356.302,  
 216.32 subdivision 7; 356.303, subdivision 4; 356.32, subdivisions 1, 2; 356.40;  
 216.33 356.401, subdivision 3; 356.407, subdivisions 1, 2; 356.415, subdivisions 1, 1a,  
 216.34 1c, 1d, 1e, 1f, 2; 356.431; 356.44; 356.461, subdivision 2; 356.465, subdivision  
 216.35 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.62; 356.635, subdivision  
 216.36 9, by adding a subdivision; 356B.10, subdivisions 2, 3, 4, 5, 6, 7; 423A.02,  
 216.37 subdivision 1b; 423A.022, subdivision 5; 424A.001, subdivision 10, by adding  
 216.38 a subdivision; 424A.002, subdivision 1; 424A.016, subdivision 4; 424A.02,  
 216.39 subdivisions 3, 3a, 9a; 424A.05, subdivisions 2, 3; 424A.092, subdivisions 3,  
 216.40 6; 424A.093, subdivisions 5, 6; 480.181, subdivision 2; 490.121, subdivision 4;  
 216.41 490.1211; 490.124, subdivision 12; proposing coding for new law in Minnesota  
 216.42 Statutes, chapter 353G; repealing Minnesota Statutes 2014, sections 352.271;  
 216.43 352.75, subdivisions 1, 3, 4, 5, 6; 352.76; 352.91, subdivisions 3a, 3b; 352B.29;  
 216.44 353.01, subdivision 49; 353.025; 353.27, subdivision 1a; 353.50, subdivisions 1,  
 216.45 2, 3, 4, 5, 7, 8, 9, 10; 353.83; 353.84; 353.85; 353D.03, subdivision 4; 354.146,  
 216.46 subdivisions 1, 3; 354.33, subdivisions 5, 6; 354.39; 354.55, subdivisions 13,  
 216.47 16, 19; 354.58; 354.71; 354A.35, subdivision 2a; 354A.42; 356.405; 356.49,  
 216.48 subdivision 2; 424A.03, subdivision 3."