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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1951

02/25/2014 Authored by Murphy, M.,
The bill was read for the first time and referred to the Committee on Government Operations

A bill for an act

1.1 relating to retirement; providing for the consolidation of the Duluth Teachers
1.2 Retirement Fund Association retirement plan and fund into the statewide Teachers
1.3 Retirement Association; amending Minnesota Statutes 2012, sections 13.632,
1.4 subdivision 1; 122A.18, subdivision 7a; 354.05, subdivisions 2, 13; 354.42,
1.5 subdivisions 2, 3; 354A.011, subdivisions 11, 15a, 27; 354A.021, subdivision
1.6 1; 354A.092; 354A.093, subdivision 1; 354A.096; 354A.12, subdivision 2;
1.7 354A.31, subdivision 1; 354A.32, subdivision 1; 354A.35, subdivision 1;
1.8 354A.37, subdivisions 3, 4; 354A.39; 354A.41; 354B.21, subdivision 3a;
1.9 355.01, subdivision 2c; 356.302, subdivision 7; 356.303, subdivision 4; 356.32,
1.10 subdivision 2; 356.42, subdivision 3; 356.465, subdivision 3; 356.47, subdivision
1.11 3; 356.99, subdivision 1; Minnesota Statutes 2013 Supplement, sections 353.01,
1.12 subdivision 2b; 354.436; 354.44, subdivision 6; 354A.12, subdivisions 1, 2a,
1.13 3a; 356.20, subdivision 2; 356.214, subdivision 1; 356.215, subdivision 8;
1.14 356.219, subdivision 8; 356.30, subdivision 3; 356.401, subdivision 3; 423A.02,
1.15 subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 354;
1.16 repealing Minnesota Statutes 2012, sections 354A.021, subdivision 5; 354A.108;
1.17 354A.24; 354A.27, subdivision 5; Minnesota Statutes 2013 Supplement, sections
1.18 354A.27, subdivisions 6a, 7; 354A.31, subdivision 4a.

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

1.21 Section 1. Minnesota Statutes 2012, section 13.632, subdivision 1, is amended to read:

1.22 Subdivision 1. **Beneficiary and survivor data.** The following data on beneficiaries
1.23 and survivors of the St. Paul Teachers Retirement Fund Association ~~and the Duluth~~
1.24 ~~Teachers Retirement Fund Association~~ members are private data on individuals: home
1.25 address, date of birth, direct deposit number, and tax withholding data.

1.26 Sec. 2. Minnesota Statutes 2012, section 122A.18, subdivision 7a, is amended to read:

1.27 Subd. 7a. **Permission to substitute teach.** (a) The Board of Teaching may allow a
1.28 person who is enrolled in and making satisfactory progress in a board-approved teacher

2.1 program and who has successfully completed student teaching to be employed as a
 2.2 short-call substitute teacher.

2.3 (b) The Board of Teaching may issue a lifetime qualified short-call substitute
 2.4 teaching license to a person who:

2.5 (1) was a qualified teacher under section 122A.16 while holding a continuing
 2.6 five-year teaching license issued by the board, and receives a retirement annuity from the
 2.7 Teachers Retirement Association, ~~Minneapolis Teachers Retirement Fund Association,~~
 2.8 or the St. Paul Teachers Retirement Fund Association, ~~or Duluth Teachers Retirement~~
 2.9 ~~Fund Association;~~

2.10 (2) holds an out-of-state teaching license and receives a retirement annuity as a
 2.11 result of the person's teaching experience; or

2.12 (3) held a continuing five-year license issued by the board, taught at least three
 2.13 school years in an accredited nonpublic school in Minnesota, and receives a retirement
 2.14 annuity as a result of the person's teaching experience.

2.15 A person holding a lifetime qualified short-call substitute teaching license is not required
 2.16 to complete continuing education clock hours. A person holding this license may reapply
 2.17 to the board for a continuing five-year license and must again complete continuing
 2.18 education clock hours one school year after receiving the continuing five-year license.

2.19 Sec. 3. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is
 2.20 amended to read:

2.21 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
 2.22 to participate as members of the association with retirement coverage by the general
 2.23 employees retirement plan, the local government correctional employees retirement plan
 2.24 under chapter 353E, or the public employees police and fire retirement plan:

2.25 (1) persons whose salary from one governmental subdivision never exceeds \$425 in
 2.26 a month;

2.27 (2) public officers who are elected to a governing body, city mayors, or persons who
 2.28 are appointed to fill a vacancy in an elective office of a governing body, whose term of office
 2.29 commences on or after July 1, 2002, for the service to be rendered in that elective position;

2.30 (3) election officers or election judges;

2.31 (4) patient and inmate personnel who perform services for a governmental
 2.32 subdivision;

2.33 (5) except as otherwise specified in subdivision 12a, employees who are hired for
 2.34 a temporary position as defined under subdivision 12a, and employees who resign from

3.1 a nontemporary position and accept a temporary position within 30 days in the same
3.2 governmental subdivision;

3.3 (6) employees who are employed by reason of work emergency caused by fire,
3.4 flood, storm, or similar disaster;

3.5 (7) employees who by virtue of their employment in one governmental subdivision
3.6 are required by law to be a member of and to contribute to any of the plans or funds
3.7 administered by the Minnesota State Retirement System, the Teachers Retirement
3.8 Association, ~~the Duluth Teachers Retirement Fund Association~~, and the St. Paul Teachers
3.9 Retirement Fund Association. This clause must not be construed to prevent a person from
3.10 being a member of and contributing to the Public Employees Retirement Association and
3.11 also belonging to and contributing to another public pension plan or fund for other service
3.12 occurring during the same period of time. A person who meets the definition of "public
3.13 employee" in subdivision 2 by virtue of other service occurring during the same period of
3.14 time becomes a member of the association unless contributions are made to another public
3.15 retirement fund on the salary based on the other service or to the Teachers Retirement
3.16 Association by a teacher as defined in section 354.05, subdivision 2;

3.17 (8) persons who are members of a religious order and are excluded from coverage
3.18 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
3.19 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
3.20 as amended through January 1, 1987, if no irrevocable election of coverage has been made
3.21 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

3.22 (9) employees of a governmental subdivision who have not reached the age of
3.23 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
3.24 basis at an accredited school, college, or university in an undergraduate, graduate, or
3.25 professional-technical program, or a public or charter high school;

3.26 (10) resident physicians, medical interns, and pharmacist residents and pharmacist
3.27 interns who are serving in a degree or residency program in public hospitals or clinics;

3.28 (11) students who are serving for up to five years in an internship or residency program
3.29 sponsored by a governmental subdivision, including an accredited educational institution;

3.30 (12) persons who hold a part-time adult supplementary technical college license who
3.31 render part-time teaching service in a technical college;

3.32 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,
3.33 foreign citizens who are employed by a governmental subdivision under a work permit, or
3.34 an H-1b visa initially issued or extended for a combined period less than three years of
3.35 employment. Upon extension of the employment beyond the three-year period, the foreign

4.1 citizens must be reported for membership beginning the first of the month thereafter
4.2 provided the monthly earnings threshold as provided under subdivision 2a is met;

4.3 (14) public hospital employees who elected not to participate as members of the
4.4 association before 1972 and who did not elect to participate from July 1, 1988, to October
4.5 1, 1988;

4.6 (15) except as provided in section 353.86, volunteer ambulance service personnel, as
4.7 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
4.8 may still qualify as public employees under subdivision 2 and may be members of the
4.9 Public Employees Retirement Association and participants in the general employees
4.10 retirement plan or the public employees police and fire plan, whichever applies, on the
4.11 basis of compensation received from public employment service other than service as
4.12 volunteer ambulance service personnel;

4.13 (16) except as provided in section 353.87, volunteer firefighters, as defined in
4.14 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,
4.15 but a person who is a volunteer firefighter may still qualify as a public employee under
4.16 subdivision 2 and may be a member of the Public Employees Retirement Association and
4.17 a participant in the general employees retirement plan or the public employees police
4.18 and fire plan, whichever applies, on the basis of compensation received from public
4.19 employment activities other than those as a volunteer firefighter;

4.20 (17) pipefitters and associated trades personnel employed by Independent School
4.21 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
4.22 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
4.23 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
4.24 241, article 2, section 12;

4.25 (18) electrical workers, plumbers, carpenters, and associated trades personnel who
4.26 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
4.27 who have retirement coverage under a collective bargaining agreement by the Electrical
4.28 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
4.29 or the pension plan applicable to Carpenters Local 87 who were either first employed after
4.30 May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
4.31 Laws 2000, chapter 461, article 7, section 5;

4.32 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
4.33 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
4.34 or Independent School District No. 625, St. Paul, with coverage under a collective
4.35 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
4.36 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324

5.1 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
 5.2 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
 5.3 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
 5.4 Session chapter 10, article 10, section 6;

5.5 (20) plumbers who are employed by the Metropolitan Airports Commission, with
 5.6 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
 5.7 who either were first employed after May 1, 2001, or if first employed before May 2,
 5.8 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
 5.9 10, section 6;

5.10 (21) employees who are hired after June 30, 2002, to fill seasonal positions under
 5.11 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
 5.12 days or less in each year of employment with the governmental subdivision;

5.13 (22) persons who are provided supported employment or work-study positions by a
 5.14 governmental subdivision and who participate in an employment or industries program
 5.15 maintained for the benefit of these persons where the governmental subdivision limits the
 5.16 position's duration to up to five years, including persons participating in a federal or state
 5.17 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment
 5.18 relief program where the training or work experience is not provided as a part of, or
 5.19 for, future permanent public employment;

5.20 (23) independent contractors and the employees of independent contractors;

5.21 (24) reemployed annuitants of the association during the course of that
 5.22 reemployment; and

5.23 (25) persons appointed to serve on a board or commission of a governmental
 5.24 subdivision or an instrumentality thereof.

5.25 (b) Any person performing the duties of a public officer in a position defined in
 5.26 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
 5.27 employee of an independent contractor.

5.28 Sec. 4. Minnesota Statutes 2012, section 354.05, subdivision 2, is amended to read:

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

5.30 (1) a person who renders service as a teacher, supervisor, principal, superintendent,
 5.31 librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of
 5.32 the state located outside of the corporate limits of ~~the city of Duluth~~ or the city of St. Paul,
 5.33 or in any charter school, irrespective of the location of the school, or in any charitable,
 5.34 penal, or correctional institutions of a governmental subdivision, or who is engaged in
 5.35 educational administration in connection with the state public school system, but excluding

6.1 the University of Minnesota, whether the position be a public office or an employment, and
 6.2 not including the members or officers of any general governing or managing board or body;

6.3 (2) an employee of the Teachers Retirement Association;

6.4 (3) a person who renders teaching service on a part-time basis and who also renders
 6.5 other services for a single employing unit. A person whose teaching service comprises at
 6.6 least 50 percent of the combined employment salary is a member of the association for all
 6.7 services with the single employing unit. If the person's teaching service comprises less
 6.8 than 50 percent of the combined employment salary, the executive director must determine
 6.9 whether all or none of the combined service is covered by the association; or

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

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

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

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

6.17 (iv) a teacher or a research assistant.

6.18 (b) "Teacher" does not mean:

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

6.21 (2) a person who renders part-time teaching service or who is a customized trainer
 6.22 as defined by the Minnesota State Colleges and Universities system if (i) the service is
 6.23 incidental to the regular nonteaching occupation of the person; and (ii) the employer
 6.24 stipulates annually in advance that the part-time teaching service or customized training
 6.25 service will not exceed 300 hours in a fiscal year and retains the stipulation in its records;
 6.26 and (iii) the part-time teaching service or customized training service actually does not
 6.27 exceed 300 hours in a fiscal year; or

6.28 (3) a person exempt from licensure under section 122A.30.

6.29 Sec. 5. Minnesota Statutes 2012, section 354.05, subdivision 13, is amended to read:

6.30 Subd. 13. **Allowable service.** "Allowable service" means:

6.31 (1) Any service rendered by a teacher for which on or before July 1, 1957, the
 6.32 teacher's account in the retirement fund was credited by reason of employee contributions
 6.33 in the form of salary deductions, payments in lieu of salary deductions, or in any other
 6.34 manner authorized by Minnesota Statutes 1953, sections 135.01 to 135.13, as amended by
 6.35 Laws 1955, chapters 361, 549, 550, 611, ~~or~~;

7.1 (2) Any service rendered by a teacher for which on or before July 1, 1961, the
 7.2 teacher elected to obtain credit for service by making payments to the fund pursuant to
 7.3 under Minnesota Statutes 1980, section 354.09 and section 354.51, ~~or~~;

7.4 (3) Any service rendered by a teacher after July 1, 1957, for any calendar month
 7.5 when the member receives salary from which deductions are made, deposited and credited
 7.6 in the fund, ~~or~~;

7.7 (4) Any service rendered by a person after July 1, 1957, for any calendar month where
 7.8 payments in lieu of salary deductions are made, deposited and credited into the fund as
 7.9 provided in Minnesota Statutes 1980, section 354.09, subdivision 4, and section 354.53, ~~or~~;

7.10 (5) Any service rendered by a teacher for which the teacher elected to obtain credit
 7.11 for service by making payments to the fund pursuant to under Minnesota Statutes 1980,
 7.12 section 354.09, subdivisions 1 and 4, sections 354.50, 354.51, Minnesota Statutes 1957,
 7.13 section 135.41, subdivision 4, Minnesota Statutes 1971, section 354.09, subdivision 2, or
 7.14 Minnesota Statutes, 1973 Supplement, section 354.09, subdivision 3, ~~or~~;

7.15 (6) Both service during years of actual membership in the course of which
 7.16 contributions were currently made and service in years during which the teacher was not a
 7.17 member but for which the teacher later elected to obtain credit by making payments to the
 7.18 fund as permitted by any law then in effect, ~~or~~;

7.19 (7) Any service rendered where contributions were made and no credit was
 7.20 established because of the limitations contained in Minnesota Statutes 1957, section
 7.21 135.09, subdivision 2, as determined by the ratio between the amounts of money credited
 7.22 to the teacher's account in a fiscal year and the maximum retirement contribution allowable
 7.23 for that year, ~~or~~;

7.24 (8) MS 2002 [Expired]

7.25 (9) A period of time during which a teacher was on strike without pay, not to exceed a
 7.26 period of one year, if payment in lieu of salary deductions is made under section 354.72, ~~or~~;

7.27 (10) A period of service before July 1, 2006, that was properly credited as allowable
 7.28 service by the Minneapolis Teachers Retirement Fund Association, and that was rendered
 7.29 by a teacher as an employee of Special School District No. 1, Minneapolis, or by an
 7.30 employee of the Minneapolis Teachers Retirement Fund Association who was a member
 7.31 of the Minneapolis Teachers Retirement Fund Association by virtue of that employment,
 7.32 who has not begun receiving an annuity or other retirement benefit from the former
 7.33 Minneapolis Teachers Retirement Fund Association calculated in whole or in part on that
 7.34 service before July 1, 2006, and who has not taken a refund of member contributions
 7.35 related to that service unless the refund is repaid under section 354.50, subdivision 4.

8.1 Service as an employee of Special School District No. 1, Minneapolis, on or after July 1,
8.2 2006, is "allowable service" only as provided by this chapter; or

8.3 (11) A period of service before July 1, 2015, that was properly credited as allowable
8.4 service by the Duluth Teachers Retirement Fund Association, and that was rendered
8.5 by a teacher as an employee of Independent School District No. 709, Duluth, or by an
8.6 employee of the Duluth Teachers Retirement Fund Association who was a member of the
8.7 Duluth Teachers Retirement Fund Association by virtue of that employment, who has not
8.8 begun receiving an annuity or other retirement benefit from the former Duluth Teachers
8.9 Retirement Fund Association calculated in whole or in part on that service before July
8.10 1, 2015, and who has not taken a refund of member contributions related to that service
8.11 unless the refund is repaid under section 354.50, subdivision 4. Service as an employee
8.12 of Independent School District No. 709, Duluth, on or after July 1, 2015, is "allowable
8.13 service" only as provided by this chapter.

8.14 Sec. 6. Minnesota Statutes 2012, section 354.42, subdivision 2, is amended to read:

8.15 Subd. 2. **Employee contribution.** (a) For a basic member, the employee
8.16 contribution to the fund is the following percentage of the member's salary:

8.17	<u>Period</u>	<u>Basic Program</u>	<u>Coordinated Program</u>
8.18	before July 1, 2011	9.0 percent	
8.19	from July 1, 2011, until June 30, 2012	9.5 percent	
8.20	from July 1, 2012, until June 30, 2013	10.0 percent	
8.21	from July 1, 2013, until June 30, 2014	10.5 percent	<u>7.0 percent</u>
8.22	after June 30, 2014	11.0 percent	<u>7.5 percent</u>

8.23 ~~(b) For a coordinated member, the employee contribution is the following percentage~~
8.24 ~~of the member's salary:~~

8.25	before July 1, 2011	5.5 percent
8.26	from July 1, 2011, until June 30, 2012	6.0 percent
8.27	from July 1, 2012, until June 30, 2013	6.5 percent
8.28	from July 1, 2013, until June 30, 2014	7.0 percent
8.29	after June 30, 2014	7.5 percent

8.30 ~~(e)~~ (b) When an employee contribution rate changes for a fiscal year, the new
8.31 contribution rate is effective for the entire salary paid for each employer unit with the
8.32 first payroll cycle reported.

8.33 ~~(d)~~ (c) After June 30, 2015, if a contribution rate revision is required under
8.34 subdivisions 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must
8.35 be adjusted accordingly.

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

9.4 Sec. 7. Minnesota Statutes 2012, section 354.42, subdivision 3, is amended to read:

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

9.9 Period	Coordinated Member	Basic Member
9.10 before July 1, 2011	5.5 percent	9.5 percent
9.11 from July 1, 2011, until June 30, 2012	6.0 percent	10.0 percent
9.12 from July 1, 2012, until June 30, 2013	6.5 percent	10.5 percent
9.13 from July 1, 2013, until June 30, 2014	7.0 percent	11.0 percent
9.14 after June 30, 2014	7.5 percent	11.5 percent

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

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

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

9.24 Period	Coordinated Member	Basic Member
9.25 before July 1, 2011	5.5 percent	9.5 percent
9.26 from July 1, 2011, until June 30, 2012	6.0 percent	10.0 percent
9.27 from July 1, 2012, until June 30, 2013	6.5 percent	10.5 percent
9.28 from July 1, 2013, until June 30, 2014	7.0 percent	11.0 percent
9.29 after June 30, 2014	7.5 percent	11.5 percent

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

9.33 ~~(d)~~ (e) After June 30, 2015, if a contribution rate revision is made under subdivisions
 9.34 4a, 4b, and 4c, the employer contributions under paragraphs (a) ~~and~~, (b), and (c) must
 9.35 be adjusted accordingly.

10.1 Sec. 8. Minnesota Statutes 2013 Supplement, section 354.436, is amended to read:

10.2 **354.436 DIRECT STATE AID ON BEHALF OF THE FORMER**
 10.3 **MINNEAPOLIS FIRST CLASS CITY TEACHERS RETIREMENT FUND**
 10.4 **ASSOCIATION ASSOCIATIONS.**

10.5 Subdivision 1. **Aid authorization.** The state shall pay \$12,954,000 to the Teachers
 10.6 Retirement Association on behalf of the former Minneapolis Teachers Retirement Fund
 10.7 Association and shall pay \$15,047,000 on behalf of the Duluth Teachers Retirement
 10.8 Fund Association.

10.9 Subd. 2. **Aid appropriation.** The commissioner of management and budget shall
 10.10 pay the aid amounts under subdivision 1 annually on October 1. The amount required
 10.11 is appropriated annually from the general fund to the commissioner of management and
 10.12 budget.

10.13 Subd. 3. **Aid expiration.** The aid amounts specified in this section ~~terminates~~
 10.14 terminate and this section expires on the October 1 next following the date when: (1) the
 10.15 current assets of the Teachers Retirement Association fund equal or exceed the actuarial
 10.16 accrued liabilities of the fund as determined in the most recent actuarial valuation report for
 10.17 the Teachers Retirement Association fund by the actuary retained under section 356.214, or
 10.18 on the established date for full funding under section 356.215, subdivision 11, whichever
 10.19 occurs earlier; and (2) the member and employer contribution rates are first determined to
 10.20 be eligible for a reduction under section 354.42, subdivisions 4a, 4b, 4c, and 4d.

10.21 Sec. 9. Minnesota Statutes 2013 Supplement, section 354.44, subdivision 6, is
 10.22 amended to read:

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

10.27 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
 10.28 became a member of the association or a member of a pension fund listed in section
 10.29 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with
 10.30 paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The
 10.31 average salary as defined in section 354.05, subdivision 13a, multiplied by the following
 10.32 percentages per year of formula service credit shall determine the amount of the annuity to
 10.33 which the member qualifying therefor is entitled for service rendered before July 1, 2006:

	<u>Period</u>	Coordinated Member	Basic Member
11.1			
11.2	Each year of service	1.2 percent per year	2.2 percent per year
11.3	during first ten		
11.4	Each year of service	1.7 percent per year	2.7 percent per year
11.5	thereafter		

11.6 For service rendered on or after July 1, 2006, by a member other than a member
 11.7 who was a member of the former Duluth Teachers Retirement Fund Association between
 11.8 January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a
 11.9 member who was a member of the former Duluth Teachers Retirement Fund Association
 11.10 between January 1, 2013, and June 30, 2015, the average salary as defined in section
 11.11 354.05, subdivision 13a, multiplied by the following percentages per year of service credit,
 11.12 determines the amount the annuity to which the member qualifying therefor is entitled:

	<u>Period</u>	Coordinated Member	Basic Member
11.13			
11.14	Each year of service	1.4 percent per year	2.2 percent per year
11.15	during first ten		
11.16	Each year of service after	1.9 percent per year	2.7 percent per year
11.17	ten years of service		

11.18 (c)(i) This paragraph applies only to a person who first became a member of the
 11.19 association or a member of a pension fund listed in section 356.30, subdivision 3, before
 11.20 July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in
 11.21 conjunction with this paragraph than when calculated under paragraph (d), in conjunction
 11.22 with paragraph (e).

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

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

11.32 (d) This paragraph applies to a member who has become at least 55 years old and
 11.33 first became a member of the association after June 30, 1989, and to any other member
 11.34 who has become at least 55 years old and whose annuity amount when calculated under
 11.35 this paragraph and in conjunction with paragraph (e), is higher than it is when calculated
 11.36 under paragraph (b), in conjunction with paragraph (c). For a basic member, the average
 11.37 salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each
 11.38 year of service for a basic member determines the amount of the retirement annuity to

12.1 which the basic member is entitled. The annuity of a basic member who was a member of
12.2 the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must
12.3 be determined according to the annuity formula under the articles of incorporation of the
12.4 former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a
12.5 coordinated member, the average salary, as defined in section 354.05, subdivision 13a,
12.6 multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9
12.7 percent for each year of service rendered on or after July 1, 2006, for a member other than
12.8 a member who was a member of the former Duluth Teachers Retirement Fund Association
12.9 between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service
12.10 rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement
12.11 Fund Association between January 1, 2013, and June 30, 2015, determines the amount of
12.12 the retirement annuity to which the coordinated member is entitled.

12.13 (e) This paragraph applies to a person who has become at least 55 years old and first
12.14 becomes a member of the association after June 30, 1989, and to any other member who
12.15 has become at least 55 years old and whose annuity is higher when calculated under
12.16 paragraph (d) in conjunction with this paragraph than when calculated under paragraph
12.17 (b), in conjunction with paragraph (c). An employee who retires under the formula annuity
12.18 before the normal retirement age shall be paid the normal annuity provided in paragraph
12.19 (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that
12.20 would be payable to the employee if the employee deferred receipt of the annuity and the
12.21 annuity amount were augmented at an annual rate of three percent compounded annually
12.22 from the day the annuity begins to accrue until the normal retirement age if the employee
12.23 became an employee before July 1, 2006, and at 2.5 percent compounded annually if the
12.24 employee becomes an employee after June 30, 2006. Except in regards to section 354.46,
12.25 this paragraph remains in effect until June 30, 2015.

12.26 (f) After June 30, 2020, this paragraph applies to a person who has become at least
12.27 55 years old and first becomes a member of the association after June 30, 1989, and to any
12.28 other member who has become at least 55 years old and whose annuity is higher when
12.29 calculated under paragraph (d) in conjunction with this paragraph than when calculated
12.30 under paragraph (b) in conjunction with paragraph (c). An employee who retires under
12.31 the formula annuity before the normal retirement age is entitled to receive the normal
12.32 annuity provided in paragraph (d). For a person who is at least age 62 or older and has at
12.33 least 30 years of service, the annuity must be reduced by an early reduction factor of six
12.34 percent per year of the annuity that would be payable to the employee if the employee
12.35 deferred receipt of the annuity and the annuity amount were augmented at an annual rate
12.36 of three percent compounded annually from the day the annuity begins to accrue until the

13.1 normal retirement age if the employee became an employee before July 1, 2006, and at 2.5
13.2 percent compounded annually if the employee became an employee after June 30, 2006.
13.3 For a person who is not at least age 62 or older and does not have at least 30 years of
13.4 service, the annuity would be reduced by an early reduction factor of four percent per year
13.5 for ages 55 through 59 and seven percent per year of the annuity that would be payable
13.6 to the employee if the employee deferred receipt of the annuity and the annuity amount
13.7 were augmented at an annual rate of three percent compounded annually from the day
13.8 the annuity begins to accrue until the normal retirement age if the employee became an
13.9 employee before July 1, 2006, and at 2.5 percent compounded annually if the employee
13.10 became an employee after June 30, 2006.

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

13.16 (h) No retirement annuity is payable to a former employee with a salary that exceeds
13.17 95 percent of the governor's salary unless and until the salary figures used in computing
13.18 the highest five successive years average salary under paragraph (a) have been audited by
13.19 the Teachers Retirement Association and determined by the executive director to comply
13.20 with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

13.21 Sec. 10. **[354.73] RETIREMENT COVERAGE RELATED TO THE FORMER**
13.22 **DULUTH TEACHERS RETIREMENT FUND ASSOCIATION.**

13.23 Subdivision 1. **Application.** This section applies to the retirement coverage of
13.24 members of the former Duluth Teachers Retirement Fund Association transferred to the
13.25 Teachers Retirement Association by section 45.

13.26 Subd. 2. **Teachers Retirement Association as successor in interest.** The Teachers
13.27 Retirement Association is the successor in interest to all claims which the former Duluth
13.28 Teachers Retirement Fund Association may have or may have been able to assert against
13.29 any person on June 30, 2015, and is the successor in interest to all claims which could
13.30 have been asserted against the former Duluth Teachers Retirement Fund Association,
13.31 subject to the following:

13.32 (1) the Teachers Retirement Association is not liable for any claim against the
13.33 Duluth Teachers Retirement Fund Association, its former board or board members, which
13.34 is founded upon a claim of breach of fiduciary duty, where the act or acts constituting the
13.35 claimed breach were not done in good faith;

14.1 (2) the Teachers Retirement Association may assert any applicable defense to
 14.2 any claim in any judicial or administrative proceeding that the former Duluth Teachers
 14.3 Retirement Fund Association or its board would otherwise have been entitled to assert;

14.4 (3) the Teachers Retirement Association may assert any applicable defense that it
 14.5 may assert in its capacity as a statewide agency; and

14.6 (4) the Teachers Retirement Association shall indemnify any former fiduciary of the
 14.7 Duluth Teachers Retirement Fund Association consistent with section 356A.11.

14.8 Subd. 3. **Benefit calculation.** (a) For every deferred, inactive, disabled, and
 14.9 retired member of the Duluth Teachers Retirement Fund Association transferred under
 14.10 subdivision 1, and the survivors of these members, annuities or benefits earned before July
 14.11 1, 2015, other than future postretirement adjustments, must be calculated and paid by the
 14.12 Teachers Retirement Association under the laws, articles of incorporation, and bylaws of
 14.13 the former Duluth Teachers Retirement Fund Association that were in effect relative to
 14.14 the person on the date of the person's termination of active service covered by the former
 14.15 Duluth Teachers Retirement Fund Association.

14.16 (b) Former Duluth Teachers Retirement Fund Association members who retired
 14.17 before July 1, 2015, must receive postretirement adjustments after January 1, 2015, only
 14.18 as provided in section 356.415. All other benefit recipients of the former Duluth Teachers
 14.19 Retirement Fund Association must receive postretirement adjustments after December 31,
 14.20 2015, only as provided in section 356.415.

14.21 (c) This consolidation does not impair or diminish benefits for an active, deferred,
 14.22 or retired member or a survivor of an active, deferred, or retired member under the
 14.23 former Duluth Teachers Retirement Fund Association in existence at the time of the
 14.24 consolidation, except that any future postretirement adjustments must be paid after July 1,
 14.25 2015, in accordance with paragraph (b), and all benefits based on service on or after July
 14.26 1, 2015, must be determined only by laws governing the Teachers Retirement Association.

14.27 Sec. 11. Minnesota Statutes 2012, section 354A.011, subdivision 11, is amended to read:

14.28 Subd. 11. **Coordinated member.** "Coordinated member" means any member of the
 14.29 teachers retirement fund association who is covered by any agreement or modification
 14.30 made between the state and the Secretary of Health, Education and Welfare making the
 14.31 provisions of the federal Old Age, Survivors and Disability Insurance Act applicable
 14.32 to certain teachers ~~except in the case of a member of the Duluth Teachers Retirement~~
 14.33 ~~Fund Association, in which it means additionally that the member either first became a~~
 14.34 ~~member prior to July 1, 1981, and elected to be covered by the new law coordinated~~

15.1 ~~program of the Duluth Teachers Retirement Fund Association or first became a member~~
 15.2 ~~on or subsequent to July 1, 1981.~~

15.3 Sec. 12. Minnesota Statutes 2012, section 354A.011, subdivision 15a, is amended to
 15.4 read:

15.5 Subd. 15a. **Normal retirement age.** "Normal retirement age" means age 65 for a
 15.6 person who first became a member of the coordinated program of the St. Paul Teachers
 15.7 Retirement Fund Association ~~or the new law coordinated program of the Duluth Teachers~~
 15.8 ~~Retirement Fund Association~~ or a member of a pension fund listed in section 356.30,
 15.9 subdivision 3, before July 1, 1989. For a person who first became a member of the
 15.10 coordinated program of the St. Paul Teachers Retirement Fund Association ~~or the new law~~
 15.11 ~~coordinated program of the Duluth Teachers Retirement Fund Association~~ after June 30,
 15.12 1989, normal retirement age means the higher of age 65 or retirement age, as defined in
 15.13 United States Code, title 42, section 416(l), as amended, but not to exceed age 66. For a
 15.14 person who is a member of the basic program of the St. Paul Teachers Retirement Fund
 15.15 Association ~~or the old law coordinated program of the Duluth Teachers Retirement Fund~~
 15.16 ~~Association~~, normal retirement age means the age at which a teacher becomes eligible for
 15.17 a normal retirement annuity computed upon meeting the age and service requirements
 15.18 specified in the applicable provisions of the articles of incorporation or bylaws of the
 15.19 ~~respective teachers retirement fund association.~~

15.20 Sec. 13. Minnesota Statutes 2012, section 354A.011, subdivision 27, is amended to read:

15.21 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public
 15.22 school district, other than a charter school, located in the corporate limits of ~~Duluth or~~
 15.23 ~~St. Paul~~, as any of the following:

15.24 (1) a full-time employee in a position for which a valid license from the state
 15.25 Department of Education is required;

15.26 (2) an employee of the teachers retirement fund association located in the city of ~~the~~
 15.27 ~~first class~~ St. Paul;

15.28 (3) a part-time employee in a position for which a valid license from the state
 15.29 Department of Education is required; or

15.30 (4) a part-time employee in a position for which a valid license from the state
 15.31 Department of Education is required who also renders other nonteaching services for the
 15.32 school district, unless the board of trustees of the teachers retirement fund association
 15.33 determines that the combined employment is on the whole so substantially dissimilar to
 15.34 teaching service that the service may not be covered by the association.

16.1 (b) The term does not mean any person who renders service in the school district
16.2 as any of the following:

16.3 (1) an independent contractor or the employee of an independent contractor;

16.4 (2) an employee who is a full-time teacher covered by the Teachers Retirement
16.5 Association ~~or by another teachers retirement fund association established pursuant to~~
16.6 ~~this chapter or under chapter 354;~~

16.7 (3) an employee who is exempt from licensure pursuant to section 122A.30;

16.8 (4) an employee who is a teacher in a technical college located in a city of the first
16.9 class unless the person elects coverage by the ~~applicable~~ first class city teacher retirement
16.10 fund association under section 354B.21, subdivision 2;

16.11 (5) a teacher employed by a charter school, irrespective of the location of the
16.12 school; or

16.13 (6) an employee who is a part-time teacher in a technical college in a the city of the
16.14 ~~first class~~ St. Paul and who has elected coverage by the ~~applicable~~ first class city teacher
16.15 retirement fund association under section 354B.21, subdivision 2, but (i) the teaching
16.16 service is incidental to the regular nonteaching occupation of the person; (ii) the applicable
16.17 technical college stipulates annually in advance that the part-time teaching service will not
16.18 exceed 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed
16.19 300 hours in the fiscal year to which the certification applies.

16.20 Sec. 14. Minnesota Statutes 2012, section 354A.021, subdivision 1, is amended to read:

16.21 Subdivision 1. **Establishment.** There is established a teachers retirement fund
16.22 association in ~~each of the cities~~ city of Duluth and St. Paul. The ~~associations shall be~~
16.23 ~~association is~~ known respectively as the "~~Duluth Teachers Retirement Fund Association~~"
16.24 ~~and the "St. Paul Teachers Retirement Fund Association."~~ Each The association ~~shall be~~
16.25 is a continuation of the teachers retirement fund association with the same corporate
16.26 name established ~~pursuant to~~ under the authorization contained in Laws 1909, chapter
16.27 343, section 1.

16.28 Sec. 15. Minnesota Statutes 2012, section 354A.092, is amended to read:

16.29 **354A.092 SABBATICAL LEAVE.**

16.30 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
16.31 Association ~~or any teacher in the new law coordinated program of the Duluth Teachers~~
16.32 ~~Retirement Fund Association~~ who is granted a sabbatical leave ~~shall be~~ is entitled to
16.33 receive allowable service credit in the ~~applicable~~ association for periods of sabbatical
16.34 leave. To obtain the service credit, the teacher on sabbatical leave shall make an employee

17.1 contribution to the ~~applicable~~ association. No teacher ~~shall be~~ is entitled to receive more
 17.2 than three years of allowable service credit ~~pursuant to~~ under this section for a period or
 17.3 periods of sabbatical leave during any ten consecutive ~~fiscal or calendar~~ years, ~~whichever is~~
 17.4 ~~the applicable plan year for the teachers retirement fund association~~. If the teacher granted a
 17.5 sabbatical leave makes the employee contribution for a period of sabbatical leave ~~pursuant~~
 17.6 ~~to~~ under this section, the employing unit shall make an employer contribution on behalf of
 17.7 the teacher to the ~~applicable~~ association for that period of sabbatical leave in the manner
 17.8 described in section 354A.12, subdivision 2a. The employee and employer contributions
 17.9 ~~shall~~ must be in an amount equal to the employee and employer contribution rates in effect
 17.10 for other active members of the association covered by the same program applied to a salary
 17.11 figure equal to the teacher's actual covered salary for the plan year immediately preceding
 17.12 the sabbatical leave period. Payment of the employee contribution authorized ~~pursuant~~
 17.13 ~~to~~ under this section ~~shall~~ must be made by the teacher on or before June 30 of year
 17.14 next following the year in which the sabbatical leave terminated and ~~shall~~ must be made
 17.15 without interest. For sabbatical leaves taken after June 30, 1986, the required employer
 17.16 contributions ~~shall~~ must be paid by the employing unit within 30 days after notification by
 17.17 the association of the amount due. If the employee contributions for the sabbatical leave
 17.18 period are less than an amount equal to the applicable contribution rate applied to a salary
 17.19 figure equal to the teacher's actual covered salary for the plan year immediately preceding
 17.20 the sabbatical leave period, service credit ~~shall~~ must be prorated. The prorated service
 17.21 credit ~~shall~~ must be determined by the ratio between the amount of the actual payment
 17.22 which was made and the full contribution amount payable ~~pursuant to~~ under this section.

17.23 Sec. 16. Minnesota Statutes 2012, section 354A.093, subdivision 1, is amended to read:

17.24 Subdivision 1. **Eligibility.** Any teacher in the coordinated program of the St. Paul
 17.25 Teachers Retirement Fund Association ~~or any teacher in the new law coordinated program~~
 17.26 ~~of the Duluth Teachers Retirement Fund Association~~ who is absent from employment by
 17.27 reason of service in the uniformed services as defined in United States Code, title 38,
 17.28 section 4303(13) and who returns to the employer providing active teaching service upon
 17.29 discharge from uniformed service within the time frames required under United States
 17.30 Code, title 38, section 4312(e), may receive allowable service credit in the ~~applicable~~
 17.31 association for all or a portion of the period of uniformed service, provided that the teacher
 17.32 did not separate from uniformed service with a dishonorable or bad conduct discharge
 17.33 or under other than honorable conditions.

18.1 Sec. 17. Minnesota Statutes 2012, section 354A.096, is amended to read:

18.2 **354A.096 MEDICAL LEAVE.**

18.3 Any teacher in the coordinated program of the St. Paul Teachers Retirement Fund
 18.4 Association ~~or the new law coordinated program of the Duluth Teachers Retirement Fund~~
 18.5 ~~Association~~ who is on an authorized medical leave of absence and subsequently returns to
 18.6 teaching service is entitled to receive allowable service credit, not to exceed one year, for
 18.7 the period of leave, upon making the prescribed payment to the fund. This payment must
 18.8 include the required employee and employer contributions at the rates specified in section
 18.9 354A.12, subdivisions 1 and 2a, as applied to the member's average full-time monthly
 18.10 salary rate on the date the leave of absence commenced plus annual interest at the rate of
 18.11 8.5 percent per year from the end of the fiscal year during which the leave terminates to the
 18.12 end of the month during which payment is made. The member must pay the total amount
 18.13 required unless the employing unit, at its option, pays the employer contributions. The total
 18.14 amount required must be paid by the end of the fiscal year following the fiscal year in which
 18.15 the leave of absence terminated or before the member retires, whichever is earlier. Payment
 18.16 must be accompanied by a copy of the resolution or action of the employing authority
 18.17 granting the leave and the employing authority, upon granting the leave, must certify the
 18.18 leave to the association in a manner specified by the executive director. A member may not
 18.19 receive more than one year of allowable service credit during any fiscal year by making
 18.20 payment under this section. A member may not receive disability benefits under section
 18.21 354A.36 and receive allowable service credit under this section for the same period of time.

18.22 Sec. 18. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 1, is
 18.23 amended to read:

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

18.27	Association and Program	Percentage of Total Salary
18.28	Duluth Teachers Retirement Fund Association	
18.29	old law and new law	
18.30	coordinated programs	
18.31	before July 1, 2013	6.5 percent
18.32	effective July 1, 2013	7.0 percent
18.33	effective July 1, 2014	7.5 percent
18.34	St. Paul Teachers Retirement Fund Association	
18.35	basic program after June 30, 2012	8.5 percent
18.36	basic program after June 30, 2013	8.75 percent

19.1	basic program after June 30, 2014	9.0 percent
19.2	basic program after June 30, 2015	9.5 percent
19.3	basic program after June 30, 2016	10.0 percent
19.4	coordinated program after June 30, 2012	6.0 percent
19.5	coordinated program after June 30, 2013	6.25 percent
19.6	coordinated program after June 30, 2014	6.5 percent
19.7	coordinated program after June 30, 2015	7.0 percent
19.8	coordinated program after June 30, 2016	7.5 percent

19.9 (b) Contributions ~~shall~~ must be made by deduction from salary and must be remitted
 19.10 directly to the respective St. Paul Teachers Retirement Fund Association at least once
 19.11 each month.

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

19.15 Sec. 19. Minnesota Statutes 2012, section 354A.12, subdivision 2, is amended to read:

19.16 Subd. 2. **Retirement contribution levy disallowed.** Except as provided in
 19.17 section 423A.02, subdivision 3, with respect to Independent School District No. 625,
 19.18 notwithstanding any law to the contrary, levies for the St. Paul Teachers Retirement Fund
 19.19 ~~associations in the cities of Duluth and St. Paul Association~~, including levies for any
 19.20 employer Social Security taxes for teachers covered by the ~~Duluth Teachers Retirement~~
 19.21 ~~Fund Association or the St. Paul Teachers Retirement Fund Association~~, are disallowed.

19.22 Sec. 20. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 2a,
 19.23 is amended to read:

19.24 Subd. 2a. **Employer regular and additional contributions.** (a) The employing
 19.25 units shall make the following employer contributions to the teachers retirement fund
 19.26 ~~associations~~ association:

19.27 (1) for any coordinated member of ~~one of the following~~ St. Paul Teachers
 19.28 Retirement Fund ~~associations in a city of the first class~~ Association, the employing unit
 19.29 shall make a regular employer contribution to the ~~respective~~ retirement fund association in
 19.30 an amount equal to the designated percentage of the salary of the coordinated member
 19.31 as provided below:

19.32	Duluth Teachers Retirement Fund Association	
19.33	before July 1, 2013	-6.79 percent
19.34	effective July 1, 2013	-7.29 percent
19.35	effective July 1, 2014	-7.50 percent

20.1	St. Paul Teachers Retirement Fund Association	
20.2	after June 30, 2012	5.0 percent
20.3	after June 30, 2013	5.25 percent
20.4	after June 30, 2014	5.5 percent
20.5	after June 30, 2015	6.0 percent
20.6	after June 30, 2016	6.25 percent
20.7	after June 30, 2017	6.5 percent

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

20.11	after June 30, 2012	8.5 percent of salary
20.12	after June 30, 2013	8.75 percent of salary
20.13	after June 30, 2014	9.0 percent of salary
20.14	after June 30, 2015	9.5 percent of salary
20.15	after June 30, 2016	9.75 percent of salary
20.16	after June 30, 2017	10.0 percent of salary

20.17 (3) for a basic member of the St. Paul Teachers Retirement Fund Association, the
 20.18 employing unit shall make an additional employer contribution to the respective fund in
 20.19 an amount equal to 3.64 percent of the salary of the basic member;

20.20 (4) for a coordinated member of the St. Paul Teachers Retirement Fund Association,
 20.21 the employing unit shall make an additional employer contribution to the respective fund
 20.22 in an amount equal to ~~the applicable percentage~~ 3.84 percent of the coordinated member's
 20.23 salary, ~~as provided below:~~

20.24	St. Paul Teachers Retirement Fund Association	3.84 percent
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20.25 (b) The regular and additional employer contributions must be remitted directly to
 20.26 the ~~respective~~ St. Paul Teachers Retirement Fund Association at least once each month.
 20.27 Delinquent amounts are payable with interest under the procedure in subdivision 1a.

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

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

20.34 Sec. 21. Minnesota Statutes 2013 Supplement, section 354A.12, subdivision 3a,
 20.35 is amended to read:

21.1 Subd. 3a. **Special direct state aid to first class city teachers retirement fund**
 21.2 **associations.** (a) The state shall pay \$346,000 ~~as special direct state aid to the Duluth~~
 21.3 ~~Teachers Retirement Fund Association and~~ \$2,827,000 to the St. Paul Teachers Retirement
 21.4 Fund Association.

21.5 (b) The ~~aids~~ aid under this subdivision are payable October 1 annually. The
 21.6 commissioner of management and budget shall pay the aids specified in this subdivision.
 21.7 The amounts required are appropriated annually from the general fund to the commissioner
 21.8 of management and budget.

21.9 Sec. 22. Minnesota Statutes 2012, section 354A.31, subdivision 1, is amended to read:

21.10 Subdivision 1. **Age and service requirements.** Any coordinated member or former
 21.11 coordinated member of the ~~Duluth Teachers Retirement Fund Association or of the St.~~
 21.12 ~~Paul Teachers Retirement Fund Association~~ who has ceased to render teaching service for
 21.13 ~~the Independent School District in which the teachers retirement fund association exists~~
 21.14 No. 625, who is vested and who has either attained the age of at least 55 years or received
 21.15 credit for not less than 30 years of allowable service regardless of age, ~~shall be~~ is entitled
 21.16 upon written application to a retirement annuity.

21.17 Sec. 23. Minnesota Statutes 2012, section 354A.32, subdivision 1, is amended to read:

21.18 Subdivision 1. **Optional forms generally.** The board of the St. Paul Teachers
 21.19 Retirement Fund Association shall establish for the coordinated program ~~and the board~~
 21.20 ~~of the Duluth Teachers Retirement Fund Association shall establish for the new law~~
 21.21 ~~coordinated program~~ an optional retirement annuity which ~~shall~~ must take the form of
 21.22 a joint and survivor annuity. ~~Each~~ The board may also₂ in its discretion₂ establish an
 21.23 optional annuity which ~~shall~~ may take the form of an annuity payable for a period certain
 21.24 and for life thereafter. ~~Each~~ The board shall also establish an optional retirement annuity
 21.25 that guarantees payment of the balance of the annuity recipient's accumulated deductions
 21.26 to a designated beneficiary upon the death of the annuity recipient. Except as provided in
 21.27 subdivision 1a, the optional annuity forms ~~shall~~ must be the actuarial equivalent of the
 21.28 normal forms provided in section 354A.31. In establishing these optional annuity forms,
 21.29 the board shall obtain the written recommendation of the actuary retained under section
 21.30 356.214. The recommendation ~~shall~~ must be a part of the permanent records of the board.

21.31 Sec. 24. Minnesota Statutes 2012, section 354A.35, subdivision 1, is amended to read:

21.32 Subdivision 1. **Death before retirement; refund.** If a coordinated member or
 21.33 former coordinated member dies ~~prior to~~ before retirement or ~~prior to~~ before the receipt

22.1 of any retirement annuity or other benefit payment which is or may be payable and a
 22.2 surviving spouse optional annuity is not payable pursuant to under subdivision 2, a
 22.3 refund ~~shall~~ must be paid to the person's surviving spouse, or if there is none, to the
 22.4 person's designated beneficiary, or if there is none, to the legal representative of the
 22.5 person's estate. For a coordinated member or former coordinated member of the St. Paul
 22.6 Teachers Retirement Fund Association, the refund ~~shall~~ must be in an amount equal to the
 22.7 person's accumulated employee contributions plus interest at the rate of six percent per
 22.8 annum compounded annually. ~~For a coordinated member or former coordinated member~~
 22.9 ~~of the Duluth Teachers Retirement Fund Association, the refund shall be in an amount~~
 22.10 ~~equal to the person's accumulated employee contributions plus interest at the rate of six~~
 22.11 ~~percent per annum compounded annually to July 1, 2010, and four percent per annum~~
 22.12 ~~compounded annually thereafter.~~

22.13 Sec. 25. Minnesota Statutes 2012, section 354A.37, subdivision 3, is amended to read:

22.14 Subd. 3. **Computation of refund amount.** A former coordinated member who
 22.15 qualifies for a refund under subdivision 1 ~~shall~~ is entitled to receive a refund equal to the
 22.16 amount of the former coordinated member's accumulated employee contributions with
 22.17 interest at the rate of six percent per annum compounded annually to ~~July 1, 2010, if the~~
 22.18 ~~person is a former member of the Duluth Teachers Retirement Fund Association, or to~~
 22.19 July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund
 22.20 Association, and four percent per annum compounded annually thereafter.

22.21 Sec. 26. Minnesota Statutes 2012, section 354A.37, subdivision 4, is amended to read:

22.22 Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member
 22.23 who has attained the normal retirement age with less than ten years of allowable service
 22.24 credit and has terminated active teaching service ~~shall be~~ is entitled to a refund in lieu of a
 22.25 proportionate annuity under section 356.32. The refund must be equal to the coordinated
 22.26 member's accumulated employee contributions plus interest at the rate of six percent
 22.27 compounded annually to ~~July 1, 2010, if the person is a former member of the Duluth~~
 22.28 ~~Teachers Retirement Fund Association, or to~~ July 1, 2011, if the person is a former
 22.29 member of the St. Paul Teachers Retirement Fund Association, and four percent per
 22.30 annum compounded annually thereafter.

22.31 Sec. 27. Minnesota Statutes 2012, section 354A.39, is amended to read:

22.32 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

23.1 Any person who has been a member of the Minnesota State Retirement System, the
 23.2 Public Employees Retirement Association including the Public Employees Retirement
 23.3 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota
 23.4 State Patrol Retirement Association, the legislators retirement plan, the constitutional
 23.5 officers retirement plan, ~~the Duluth Teachers Retirement Fund Association new law~~
 23.6 ~~coordinated program~~, the St. Paul Teachers Retirement Fund Association coordinated
 23.7 program, or any other public employee retirement system in the state of Minnesota
 23.8 having a like provision, but excluding all other funds providing retirement benefits for
 23.9 police officers or firefighters, is entitled, when qualified, to an annuity from each fund if
 23.10 the person's total allowable service in all of the funds or in any two or more of the funds
 23.11 totals three or more years, provided that no portion of the allowable service upon which
 23.12 the retirement annuity from one fund is based is used again in the computation for a
 23.13 retirement annuity from another fund and provided further that the person has not taken a
 23.14 refund from any of funds or associations since the person's membership in the fund or
 23.15 association has terminated. The annuity from each fund or association must be determined
 23.16 by the appropriate provisions of the law governing each fund or association, except that
 23.17 the requirement that a person must have at least three years of allowable service in the
 23.18 respective fund or association does not apply for the purposes of this section, provided
 23.19 that the aggregate service in two or more of these funds equals three or more years.

23.20 Sec. 28. Minnesota Statutes 2012, section 354A.41, is amended to read:

23.21 **354A.41 ADMINISTRATION OF COORDINATED PROGRAM.**

23.22 Subdivision 1. **Administrative provisions.** The provisions of the articles of
 23.23 incorporation and bylaws of the St. Paul Teachers Retirement Fund Association relating
 23.24 to the administration of the fund shall govern the administration of the coordinated and
 23.25 basic programs ~~and the provisions of the articles of incorporation and bylaws of the~~
 23.26 ~~Duluth Teachers Retirement Fund Association relating to the administration of the fund~~
 23.27 ~~shall govern the administration of the new law coordinated program in instances where the~~
 23.28 administrative provisions are not inconsistent with the provisions of sections 354A.31 to
 23.29 354A.41, including but not limited to provisions relating to the composition and function
 23.30 of the board of trustees, the investment of assets of the St. Paul Teachers Retirement Fund
 23.31 Association, and the definition of the plan year. The administrative provisions in the
 23.32 articles of incorporation and the bylaws of the Minneapolis Teachers Retirement Fund
 23.33 Association pertaining to the granting of pension benefits of the basic and coordinated
 23.34 programs are no longer in effect after June 30, 2006, and the administrative provisions of

24.1 the Duluth Teachers Retirement Fund Association pertaining to retirement benefits of the
 24.2 old law coordinated program are no longer in effect after June 30, 2015.

24.3 Subd. 2. **Actuarial valuations.** In any actuarial valuation of the St. Paul Teachers
 24.4 Retirement Fund Association, ~~or the Duluth Teachers Retirement Fund Association~~ under
 24.5 section 356.215 prepared by the actuary retained under section 356.214 or supplemental
 24.6 actuarial valuation prepared by an approved actuary retained by the St. Paul Teachers
 24.7 Retirement Fund Association, there ~~shall~~ must be included a finding of the condition of the
 24.8 fund showing separately the basic and coordinated programs ~~or the old law coordinated~~
 24.9 ~~and new law coordinated programs, as appropriate.~~ The finding ~~shall~~ must include the level
 24.10 normal cost and the applicable employee and employer contribution rates for each program.

24.11 Sec. 29. Minnesota Statutes 2012, section 354B.21, subdivision 3a, is amended to read:

24.12 Subd. 3a. **Plan coverage and election; certain past service technical college**
 24.13 **faculty.** (a) Notwithstanding subdivision 3, if an employee of the board was employed in
 24.14 a faculty position in a technical college on June 30, 1997, with coverage by the Teachers
 24.15 Retirement Association, the employee retains that coverage. If the employee was a
 24.16 technical college faculty member on June 30, 1995, covered by a first class city teacher
 24.17 retirement fund established under chapter 354A, the retirement coverage continues with
 24.18 ~~the Duluth Teachers Retirement Fund Association~~ or the St. Paul Teachers Retirement
 24.19 Fund Association, whichever is applicable. If the person was a technical college faculty
 24.20 member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund
 24.21 Association ~~or the former Duluth Teachers Retirement Fund Association~~, the Teachers
 24.22 Retirement Association shall provide coverage.

24.23 (b) An employee under paragraph (a) who has coverage by ~~a first class city~~
 24.24 ~~teacher~~ the St. Paul Teachers Retirement Fund Association retains that coverage for the
 24.25 duration of the person's employment by the board unless, within one year of a change in
 24.26 employment within the Minnesota State Colleges and Universities system, the person
 24.27 elects the individual retirement account plan for all future employment by the board.
 24.28 The election is irrevocable.

24.29 Sec. 30. Minnesota Statutes 2012, section 355.01, subdivision 2c, is amended to read:

24.30 Subd. 2c. **Duluth teacher.** "Duluth teacher" means a person employed by
 24.31 Independent School District No. 709, Duluth, who holds a position covered by the ~~Duluth~~
 24.32 ~~Teachers Retirement Fund Association established under chapter 354A~~ section 354.73.

25.1 Sec. 31. Minnesota Statutes 2013 Supplement, section 356.20, subdivision 2, is
25.2 amended to read:

25.3 Subd. 2. **Covered public pension plans and funds.** This section applies to the
25.4 following public pension plans:

25.5 (1) the general state employees retirement plan of the Minnesota State Retirement
25.6 System;

25.7 (2) the general employees retirement plan of the Public Employees Retirement
25.8 Association;

25.9 (3) the Teachers Retirement Association;

25.10 (4) the State Patrol retirement plan;

25.11 (5) the St. Paul Teachers Retirement Fund Association;

25.12 ~~(6) the Duluth Teachers Retirement Fund Association;~~

25.13 ~~(7) (6) the University of Minnesota faculty retirement plan;~~

25.14 ~~(8) (7) the University of Minnesota faculty supplemental retirement plan;~~

25.15 ~~(9) (8) the judges retirement fund;~~

25.16 ~~(10) (9) the Bloomington Fire Department Relief Association;~~

25.17 ~~(11) (10) a volunteer firefighter relief association governed by section 424A.091;~~

25.18 ~~(12) (11) the public employees police and fire plan of the Public Employees
25.19 Retirement Association;~~

25.20 ~~(13) (12) the correctional state employees retirement plan of the Minnesota State
25.21 Retirement System;~~

25.22 ~~(14) (13) the local government correctional service retirement plan of the Public
25.23 Employees Retirement Association; and~~

25.24 ~~(15) (14) the voluntary statewide lump-sum volunteer firefighter retirement plan.~~

25.25 Sec. 32. Minnesota Statutes 2013 Supplement, section 356.214, subdivision 1, is
25.26 amended to read:

25.27 Subdivision 1. **Actuary retention.** (a) The governing board or managing or
25.28 administrative official of each public pension plan and retirement fund or plan enumerated
25.29 in paragraph (b) shall contract with an established actuarial consulting firm to conduct
25.30 annual actuarial valuations and related services. The principal from the actuarial
25.31 consulting firm on the contract must be an approved actuary under section 356.215,
25.32 subdivision 1, paragraph (c).

25.33 (b) Actuarial services must include the preparation of actuarial valuations and
25.34 related actuarial work for the following retirement plans:

25.35 (1) the teachers retirement plan, Teachers Retirement Association;

- 26.1 (2) the general state employees retirement plan, Minnesota State Retirement System;
- 26.2 (3) the correctional employees retirement plan, Minnesota State Retirement System;
- 26.3 (4) the State Patrol retirement plan, Minnesota State Retirement System;
- 26.4 (5) the judges retirement plan, Minnesota State Retirement System;
- 26.5 (6) the general employees retirement plan, Public Employees Retirement
- 26.6 Association, including the MERF division;
- 26.7 (7) the public employees police and fire plan, Public Employees Retirement
- 26.8 Association;
- 26.9 ~~(8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund~~
- 26.10 ~~Association;~~
- 26.11 ~~(9)~~ (8) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
- 26.12 Association;
- 26.13 ~~(10)~~ (9) the legislators retirement plan, Minnesota State Retirement System; and
- 26.14 ~~(11)~~ (10) the local government correctional service retirement plan, Public
- 26.15 Employees Retirement Association.
- 26.16 (c) The actuarial valuation for the legislators retirement plan must include a separate
- 26.17 calculation of total plan actuarial accrued liabilities due to constitutional officer coverage
- 26.18 under section 3A.17.
- 26.19 (d) The contracts must require completion of the annual actuarial valuation
- 26.20 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations
- 26.21 as specified in section 356.215, and in conformity with the standards for actuarial work
- 26.22 adopted by the Legislative Commission on Pensions and Retirement.
- 26.23 The contracts must require completion of annual experience data collection and
- 26.24 processing and a quadrennial published experience study for the plans listed in paragraph
- 26.25 (b), clauses (1), (2), and (6), as provided for in the standards for actuarial work adopted by
- 26.26 the commission. The experience data collection, processing, and analysis must evaluate
- 26.27 the following:
- 26.28 (1) individual salary progression;
- 26.29 (2) the rate of return on investments based on the current asset value;
- 26.30 (3) payroll growth;
- 26.31 (4) mortality;
- 26.32 (5) retirement age;
- 26.33 (6) withdrawal; and
- 26.34 (7) disablement.
- 26.35 (e) The actuary shall annually prepare a report to the governing or managing board
- 26.36 or administrative official and the legislature, summarizing the results of the actuarial

27.1 valuation calculations. The actuary shall include with the report any recommendations
 27.2 concerning the appropriateness of the support rates to achieve proper funding of
 27.3 the retirement plans by the required funding dates. The actuary shall, as part of the
 27.4 quadrennial experience study, include recommendations on the appropriateness of the
 27.5 actuarial valuation assumptions required for evaluation in the study.

27.6 (f) If the actuarial gain and loss analysis in the actuarial valuation calculations
 27.7 indicates a persistent pattern of sizable gains or losses, the governing or managing board
 27.8 or administrative official shall direct the actuary to prepare a special experience study for a
 27.9 plan listed in paragraph (b), clause (3), (4), (5), (7), (8), (9), or (10), ~~or (11)~~, in the manner
 27.10 provided for in the standards for actuarial work adopted by the commission.

27.11 Sec. 33. Minnesota Statutes 2013 Supplement, section 356.215, subdivision 8, is
 27.12 amended to read:

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

27.16 (1) select and ultimate interest rate assumption

27.17		ultimate	ultimate
27.18		preretirement	postretirement
27.19		interest rate	interest rate
27.20	plan	assumption	assumption
27.21	general state employees retirement plan	8.5%	6.0%
27.22	correctional state employees retirement plan	8.5	6.0
27.23	State Patrol retirement plan	8.5	6.0
27.24	legislators retirement plan, and for the	0.0	0.0
27.25	constitutional officers calculation of total plan		
27.26	liabilities		
27.27	judges retirement plan	8.5	6.0
27.28	general public employees retirement plan	8.5	6.0
27.29	public employees police and fire retirement plan	8.5	6.0
27.30	local government correctional service	8.5	6.0
27.31	retirement plan		
27.32	teachers retirement plan	8.5	6.0
27.33	Duluth teachers retirement plan	8.5	8.5
27.34	St. Paul teachers retirement plan	8.5	8.5

27.35 Except for the legislators retirement plan and the constitutional officers calculation
 27.36 of total plan liabilities, the select preretirement interest rate assumption for the period
 27.37 after June 30, 2012, through June 30, 2017, is 8.0 percent. Except for the legislators
 27.38 retirement plan and the constitutional officers calculation of total plan liabilities, the select
 27.39 postretirement interest rate assumption for the period after June 30, 2012, through June

28.1 30, 2017, is 5.5 percent, except for the ~~Duluth teachers retirement plan~~ and the St. Paul
 28.2 teachers retirement plan, each with a select postretirement interest rate assumption for the
 28.3 period after June 30, 2012, through June 30, 2017, of 8.0 percent.

28.4 (2) single rate preretirement and postretirement interest rate assumption

28.5	interest rate
28.6	assumption
28.7	
28.8	6.0
28.9	5.0

28.10 (b) The actuarial valuation must use the applicable following single rate future salary
 28.11 increase assumption, the applicable following modified single rate future salary increase
 28.12 assumption, or the applicable following graded rate future salary increase assumption:

28.13 (1) single rate future salary increase assumption

28.14	future salary increase assumption
28.15	5.0%
28.16	3.0
28.17	4.0
28.18	

28.19 (2) age-related future salary increase age-related select and ultimate future salary

28.20 increase assumption or graded rate future salary increase assumption

28.21	future salary increase assumption
28.22	assumption <u>B</u>
28.23	assumption <u>A</u>
28.24	assumption <u>B</u> <u>A</u>

28.25 For plans other than the ~~Duluth~~ St. Paul
 28.26 teachers retirement plan and the local
 28.27 government correctional service retirement
 28.28 plan, the select calculation is: during the
 28.29 designated select period, a designated
 28.30 percentage rate is multiplied by the result of
 28.31 the designated integer minus T, where T is the
 28.32 number of completed years of service, and is
 28.33 added to the applicable future salary increase
 28.34 assumption. The designated select period is
 28.35 ten years and the designated integer is ten
 28.36 ~~for the Duluth Teachers Retirement Fund~~
 28.37 ~~Association~~ and for the local government
 28.38 correctional service retirement plan and 15

29.1 for the St. Paul Teachers Retirement Fund
 29.2 Association. The designated percentage
 29.3 rate is 0.2 percent for the St. Paul Teachers
 29.4 Retirement Fund Association. ~~The select~~
 29.5 ~~calculation for the Duluth Teachers~~
 29.6 ~~Retirement Fund Association is 8.00 percent~~
 29.7 ~~per year for service years one through seven,~~
 29.8 ~~7.25 percent per year for service years seven~~
 29.9 ~~and eight, and 6.50 percent per year for~~
 29.10 ~~service years eight and nine.~~

29.11 The ultimate future salary increase assumption is:

29.12	age	A	<u>B</u> <u>A</u>	<u>€</u> <u>B</u>
29.13	16	6.00%	5.90%	9.00%
29.14	17	6.00	5.90	9.00
29.15	18	6.00	5.90	9.00
29.16	19	6.00	5.90	9.00
29.17	20	6.00	5.90	9.00
29.18	21	6.00	5.90	8.75
29.19	22	6.00	5.90	8.50
29.20	23	6.00	5.85	8.25
29.21	24	6.00	5.80	8.00
29.22	25	6.00	5.75	7.75
29.23	26	6.00	5.70	7.50
29.24	27	6.00	5.65	7.25
29.25	28	6.00	5.60	7.00
29.26	29	6.00	5.55	6.75
29.27	30	6.00	5.50	6.75
29.28	31	6.00	5.45	6.50
29.29	32	6.00	5.40	6.50
29.30	33	6.00	5.35	6.50
29.31	34	6.00	5.30	6.25
29.32	35	6.00	5.25	6.25
29.33	36	5.86	5.20	6.00
29.34	37	5.73	5.15	6.00
29.35	38	5.59	5.10	6.00
29.36	39	5.45	5.05	5.75
29.37	40	5.31	5.00	5.75
29.38	41	5.18	4.95	5.75
29.39	42	5.04	4.90	5.50
29.40	43	4.90	4.85	5.25
29.41	44	4.76	4.80	5.25

30.1	45	4.63	4.75	5.00
30.2	46	4.49	4.70	5.00
30.3	47	4.35	4.65	5.00
30.4	48	4.21	4.60	5.00
30.5	49	4.08	4.55	5.00
30.6	50	3.94	4.50	5.00
30.7	51	3.80	4.45	5.00
30.8	52	3.66	4.40	5.00
30.9	53	3.53	4.35	5.00
30.10	54	3.39	4.30	5.00
30.11	55	3.25	4.25	4.75
30.12	56	3.25	4.20	4.75
30.13	57	3.25	4.15	4.50
30.14	58	3.25	4.10	4.25
30.15	59	3.25	4.05	4.25
30.16	60	3.25	4.00	4.25
30.17	61	3.25	4.00	4.25
30.18	62	3.25	4.00	4.25
30.19	63	3.25	4.00	4.25
30.20	64	3.25	4.00	4.25
30.21	65	3.25	4.00	4.00
30.22	66	3.25	4.00	4.00
30.23	67	3.25	4.00	4.00
30.24	68	3.25	4.00	4.00
30.25	69	3.25	4.00	4.00
30.26	70	3.25	4.00	4.00

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

30.28	general state employees retirement plan of the	assumption A
30.29	Minnesota State Retirement System	
30.30	general employees retirement plan of the Public	assumption B
30.31	Employees Retirement Association	
30.32	Teachers Retirement Association	assumption C
30.33	public employees police and fire retirement plan	assumption D
30.34	State Patrol retirement plan	assumption E
30.35	correctional state employees retirement plan of the	assumption F
30.36	Minnesota State Retirement System	

30.37	service						
30.38	length	A	B	C	D	E	F
30.39	1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
30.40	2	8.10	8.90	9.00	11.00	7.50	5.85
30.41	3	6.90	7.46	8.00	9.00	7.00	5.70
30.42	4	6.20	6.58	7.50	8.00	6.75	5.55
30.43	5	5.70	5.97	7.25	6.50	6.50	5.40

31.1	6	5.30	5.52	7.00	6.10	6.25	5.25
31.2	7	5.00	5.16	6.85	5.80	6.00	5.10
31.3	8	4.70	4.87	6.70	5.60	5.85	4.95
31.4	9	4.50	4.63	6.55	5.40	5.70	4.80
31.5	10	4.40	4.42	6.40	5.30	5.55	4.65
31.6	11	4.20	4.24	6.25	5.20	5.40	4.55
31.7	12	4.10	4.08	6.00	5.10	5.25	4.45
31.8	13	4.00	3.94	5.75	5.00	5.10	4.35
31.9	14	3.80	3.82	5.50	4.90	4.95	4.25
31.10	15	3.70	3.70	5.25	4.80	4.80	4.15
31.11	16	3.60	3.60	5.00	4.80	4.65	4.05
31.12	17	3.50	3.51	4.75	4.80	4.50	3.95
31.13	18	3.50	3.50	4.50	4.80	4.35	3.85
31.14	19	3.50	3.50	4.25	4.80	4.20	3.75
31.15	20	3.50	3.50	4.00	4.80	4.05	3.75
31.16	21	3.50	3.50	3.90	4.70	4.00	3.75
31.17	22	3.50	3.50	3.80	4.60	4.00	3.75
31.18	23	3.50	3.50	3.70	4.50	4.00	3.75
31.19	24	3.50	3.50	3.60	4.50	4.00	3.75
31.20	25	3.50	3.50	3.50	4.50	4.00	3.75
31.21	26	3.50	3.50	3.50	4.50	4.00	3.75
31.22	27	3.50	3.50	3.50	4.50	4.00	3.75
31.23	28	3.50	3.50	3.50	4.50	4.00	3.75
31.24	29	3.50	3.50	3.50	4.50	4.00	3.75
31.25	30 or more	3.50	3.50	3.50	4.50	4.00	3.75

31.26 (c) The actuarial valuation must use the applicable following payroll growth
31.27 assumption for calculating the amortization requirement for the unfunded actuarial
31.28 accrued liability where the amortization retirement is calculated as a level percentage
31.29 of an increasing payroll:

31.30	plan	payroll growth assumption
31.31	general state employees retirement plan of the	3.75%
31.32	Minnesota State Retirement System	
31.33	correctional state employees retirement plan	3.75
31.34	State Patrol retirement plan	3.75
31.35	judges retirement plan	3.00
31.36	general employees retirement plan of the Public	3.75
31.37	Employees Retirement Association	
31.38	public employees police and fire retirement plan	3.75
31.39	local government correctional service retirement plan	3.75
31.40	teachers retirement plan	3.75
31.41	Duluth teachers retirement plan	3.50
31.42	St. Paul teachers retirement plan	4.00

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

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

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

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

32.8 Sec. 34. Minnesota Statutes 2013 Supplement, section 356.219, subdivision 8, is
32.9 amended to read:

32.10 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief
32.11 Association and the volunteer firefighter relief associations, the information required
32.12 under this section must be submitted by the due date for reports required under section
32.13 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of
32.14 a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered
32.15 by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief
32.16 administrative officer of the covered pension plan shall certify that compliance on a form
32.17 prescribed by the state auditor. The state auditor shall transmit annually to the State Board
32.18 of Investment a list or lists of covered pension plans which submitted certifications in
32.19 order to facilitate reporting by the State Board of Investment under paragraph (c).

32.20 (b) For the St. Paul Teachers Retirement Fund Association, ~~the Duluth Teachers~~
32.21 ~~Retirement Fund Association~~, and the University of Minnesota faculty supplemental
32.22 retirement plan, the information required under this section must be submitted to the state
32.23 auditor by June 1 of each year.

32.24 (c) The State Board of Investment, on behalf of pension funds specified in
32.25 subdivision 1, paragraph (c), ~~must~~ shall report information required under this section by
32.26 September 1 of each year.

32.27 Sec. 35. Minnesota Statutes 2013 Supplement, section 356.30, subdivision 3, is
32.28 amended to read:

32.29 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

32.30 (1) the general state employees retirement plan of the Minnesota State Retirement
32.31 System, established under chapter 352;

32.32 (2) the correctional state employees retirement plan of the Minnesota State
32.33 Retirement System, established under chapter 352;

32.34 (3) the unclassified employees retirement program, established under chapter 352D;

- 33.1 (4) the State Patrol retirement plan, established under chapter 352B;
- 33.2 (5) the legislators retirement plan, established under chapter 3A, including
- 33.3 constitutional officers as specified in that chapter;
- 33.4 (6) the general employees retirement plan of the Public Employees Retirement
- 33.5 Association, established under chapter 353, including the MERF division of the Public
- 33.6 Employees Retirement Association;
- 33.7 (7) the public employees police and fire retirement plan of the Public Employees
- 33.8 Retirement Association, established under chapter 353;
- 33.9 (8) the local government correctional service retirement plan of the Public
- 33.10 Employees Retirement Association, established under chapter 353E;
- 33.11 (9) the Teachers Retirement Association, established under chapter 354;
- 33.12 (10) the St. Paul Teachers Retirement Fund Association, established under chapter
- 33.13 354A; and
- 33.14 ~~(11) the Duluth Teachers Retirement Fund Association, established under chapter~~
- 33.15 ~~354A; and~~
- 33.16 ~~(12)~~ (11) the judges retirement fund, established by chapter 490.

33.17 Sec. 36. Minnesota Statutes 2012, section 356.302, subdivision 7, is amended to read:

33.18 Subd. 7. **Covered retirement plans.** This section applies to the following

33.19 retirement plans:

- 33.20 (1) the general state employees retirement plan of the Minnesota State Retirement
- 33.21 System, established by chapter 352;
- 33.22 (2) the unclassified state employees retirement program of the Minnesota State
- 33.23 Retirement System, established by chapter 352D;
- 33.24 (3) the general employees retirement plan of the Public Employees Retirement
- 33.25 Association, established by chapter 353, including the MERF division of the Public
- 33.26 Employees Retirement Association;
- 33.27 (4) the Teachers Retirement Association, established by chapter 354;
- 33.28 ~~(5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~
- 33.29 ~~(6)~~ (5) the St. Paul Teachers Retirement Fund Association, established by chapter
- 33.30 354A;
- 33.31 ~~(7)~~ (6) the state correctional employees retirement plan of the Minnesota State
- 33.32 Retirement System, established by chapter 352;
- 33.33 ~~(8)~~ (7) the State Patrol retirement plan, established by chapter 352B;
- 33.34 ~~(9)~~ (8) the public employees police and fire plan of the Public Employees Retirement
- 33.35 Association, established by chapter 353;

34.1 ~~(10)~~ (9) the local government correctional service retirement plan of the Public
 34.2 Employees Retirement Association, established by chapter 353E; and
 34.3 ~~(11)~~ (10) the judges retirement plan, established by chapter 490.

34.4 Sec. 37. Minnesota Statutes 2012, section 356.303, subdivision 4, is amended to read:

34.5 Subd. 4. **Covered retirement plans.** This section applies to the following
 34.6 retirement plans:

34.7 (1) the legislators retirement plan, established by chapter 3A;

34.8 (2) the general state employees retirement plan of the Minnesota State Retirement
 34.9 System, established by chapter 352;

34.10 (3) the correctional state employees retirement plan of the Minnesota State
 34.11 Retirement System, established by chapter 352;

34.12 (4) the State Patrol retirement plan, established by chapter 352B;

34.13 (5) the elective state officers retirement plan, established by chapter 352C;

34.14 (6) the unclassified state employees retirement program, established by chapter 352D;

34.15 (7) the general employees retirement plan of the Public Employees Retirement
 34.16 Association, established by chapter 353, including the MERF division of the Public
 34.17 Employees Retirement Association;

34.18 (8) the public employees police and fire plan of the Public Employees Retirement
 34.19 Association, established by chapter 353;

34.20 (9) the local government correctional service retirement plan of the Public
 34.21 Employees Retirement Association, established by chapter 353E;

34.22 (10) the Teachers Retirement Association, established by chapter 354;

34.23 ~~(11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~

34.24 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established by chapter
 34.25 354A; and

34.26 ~~(13)~~ (12) the judges retirement fund, established by chapter 490.

34.27 Sec. 38. Minnesota Statutes 2012, section 356.32, subdivision 2, is amended to read:

34.28 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
 34.29 following retirement plans:

34.30 (1) the general state employees retirement plan of the Minnesota State Retirement
 34.31 System, established under chapter 352;

34.32 (2) the correctional state employees retirement plan of the Minnesota State
 34.33 Retirement System, established under chapter 352;

34.34 (3) the State Patrol retirement plan, established under chapter 352B;

35.1 (4) the general employees retirement plan of the Public Employees Retirement
 35.2 Association, established under chapter 353, including the MERF division of the Public
 35.3 Employees Retirement Association;

35.4 (5) the public employees police and fire plan of the Public Employees Retirement
 35.5 Association, established under chapter 353;

35.6 (6) the Teachers Retirement Association, established under chapter 354; and

35.7 ~~(7) the Duluth Teachers Retirement Fund Association, established under chapter~~
 35.8 ~~354A; and~~

35.9 ~~(8)~~ (7) the St. Paul Teachers Retirement Fund Association, established under chapter
 35.10 354A.

35.11 Sec. 39. Minnesota Statutes 2013 Supplement, section 356.401, subdivision 3, is
 35.12 amended to read:

35.13 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
 35.14 following retirement plans:

35.15 (1) the legislators retirement plan, established by chapter 3A, including constitutional
 35.16 officers as specified in that chapter;

35.17 (2) the general state employees retirement plan of the Minnesota State Retirement
 35.18 System, established by chapter 352;

35.19 (3) the correctional state employees retirement plan of the Minnesota State
 35.20 Retirement System, established by chapter 352;

35.21 (4) the State Patrol retirement plan, established by chapter 352B;

35.22 (5) the unclassified state employees retirement program, established by chapter 352D;

35.23 (6) the general employees retirement plan of the Public Employees Retirement
 35.24 Association, established by chapter 353, including the MERF division of the Public
 35.25 Employees Retirement Association;

35.26 (7) the public employees police and fire plan of the Public Employees Retirement
 35.27 Association, established by chapter 353;

35.28 (8) the public employees defined contribution plan, established by chapter 353D;

35.29 (9) the local government correctional service retirement plan of the Public
 35.30 Employees Retirement Association, established by chapter 353E;

35.31 (10) the voluntary statewide lump-sum volunteer firefighter retirement plan,
 35.32 established by chapter 353G;

35.33 (11) the Teachers Retirement Association, established by chapter 354;

35.34 ~~(12) the Duluth Teachers Retirement Fund Association, established by chapter 354A;~~

36.1 ~~(13)~~ (12) the St. Paul Teachers Retirement Fund Association, established by chapter
 36.2 354A;
 36.3 ~~(14)~~ (13) the individual retirement account plan, established by chapter 354B;
 36.4 ~~(15)~~ (14) the higher education supplemental retirement plan, established by chapter
 36.5 354C; and
 36.6 ~~(16)~~ (15) the judges retirement fund, established by chapter 490.

36.7 Sec. 40. Minnesota Statutes 2012, section 356.42, subdivision 3, is amended to read:

36.8 Subd. 3. **Covered retirement plans.** The postretirement adjustment provided in
 36.9 this section applies to the following retirement funds:

- 36.10 (1) the general employees retirement plans of the Public Employees Retirement
 36.11 Association;
 36.12 (2) the public employees police and fire plan of the Public Employees Retirement
 36.13 Association;
 36.14 (3) the teachers retirement association;
 36.15 (4) the State Patrol retirement plan;
 36.16 (5) the state employees retirement plan of the Minnesota State Retirement System;
 36.17 and
 36.18 (6) the St. Paul Teachers Retirement Fund Association established under chapter
 36.19 354A; ~~and~~
 36.20 ~~(7) the Duluth Teachers Retirement Fund Association established under chapter~~
 36.21 ~~354A.~~

36.22 Sec. 41. Minnesota Statutes 2012, section 356.465, subdivision 3, is amended to read:

36.23 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
 36.24 following retirement plans:

- 36.25 (1) the general state employees retirement plan of the Minnesota State Retirement
 36.26 System established under chapter 352;
 36.27 (2) the correctional state employees retirement plan of the Minnesota State
 36.28 Retirement System established under chapter 352;
 36.29 (3) the State Patrol retirement plan established under chapter 352B;
 36.30 (4) the legislators retirement plan established under chapter 3A;
 36.31 (5) the judges retirement plan established under chapter 490;
 36.32 (6) the general employees retirement plan of the Public Employees Retirement
 36.33 Association established under chapter 353, including the MERF division of the Public
 36.34 Employees Retirement Association;

37.1 (7) the public employees police and fire plan of the Public Employees Retirement
37.2 Association established under chapter 353;

37.3 (8) the teachers retirement plan established under chapter 354;

37.4 ~~(9) the Duluth Teachers Retirement Fund Association established under chapter~~
37.5 ~~354A;~~

37.6 ~~(10)~~ (9) the St. Paul Teachers Retirement Fund Association established under
37.7 chapter 354A; and

37.8 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
37.9 Employees Retirement Association established under chapter 353E.

37.10 Sec. 42. Minnesota Statutes 2012, section 356.47, subdivision 3, is amended to read:

37.11 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
37.12 period ends relating to the reemployment that gave rise to the limitation, and the filing of a
37.13 written application, the retired member is entitled to the payment, in a lump sum, of the
37.14 value of the person's amount under subdivision 2, plus annual compound interest. For the
37.15 general state employees retirement plan, the correctional state employees retirement plan,
37.16 the general employees retirement plan of the Public Employees Retirement Association,
37.17 the public employees police and fire retirement plan, the local government correctional
37.18 employees retirement plan, and the teachers retirement plan, the annual interest rate is
37.19 six percent from the date on which the amount was deducted from the retirement annuity
37.20 to the date of payment or until January 1, 2011, whichever is earlier, and no interest
37.21 after January 1, 2011. ~~For the Duluth Teachers Retirement Fund Association, the annual~~
37.22 ~~interest is six percent from the date on which the amount was deducted from the retirement~~
37.23 ~~annuity to the date of payment or until June 30, 2010, whichever is earlier, and with~~
37.24 ~~no interest accrual after June 30, 2010.~~ For the St. Paul Teachers Retirement Fund
37.25 Association, the annual interest is the rate of six percent from the date that the amount was
37.26 deducted from the retirement annuity to the date of payment or June 30, 2011, whichever
37.27 is earlier, and with no interest accrual after June 30, 2011.

37.28 (b) The written application must be on a form prescribed by the chief administrative
37.29 officer of the applicable retirement plan.

37.30 (c) If the retired member dies before the payment provided for in paragraph (a) is
37.31 made, the amount is payable, upon written application, to the deceased person's surviving
37.32 spouse, or if none, to the deceased person's designated beneficiary, or if none, to the
37.33 deceased person's estate.

37.34 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
37.35 or after the payment date under paragraph (a), if the federal Internal Revenue Code so

38.1 permits, the retired member may elect to have all or any portion of the payment amount
 38.2 under this section paid in the form of a direct rollover to an eligible retirement plan as
 38.3 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
 38.4 retired member. If the retired member dies with a balance remaining payable under this
 38.5 section, the surviving spouse of the retired member, or if none, the deceased person's
 38.6 designated beneficiary, or if none, the administrator of the deceased person's estate may
 38.7 elect a direct rollover under this paragraph.

38.8 Sec. 43. Minnesota Statutes 2012, section 356.99, subdivision 1, is amended to read:

38.9 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in paragraphs
 38.10 (b) to (e) have the meanings given them.

38.11 (b) "Chief administrative officer" means the person selected or elected by the
 38.12 governing board of a covered pension plan with primary responsibility to administer the
 38.13 covered pension plan, or that person's designee or representative.

38.14 (c) "Covered pension plan" means a plan enumerated in section 356.30, subdivision
 38.15 3, except clauses (3), (5), and (6).

38.16 (d) "Governing board" means the governing board of the Minnesota State Retirement
 38.17 System, the Public Employees Retirement Association, the Teachers Retirement
 38.18 Association, ~~the Duluth Teachers Retirement Fund Association,~~ or the St. Paul Teachers
 38.19 Retirement Fund Association.

38.20 (e) "Member" means an active plan member in a covered pension plan.

38.21 Sec. 44. Minnesota Statutes 2013 Supplement, section 423A.02, subdivision 3, is
 38.22 amended to read:

38.23 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the
 38.24 difference between \$5,720,000 and the current year amortization aid distributed under
 38.25 subdivision 1 that is not distributed for any reason to a municipality must be distributed
 38.26 by the commissioner of revenue according to this paragraph. The commissioner shall
 38.27 distribute ~~50~~ 60 percent of the amounts derived under this paragraph to the Teachers
 38.28 Retirement Association, ~~ten percent to the Duluth Teachers Retirement Fund Association,~~
 38.29 and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded
 38.30 actuarial accrued liabilities of the respective funds. These payments must be made on July
 38.31 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Duluth
 38.32 Teachers Retirement Fund Association becomes fully funded, the association's eligibility
 38.33 for its portion of this aid ceases. Amounts remaining in the undistributed balance account
 38.34 at the end of the biennium if aid eligibility ceases cancel to the general fund.

39.1 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
 39.2 Independent School District No. 625, St. Paul, must make an additional contribution of
 39.3 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

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

39.9 Sec. 45. **CONSOLIDATION OF THE DULUTH TEACHERS RETIREMENT**
 39.10 **FUND ASSOCIATION.**

39.11 Subdivision 1. **Membership transfer.** All active, inactive, and retired members
 39.12 of the Duluth Teachers Retirement Fund Association are transferred to the Teachers
 39.13 Retirement Association and are no longer members of the Duluth Teachers Retirement
 39.14 Fund Association as of July 1, 2015.

39.15 Subd. 2. **Teachers Retirement Association membership.** A person first hired as a
 39.16 teacher by Independent School District No. 709, Duluth, after June 30, 2015, and who is a
 39.17 teacher as defined in Minnesota Statutes, section 354.05, subdivision 2, is a member of the
 39.18 Teachers Retirement Association for the person's subsequent teaching service.

39.19 Subd. 3. **Service credit and liability transfer.** All allowable service and salary
 39.20 credit of the members and other individuals transferred under subdivision 1 as specified
 39.21 in the records of the Duluth Teachers Retirement Fund Association as of June 30, 2015,
 39.22 is allowable service credit under Minnesota Statutes, section 354.05, subdivision 13,
 39.23 formula service credit under Minnesota Statutes, section 354.05, subdivision 25, and
 39.24 salary credit under Minnesota Statutes, section 354.05, subdivision 35, for the Teachers
 39.25 Retirement Association.

39.26 Subd. 4. **Transfer of records.** On or before June 30, 2015, the chief administrative
 39.27 officer of the Duluth Teachers Retirement Fund Association shall transfer all records and
 39.28 documents relating to the funds and the benefit plans of the association to the executive
 39.29 director of the Teachers Retirement Association. To the extent possible, original copies of
 39.30 all records and documents must be transferred.

39.31 Subd. 5. **Transfer of assets.** (a) On or before December 31, 2014, the chief
 39.32 administrative officer of the Duluth Teachers Retirement Fund Association shall transfer
 39.33 to the State Board of Investment the entire assets of the special retirement fund of the
 39.34 Duluth Teachers Retirement Fund Association. The transfer of the assets of the Duluth
 39.35 Teachers Retirement Fund Association special retirement fund must include any accounts

40.1 receivable that are determined by the executive director of the State Board of Investment
 40.2 as reasonably capable of being collected. Legal title to account receivables that are
 40.3 determined by the executive director of the State Board of Investment as not reasonably
 40.4 capable of being collected transfers to Independent School District No. 709, Duluth, as of
 40.5 the date of the determination of the executive director of the State Board of Investment. If
 40.6 the account receivables transferred to Independent School District No. 709, Duluth, are
 40.7 subsequently recovered by the school district, the superintendent of Independent School
 40.8 District No. 709, Duluth, shall transfer the recovered amount to the executive director of
 40.9 the Teachers Retirement Association, in cash, for deposit in the teachers retirement fund,
 40.10 less the reasonable expenses of the school district related to the recovery. If the board of
 40.11 trustees of the Duluth Teachers Retirement Fund Association establishes a liquidating trust
 40.12 and deposits any of the retirement fund association assets in that trust or if the legislative
 40.13 auditor determines that the transferred assets were in an amount less than the full assets of
 40.14 the retirement fund association other than assets in the tax sheltered annuity program on
 40.15 the date of transfer as specified in paragraph (d), the amount of any untransferred assets
 40.16 are a claim against the state aid otherwise payable to Independent School District No. 709,
 40.17 Duluth, payable by the commissioner of management and budget upon request by the
 40.18 executive director of the Teachers Retirement Association.

40.19 (b) As of June 30, 2015, assets of the special retirement fund of the Duluth Teachers
 40.20 Retirement Fund Association are assets of the Teachers Retirement Association to be
 40.21 invested by the State Board of Investment under Minnesota Statutes, section 354.07,
 40.22 subdivision 4.

40.23 Subd. 6. **Termination of Duluth Teachers Retirement Fund Association special**
 40.24 **retirement fund.** (a) As of June 30, 2015, the Duluth Teachers Retirement Fund
 40.25 Association as a public retirement plan and its special retirement fund ceases to exist.

40.26 (b) Contracts, records, and obligations of the Duluth Teachers Retirement Fund
 40.27 Association special retirement fund existing at the time of consolidation with the Teachers
 40.28 Retirement Association are transferred to the Teachers Retirement Association under
 40.29 Minnesota Statutes, section 15.039, subdivisions 5 and 5a, except that contracts, records,
 40.30 and obligations of the Duluth Teachers Retirement Fund Association special retirement
 40.31 fund related to investment and safekeeping of assets are transferred to the State Board of
 40.32 Investment pursuant to the provisions of Minnesota Statutes, section 15.039, subdivisions
 40.33 5 and 5a. The State Board of Investment has the authority to pay the investment-related
 40.34 liabilities and obligations from the assets transferred from the Duluth Teachers Retirement
 40.35 Fund Association incurred by the Teachers Retirement Association. The board of trustees
 40.36 of the Teachers Retirement Association shall contract with the legislative auditor for

41.1 necessary audit services associated with the Duluth Teachers Retirement Fund Association
41.2 financial activity during the fiscal year ending June 30, 2015, as part of the Teachers
41.3 Retirement Association board's annual financial reporting requirements under Minnesota
41.4 Statutes, section 356.20. The board of trustees of the Teachers Retirement Association
41.5 may authorize and contract with either the legislative auditor or the state auditor to
41.6 perform other audit services. The costs of the audit or examination must be paid by the
41.7 Teachers Retirement Association. Between April 1, 2015, and June 30, 2015, the Duluth
41.8 Teachers Retirement Fund Association cannot incur a new or additional enforceable
41.9 contractual liability or obligation without approval of the executive director of the
41.10 Teachers Retirement Association.

41.11 Sec. 46. **DULUTH TEACHERS RETIREMENT FUND ASSOCIATION**
41.12 **EMPLOYEES.**

41.13 Effective June 30, 2015, unless the employee elects otherwise, the employees
41.14 of the Duluth Teachers Retirement Fund Association have their employment with the
41.15 Duluth Teachers Retirement Fund Association terminated and, effective July 1, 2015,
41.16 the Duluth Teachers Retirement Fund Association employees, excluding the Executive
41.17 Director, become employees of the Teachers Retirement Association. The commissioner
41.18 of management and budget shall place employees from the former Duluth Teachers
41.19 Retirement Fund Association into state service in their proper classifications, except
41.20 that employees are appointed without examination and must be compensated at no less
41.21 than their current hourly salary rate. Employees must have their accumulated, but
41.22 unused, vacation leave balance as of June 30, 2015, posted to their credit by the Teachers
41.23 Retirement Association, but if the employee has vacation time in excess of the applicable
41.24 maximum, no additional vacation may accrue until the employee's balance falls below
41.25 the maximum permitted by the state for the employee's position. The employees must
41.26 receive length of service credit for vacation leave accrual for time served at the Duluth
41.27 Teachers Retirement Fund Association. Duluth Teachers Retirement Fund Association
41.28 employees who become employees of the Teachers Retirement Association effective on
41.29 July 1, 2015, must be considered to have completed six months of continuous service
41.30 for vacation use purposes. Employees of the former Duluth Teachers Retirement Fund
41.31 Association appointed to the classified service are subject to a probationary period under
41.32 the collective bargaining agreement or compensation plan applicable to the employee's
41.33 position at the Teachers Retirement Association. Effective July 1, 2015, all transferred
41.34 employees must be enrolled in the state employees' group insurance program as provided
41.35 in Minnesota Statutes, sections 43A.22 to 43A.31, and the commissioner of management

42.1 and budget shall provide open enrollment in all state employee health and dental insurance
42.2 plans with no limitation on preexisting conditions except as specified in existing state
42.3 employee certificates of coverage. The commissioner of management and budget shall
42.4 provide these transferred employees with the opportunity to purchase optional life and
42.5 disability insurance as provided by the state group insurance program in accordance with
42.6 the policies of Minnesota Management and Budget.

42.7 Sec. 47. **REPEALER.**

42.8 (a) Minnesota Statutes 2012, sections 354A.021, subdivision 5; 354A.108; 354A.24;
42.9 and 354A.27, subdivision 5, are repealed.

42.10 (b) Minnesota Statutes 2013 Supplement, sections 354A.27, subdivisions 6a and 7;
42.11 and 354A.31, subdivision 4a, are repealed.

42.12 Sec. 48. **EFFECTIVE DATE.**

42.13 (a) Sections 1 to 47 are effective June 30, 2015, if the following approve the
42.14 consolidation provisions before January 1, 2015:

42.15 (1) the board of trustees of the Duluth Teachers Retirement Fund Association;

42.16 (2) the membership of the Duluth Teachers Retirement Fund Association; and

42.17 (3) the board of trustees of the Teachers Retirement Association.

42.18 (b) An approval under paragraph (a) must be provided in a timely manner in
42.19 compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, to the
42.20 secretary of state, the state auditor, and the legislative auditor by the chief administrative
42.21 officer of the Duluth Teachers Retirement Fund Association for an approval under
42.22 paragraph (a) by the board of trustees of the Duluth Teachers Retirement Fund Association
42.23 or by the membership of the Duluth Teachers Retirement Fund Association and by the
42.24 chief administrative officer of the Teachers Retirement Association for an approval under
42.25 paragraph (a) by the board of trustees of the Teachers Retirement Association.

354A.021 TEACHERS RETIREMENT FUND ASSOCIATIONS IN CITIES OF THE FIRST CLASS.

Subd. 5. **Tax-sheltered annuity program and fund.** A teachers retirement fund association may establish a tax-sheltered annuity program and fund meeting the requirements of section 403(b) of the Internal Revenue Code of 1986, as amended, which must include all assets which were acquired for the specific purpose of being credited to the program and fund and to which must be credited all employee contributions and employer contributions, if negotiated under a collective bargaining agreement, designated for this purpose and all interest income attributable to the assets of the program and fund.

354A.108 PAYMENT BY TEACHERS COLLECTING WORKERS' COMPENSATION.

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

(b) The required amount payable by the member must be calculated first by determining the differential salary amount, which is the difference between the salary received, if any, during the period of time that the member is collecting workers' compensation payments, and the salary that the member received for an identical length period immediately before collecting the workers' compensation payments. The member shall pay an amount equal to the employee contribution rate under section 354A.12, subdivision 1, multiplied by the differential salary amount.

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

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

354A.24 DULUTH TEACHERS RETIREMENT FUND ASSOCIATION COORDINATED PROGRAMS.

There is established within the Duluth Teachers Retirement Fund Association for teachers who are covered by an agreement or modification made between the state and the Secretary of Health, Education and Welfare making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to teachers covered by the teachers retirement fund association, two coordinated programs:

(1) an old law coordinated program to provide retirement coverage for teachers who were first employed prior to July 1, 1981 and do not elect to be covered by the new law coordinated program, which program shall be a continuation of the retirement program in existence prior to July 1, 1978; and

(2) a new law coordinated program to provide retirement coverage for teachers who were first employed on or subsequent to July 1, 1981 or for teachers who were first employed prior to July 1, 1981 and elect to be covered by the new law coordinated program. The provisions governing the old law coordinated program shall be the portions of this chapter which do not apply specifically to a coordinated program or a coordinated or former coordinated member, the articles of incorporation and bylaws in effect as of March 31, 1975, the provisions of Laws 1976, chapter 238, section 15, and any applicable amendments to the articles of incorporation or bylaws of the teachers retirement fund association adopted subsequent to July 1, 1979 in accordance with the provisions of section 354A.12, subdivision 4. The provisions governing the new law coordinated program shall be sections 354A.31 to 354A.41 and any other applicable portions of this chapter, the provisions of Laws 1981, chapter 269, sections 9 and 10, and any applicable amendments

APPENDIX

Repealed Minnesota Statutes: 14-4080

to the articles of incorporation or bylaws of the teachers retirement fund association adopted subsequent to July 1, 1981 in accordance with the provisions of section 354A.12, subdivision 4.

**354A.27 DULUTH TEACHERS RETIREMENT FUND ASSOCIATION;
POSTRETIREMENT ADJUSTMENT MECHANISM.**

Subd. 5. **Eligibility for and payment of postretirement adjustments.** (a) Annually, after June 30, the board of trustees of the Duluth Teachers Retirement Fund Association determines the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 6 or 7, whichever is applicable.

(b) Each person who has been receiving an annuity or benefit under the articles of incorporation, bylaws, or under this section for at least 12 months as of the date of the postretirement adjustment shall be eligible for a postretirement adjustment. The postretirement adjustment shall be payable each January 1. The postretirement adjustment shall be a permanent percentage increase as specified under subdivision 6 or 7, whichever is applicable, applied to the annuity or benefit to which the person is entitled one month prior to the payment of the postretirement adjustment.

Subd. 6a. **Postretirement adjustment transition.** (a) If the funded ratio of the retirement plan based on the actuarial value of assets is at least 90 percent as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, this subdivision expires and subsequent postretirement adjustments are governed by subdivision 7.

(b) Each annuity or benefit recipient of the retirement plan who has been receiving that annuity or benefit for at least 12 months as of the applicable January 1 is eligible to receive a postretirement adjustment of one percent, payable on January 1.

Subd. 7. **Calculation of postretirement adjustments.** (a) This subdivision applies if subdivision 6a has expired.

(b) A percentage adjustment must be computed and paid under this subdivision to eligible persons under subdivision 5. This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of cost-of-living adjustments under paragraph (c), the term "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by 3.

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

(d) The amount calculated under paragraph (c) is the full cost-of-living adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the cost-of-living adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the cost-of-living adjustment is applied, calculated to the third decimal place.

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

(f) If the funding ratio of the plan as determined in the most recent actuarial valuation using the actuarial value of assets is less than 80 percent there will be no postretirement adjustment the following January 1.

354A.31 COORDINATED PROGRAM RETIREMENT BENEFITS.

Subd. 4a. **Computation of normal coordinated retirement annuity; Duluth fund.** (a) This subdivision applies to the new law coordinated program of the Duluth Teachers Retirement Fund Association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary under section 354A.011, subdivision 7a, multiplied by the retirement annuity formula percentage.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1,

APPENDIX

Repealed Minnesota Statutes: 14-4080

1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) applies. The retirement annuity formula percentage for purposes of this paragraph is 1.2 percent per year for each year of coordinated program service for the first ten years rendered through June 30, 2013, and the percent specified in section 356.315, subdivision 1a, per year for each year of coordinated program service rendered after June 30, 2013, and 1.7 percent for each subsequent year of coordinated program service through June 30, 2013, and the percent specified in section 356.315, subdivision 2b, per year for each year of coordinated program service rendered after June 30, 2013.

(d) This paragraph applies to a person who is at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who is at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction with subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is 1.7 percent for each year of coordinated program service through June 30, 2013, and the percent specified in section 356.315, subdivision 2b, per year for each year of coordinated program service rendered after June 30, 2013.