

1.1 A bill for an act
1.2 relating to retirement; reducing the actuarial assumption for investment rate of
1.3 return; eliminating the delay to normal retirement age on the commencement of
1.4 postretirement adjustments and reducing the vesting requirement for the general
1.5 employees retirement plans of the Minnesota State Retirement System and the
1.6 Public Employees Retirement Association; modifying the postretirement adjustment
1.7 for the local government correctional service retirement plan; providing a onetime
1.8 postretirement adjustment to all pension plan members; temporarily reducing the
1.9 employee contribution rate for the general state employees retirement plan;
1.10 modifying the expiration date for supplemental employer contributions to the State
1.11 Patrol and correctional state employees plans and for the state aid to the judges
1.12 plan; providing for an unreduced retirement annuity upon reaching age 62 with
1.13 30 years of service and increasing the employee contribution rate for the St. Paul
1.14 Teachers Retirement Fund Association; appropriating money for onetime direct
1.15 state aids to the pension plans, an incentive program for paying monetary incentives
1.16 to join the statewide volunteer firefighter plan, and the Legislative Commission
1.17 on Pensions and Retirement for actuarial services to assess the actuarial cost of
1.18 pension legislation; amending Minnesota Statutes 2022, sections 352.04,
1.19 subdivision 2; 352.115, subdivision 1; 352.92, subdivision 2a; 352B.02, subdivision
1.20 1c; 353.01, subdivision 47; 354A.12, subdivision 1; 354A.31, subdivision 7, by
1.21 adding a subdivision; 356.215, subdivision 8; 356.415, subdivisions 1, 1b, 1g;
1.22 356.59; 490.123, subdivision 5.

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

1.24 **ARTICLE 1**
1.25 **REDUCTION OF INTEREST RATES**

1.26 Section 1. Minnesota Statutes 2022, section 356.215, subdivision 8, is amended to read:

1.27 Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable
1.28 following investment return assumption:

	investment return assumption
2.1	
2.2	plan
2.3	general state employees retirement plan 7.5% <u>7%</u>
2.4	correctional state employees retirement plan 7.5 <u>7</u>
2.5	State Patrol retirement plan 7.5 <u>7</u>
2.6	legislators retirement plan, and for the 0
2.7	constitutional officers calculation of total plan
2.8	liabilities
2.9	judges retirement plan 7.5 <u>7</u>
2.10	general public employees retirement plan 7.5 <u>7</u>
2.11	public employees police and fire retirement plan 7.5 <u>7</u>
2.12	local government correctional service retirement
2.13	plan 7.5 <u>7</u>
2.14	teachers retirement plan 7.5 <u>7</u>
2.15	St. Paul teachers retirement plan 7.5 <u>7</u>
2.16	Bloomington Fire Department Relief Association 6
2.17	local monthly benefit volunteer firefighter relief
2.18	associations 5
2.19	monthly benefit retirement plans in the statewide 6
2.20	volunteer firefighter retirement plan

2.21 (b) The actuarial valuation for each of the covered retirement plans listed in section
 2.22 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take
 2.23 into account the postretirement adjustment rate or rates applicable to the plan as specified
 2.24 in section 354A.29, subdivision 7, or 356.415, whichever applies.

2.25 (c) The actuarial valuation must use the applicable salary increase and payroll growth
 2.26 assumptions found in the appendix to the standards for actuarial work adopted by the
 2.27 Legislative Commission on Pensions and Retirement pursuant to section 3.85, subdivision
 2.28 10. The appendix must be updated whenever new assumptions have been approved or
 2.29 deemed approved under subdivision 18.

2.30 (d) The assumptions set forth in the appendix to the standards for actuarial work continue
 2.31 to apply, unless a different salary assumption or a different payroll increase assumption:

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

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

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

2.37 **EFFECTIVE DATE.** This section is effective June 30, 2023.

3.1 Sec. 2. Minnesota Statutes 2022, section 356.59, is amended to read:

3.2 **356.59 INTEREST RATES.**

3.3 Subdivision 1. **Applicable interest rates.** Whenever the payment of interest is required
3.4 with respect to any payment, including refunds, remittances, shortages, contributions, or
3.5 repayments, the rate of interest is the rate or rates specified in subdivisions 2 to 5 for each
3.6 public retirement plan.

3.7 Subd. 2. **Minnesota State Retirement System.** The interest rates for all retirement plans
3.8 administered by the Minnesota State Retirement System are as follows:

	Annual	Monthly
3.9 before July 1, 2015	8.5 percent	0.71 percent
3.10 from July 1, 2015, to June 30, 2018	8.0 percent	0.667 percent
3.11 after June 30 <u>from July 1, 2018, to June</u>		
3.12 <u>30, 2023</u>	7.5 percent	0.625 percent
3.13 <u>after June 30, 2023</u>	<u>7.0 percent</u>	<u>0.583 percent</u>

3.15 Subd. 3. **Public Employees Retirement Association.** The interest rates for all retirement
3.16 plans administered by the Public Employees Retirement Association are as follows:

3.17 before July 1, 2015	8.5 percent
3.18 from July 1, 2015, to June 30, 2018	8.0 percent
3.19 after June 30 <u>from July 1, 2018, to June</u>	
3.20 <u>30, 2023</u>	7.5 percent
3.21 <u>after June 30, 2023</u>	<u>7.0 percent</u>

3.22 Subd. 4. **Teachers Retirement Association.** The interest rates for the retirement plan
3.23 administered by the Teachers Retirement Association are as follows:

	Annual	Monthly
3.24 before July 1, 2018	8.5 percent	0.71 percent
3.25 after June 30 <u>from July 1, 2018, to June</u>		
3.26 <u>30, 2023</u>	7.5 percent	0.625 percent
3.27 <u>after June 30, 2023</u>	<u>7.0 percent</u>	<u>0.583 percent</u>

3.29 Subd. 5. **St. Paul Teachers Retirement Fund Association.** The interest rates for the
3.30 retirement plan administered by the St. Paul Teachers Retirement Fund Association are as
3.31 follows:

	Annual	Monthly
3.32 before July 1, 2015	8.5 percent	0.71 percent
3.33 from July 1, 2015, to June 30, 2018	8.0 percent	0.667 percent

4.1	after June 30 <u>from July 1, 2018, to June</u>		
4.2	<u>30, 2023</u>	7.5 percent	0.625 percent
4.3	<u>after June 30, 2023</u>	<u>7.0 percent</u>	<u>0.583 percent</u>

4.4 **EFFECTIVE DATE.** This section is effective June 30, 2023.

4.5 **ARTICLE 2**

4.6 **COLAS**

4.7 Section 1. Minnesota Statutes 2022, section 356.415, subdivision 1, is amended to read:

4.8 Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement**
4.9 **System general state employees retirement plan, legislators retirement plan, and**
4.10 **unclassified state employees retirement program.** (a) ~~Except as set forth in paragraph~~
4.11 ~~(e)~~, Recipients of a retirement annuity, disability benefit, or survivor benefit from the general
4.12 state employees retirement plan, the legislators retirement plan, or the unclassified state
4.13 employees retirement program are entitled to an annual postretirement adjustment, effective
4.14 as of each January 1, as follows:

4.15 (1) effective January 1, 2019, through December 31, 2023, a postretirement increase of
4.16 one percent must be applied each year to the amount of the monthly annuity or benefit of
4.17 each annuitant or benefit recipient who has been receiving an annuity or a benefit for at
4.18 least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

4.19 (2) effective January 1, 2019, through December 31, 2023, for each annuitant or benefit
4.20 recipient who has been receiving an annuity or a benefit for at least one full month, but less
4.21 than 12 full months as of the June 30 of the calendar year immediately before the adjustment,
4.22 a postretirement increase of 1/12 of one percent for each month that the person has been
4.23 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
4.24 benefit of the annuitant or benefit recipient;

4.25 (3) effective January 1, 2024, and thereafter, a postretirement increase of 1.5 percent
4.26 must be applied each year to the amount of the monthly annuity or benefit of each annuitant
4.27 or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
4.28 as of the June 30 of the calendar year immediately before the adjustment; and

4.29 (4) effective January 1, 2024, and thereafter, for each annuitant or benefit recipient who
4.30 has been receiving an annuity or a benefit for at least one full month, but less than 12 full
4.31 months as of the June 30 of the calendar year immediately before the adjustment, an annual
4.32 postretirement increase of 1/12 of 1.5 percent for each month that the person has been

5.1 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
5.2 benefit of the annuitant or benefit recipient.

5.3 (b) An increase in annuity or benefit payments under this subdivision must be made
5.4 automatically unless written notice is filed by the annuitant or benefit recipient with the
5.5 executive director of the covered retirement plan requesting that the increase not be made.

5.6 ~~(c) Members who retire on or after January 1, 2024, under the general state employees~~
5.7 ~~retirement plan, the legislators retirement plan, or the unclassified state employees retirement~~
5.8 ~~program are entitled to an annual postretirement adjustment of the member's retirement~~
5.9 ~~annuity, effective as of each January 1, beginning with the year following the year in which~~
5.10 ~~the member attains normal retirement age, as follows:~~

5.11 ~~(1) if a member has been receiving an annuity for at least 12 full months as of the June~~
5.12 ~~30 of the calendar year immediately before the date of the adjustment, a postretirement~~
5.13 ~~increase equal to the percentage specified in paragraph (a), clause (3), must be applied,~~
5.14 ~~effective on January 1, to the amount of the member's monthly annuity;~~

5.15 ~~(2) if a member has been receiving an annuity for at least one full month, but less than~~
5.16 ~~12 full months as of the June 30 of the calendar year immediately before the date of~~
5.17 ~~adjustment, a postretirement increase of 1/12 of the percentage specified in paragraph (a),~~
5.18 ~~clause (4), for each month that the member has been receiving an annuity must be applied,~~
5.19 ~~effective on January 1, to the amount of the member's monthly annuity; or~~

5.20 ~~(3) if a member has been receiving an annuity for fewer than seven months before the~~
5.21 ~~date of adjustment, a postretirement increase shall not be applied until the next January 1~~
5.22 ~~and the amount of the adjustment shall be the amount determined under clause (2).~~

5.23 ~~(d) Paragraph (c) does not apply to members who retire under section 352.116,~~
5.24 ~~subdivision 1, paragraph (c).~~

5.25 Sec. 2. Minnesota Statutes 2022, section 356.415, subdivision 1b, is amended to read:

5.26 Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement**
5.27 **plan.** (a) Annuities, disability benefits, and survivor benefits being paid from the general
5.28 employees retirement plan of the Public Employees Retirement Association shall be increased
5.29 effective each January 1 by the percentage of increase determined under this subdivision.
5.30 The increase to the annuity or benefit shall be determined by multiplying the monthly amount
5.31 of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking
5.32 into account any reduction to the percentage of increase required under paragraph (c).

6.1 (b) The percentage of increase shall be one percent unless the federal Social Security
6.2 Administration has announced a cost-of-living adjustment pursuant to United States Code,
6.3 title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than
6.4 two percent. If the cost-of-living adjustment announced by the federal Social Security
6.5 Administration is greater than two percent, the percentage of increase shall be 50 percent
6.6 of the cost-of-living adjustment announced by the federal Social Security Administration,
6.7 but in no event may the percentage of increase exceed 1.5 percent.

6.8 (c)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been
6.9 receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar
6.10 year immediately before the effective date of the increase, there is no reduction in the
6.11 percentage of increase.

6.12 (2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving
6.13 the annuity or benefit for at least one month, but less than 12 full months, as of the June 30
6.14 of the calendar year immediately preceding the effective date of the increase, the percentage
6.15 of increase is multiplied by a fraction, the numerator of which is the number of months the
6.16 annuity or benefit was received as of June 30 of the preceding calendar year and the
6.17 denominator of which is 12.

6.18 ~~(d) Effective for members who retire on or after January 1, 2024, annuities shall not be~~
6.19 ~~increased under paragraphs (a) to (c) until January 1 of the year following the year in which~~
6.20 ~~the member reaches normal retirement age. January 1 of the year following the year in~~
6.21 ~~which the member reaches normal retirement age shall be considered the effective date of~~
6.22 ~~the increase under paragraph (c). If a member has been receiving an annuity for fewer than~~
6.23 ~~seven months as of the January 1 of the year following the year in which the member reaches~~
6.24 ~~normal retirement age, no increase shall be paid until January 1 of the next year.~~

6.25 ~~(e)~~ (d) An increase in annuity or benefit payments under this section must be made
6.26 automatically unless written notice is filed by the recipient with the executive director of
6.27 the Public Employees Retirement Association requesting that the increase not be made.

6.28 ~~(f) Paragraph (d) does not apply to members who retire under section 353.30, subdivision~~
6.29 ~~1a.~~

6.30 Sec. 3. Minnesota Statutes 2022, section 356.415, subdivision 1g, is amended to read:

6.31 Subd. 1g. **Annual postretirement adjustments; PERA local government correctional**
6.32 **retirement plan.** (a) Annuities, disability benefits, and survivor benefits being paid from
6.33 the local government correctional retirement plan of the Public Employees Retirement

7.1 Association shall be increased effective each January 1 by the percentage of increase
7.2 determined under this subdivision. The increase to the annuity or benefit shall be determined
7.3 by multiplying the monthly amount of the annuity or benefit by the percentage of increase
7.4 specified in paragraph (b), after taking into account any reduction to the percentage of
7.5 increase required under paragraph ~~(e)~~ (d).

7.6 (b) As of each January 1, the percentage of increase ~~shall~~ must be one percent unless
7.7 the federal Social Security Administration has announced a cost-of-living adjustment
7.8 pursuant to United States Code, title 42, section 415(i), in the last quarter of the preceding
7.9 calendar year that is greater than one percent. If the cost-of-living adjustment announced
7.10 by the federal Social Security Administration is greater than one percent, the percentage of
7.11 increase ~~shall~~ must be the same as the cost-of-living adjustment announced by the federal
7.12 Social Security Administration, but in no event may the percentage of increase exceed the
7.13 applicable maximum percentage in effect on January 1 under paragraph (c).

7.14 (c) The applicable maximum percentage in effect on January 1 is 2.5 percent, ~~until~~ unless
7.15 either of the following ~~occurs~~ is true, in which case the applicable maximum percentage is
7.16 1.5 percent ~~and remains at 1.5 percent thereafter~~:

7.17 (1) the market value of assets equals or is less than 85 percent of the actuarial accrued
7.18 liabilities as reported by the plan's actuary in the most recent two consecutive annual actuarial
7.19 valuations; or

7.20 (2) the market value of assets equals or is less than 80 percent of the actuarial accrued
7.21 liabilities as reported by the plan's actuary in the most recent annual actuarial valuation. If,
7.22 on January 1 after a year during which the applicable maximum percentage was 1.5 percent,
7.23 neither clause (1) or (2) is true, then the applicable maximum percentage is 2.5 percent.

7.24 ~~(e)~~ (d)(1) If the recipient of an annuity, disability benefit, or survivor's benefit has been
7.25 receiving the annuity or benefit for at least 12 full months as of the June 30 of the calendar
7.26 year immediately before the effective date of the increase, there is no reduction in the
7.27 percentage of increase.

7.28 (2) If the recipient of an annuity, disability benefit, or survivor's benefit has been receiving
7.29 the annuity or benefit for at least one month, but less than 12 full months, as of the June 30
7.30 of the calendar year immediately preceding the effective date of the increase, the percentage
7.31 of increase is multiplied by a fraction, the numerator of which is the number of months the
7.32 annuity or benefit was received as of June 30 of the preceding calendar year and the
7.33 denominator of which is 12.

8.1 ~~(d)~~ (e) An increase in annuity or benefit payments under this section must be made
8.2 automatically unless written notice is filed by the recipient with the executive director of
8.3 the Public Employees Retirement Association requesting that the increase not be made.

8.4 **Sec. 4. POSTRETIREMENT ADJUSTMENT FOR CALENDAR YEAR 2024 FOR**
8.5 **COORDINATED MEMBERS.**

8.6 (a) Notwithstanding Minnesota Statutes, sections 354A.29, subdivision 7, and 356.415,
8.7 subdivisions 1 to 1b, 1d, and 1f, the postretirement adjustment for the year beginning January
8.8 1, 2024, and ending December 31, 2024, must be 2.5 percent for eligible recipients of a
8.9 retirement annuity, disability benefit, or survivor benefit from the Minnesota State Retirement
8.10 System, Public Employees Retirement Association, Teachers Retirement Association, or
8.11 St. Paul Teachers Retirement Fund Association.

8.12 (b) A recipient is an eligible recipient if:

8.13 (1) the recipient's annuity or benefit is attributable to service as a member of the legislators
8.14 plan, as a coordinated member of a pension plan administered by the Minnesota State
8.15 Retirement System, Public Employees Retirement Association, Teachers Retirement
8.16 Association, or the St. Paul Teachers Retirement Fund Association, and is not from the
8.17 public employees police and fire plan or the State Patrol retirement plan; and

8.18 (2) the recipient has received monthly benefits for at least 12 full months as of June 30,
8.19 2023.

8.20 (c) This adjustment must not be compounded and is in effect for calendar year 2024
8.21 only.

8.22 (d) The increase in excess of the current statutory postretirement adjustment for calendar
8.23 year 2024 must be distributed to each recipient in a lump sum payment as soon as
8.24 administratively practicable but no later than March 31, 2024.

8.25 **Sec. 5. POSTRETIREMENT ADJUSTMENT FOR CALENDAR YEAR 2024 FOR**
8.26 **BASIC MEMBERS.**

8.27 (a) Notwithstanding Minnesota Statutes, sections 354A.29, subdivision 7, and 356.415,
8.28 subdivisions 1b to 1e, the postretirement adjustment for the year beginning January 1, 2024,
8.29 and ending December 31, 2024, must be four percent for eligible recipients of a retirement
8.30 annuity, disability benefit, or survivor benefit from the Minnesota State Retirement System,
8.31 Public Employees Retirement Association, Teachers Retirement Association, or St. Paul
8.32 Teachers Retirement Fund Association.

9.1 (b) A recipient is an eligible recipient if:

9.2 (1) the recipient's annuity or benefit is attributable to service as a basic member of the
9.3 Public Employees Retirement Association general employees retirement plan, the Teachers
9.4 Retirement Association, or the St. Paul Teachers Retirement Fund Association or is an
9.5 annuity or benefit from the public employees police and fire plan or the State Patrol
9.6 retirement plan; and

9.7 (2) the recipient has received monthly benefits for at least twelve full months as of June
9.8 30, 2023.

9.9 (c) This adjustment must not be compounded and is in effect for calendar year 2024
9.10 only.

9.11 (d) The increase in excess of the current statutory postretirement adjustment for calendar
9.12 year 2024 must be distributed to each recipient in a lump sum payment as soon as
9.13 administratively practicable but no later than March 31, 2024. For the purpose of providing
9.14 a postretirement adjustment for members of the public employees police and fire plan who
9.15 have received monthly benefits for at least 12 full months as of June 30, 2023, but have not
9.16 yet begun to receive a postretirement adjustment, the increase in excess of the current
9.17 statutory postretirement adjustment for calendar year 2024 is three percent.

9.18 **ARTICLE 3**

9.19 **MINNESOTA STATE RETIREMENT SYSTEM**

9.20 Section 1. Minnesota Statutes 2022, section 352.04, subdivision 2, is amended to read:

9.21 Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be
9.22 equal to the following percent of salary:

9.23	from July 1, 2014, to June 30, 2018	5.5
9.24	from July 1, 2018, to June 30, 2019	5.75
9.25	after June 30 <u>from July 1, 2019, to June 30, 2023</u>	6
9.26	<u>from July 1, 2023, to June 30, 2025</u>	<u>5.5</u>
9.27	<u>after June 30, 2025</u>	<u>6</u>

9.28 (b) These contributions must be made by deduction from salary as provided in subdivision
9.29 4.

9.30 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
9.31 first full pay period after the effective date of the increase.

10.1 Sec. 2. Minnesota Statutes 2022, section 352.115, subdivision 1, is amended to read:

10.2 Subdivision 1. **Age and service requirements.** After separation from state service, any
10.3 employee ~~(1)~~ who has attained the age of at least 55 years ~~and who~~ is entitled, upon
10.4 application, to a retirement annuity if the employee:

10.5 (1) has received credit for at least three years of allowable service if and was employed
10.6 before July 1, 2010, or after;

10.7 (2) has received credit for at least five or more years of allowable service if employed
10.8 after June 30, 2010, or (2) who and terminated employment before July 1, 2023;

10.9 (3) was actively employed on July 1, 2023, and has earned three years of allowable
10.10 service prior to the employee's retirement application;

10.11 (4) has three or more years of allowable service if employed after June 30, 2023; or

10.12 (5) has received credit for at least 30 years of allowable service regardless of age, is
10.13 entitled upon application to a retirement annuity.

10.14 Sec. 3. Minnesota Statutes 2022, section 352.92, subdivision 2a, is amended to read:

10.15 Subd. 2a. **Supplemental employer contribution.** (a) Effective July 1, 2019, the employer
10.16 shall pay a supplemental contribution. The supplemental contribution is 1.45 percent of
10.17 salary for covered correctional employees from July 1, 2019, through June 30, 2020; 2.95
10.18 percent of salary for covered correctional employees from July 1, 2020, through June 30,
10.19 2021; and 4.45 percent of salary for covered correctional employees thereafter. The
10.20 supplemental contribution rate of 4.45 percent remains in effect until, for three consecutive
10.21 years, the market value of the assets of the correctional state employees retirement plan of
10.22 the Minnesota State Retirement System equals or exceeds the actuarial accrued liability of
10.23 the plan as determined by the actuary retained under section 356.214. The expiration of the
10.24 supplemental employer contribution is effective the first day of the first full pay period of
10.25 the fiscal year immediately following the issuance of the third actuarial valuation upon
10.26 which the expiration is based.

10.27 (b) The supplemental contribution under paragraph (a) must be paid starting the first
10.28 day of the first full pay period after June 30, 2018.

10.29 Sec. 4. Minnesota Statutes 2022, section 352B.02, subdivision 1c, is amended to read:

10.30 Subd. 1c. **Employer contributions and supplemental employer contribution.** (a) In
10.31 addition to member contributions, department heads shall pay a sum equal to the specified

11.1 percentage of the salary upon which deductions were made, which constitutes the employer
11.2 contribution to the fund as follows:

11.3	from July 1, 2014, to June 30, 2016	20.1
11.4	from July 1, 2016, to June 30, 2018	21.6
11.5	from July 1, 2018, to June 30, 2019	22.35
11.6	after June 30, 2019	23.1

11.7 (b) Department contributions must be paid out of money appropriated to departments
11.8 for this purpose.

11.9 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
11.10 first full pay period after the effective date of the increase.

11.11 (d) Effective July 1, 2018, department heads shall pay a supplemental employer
11.12 contribution. The supplemental contribution is 1.75 percent of the salary upon which
11.13 deductions are made from July 1, 2018, through June 30, 2019; three percent of the salary
11.14 upon which deductions are made from July 1, 2019, through June 30, 2020; five percent of
11.15 the salary which deductions are made from July 1, 2020, through June 30, 2021; and seven
11.16 percent of the salary upon which deductions are made thereafter. The supplemental
11.17 contribution must be paid starting the first day of the first full pay period after June 30,
11.18 2018. The supplemental contribution rate of seven percent remains in effect until, for three
11.19 consecutive years, the market value of the assets of the State Patrol retirement plan of the
11.20 Minnesota State Retirement System equals or exceeds the actuarial accrued liability of the
11.21 plan as determined by the actuary retained under section 356.214. The expiration of the
11.22 supplemental employer contribution is effective the first day of the first full pay period of
11.23 the fiscal year immediately following the issuance of the third actuarial valuation upon
11.24 which the expiration is based.

11.25 Sec. 5. Minnesota Statutes 2022, section 490.123, subdivision 5, is amended to read:

11.26 Subd. 5. **Direct state aid.** (a) The state shall pay \$6,000,000 annually to the judges'
11.27 retirement fund. The aid is payable each July 1. The amount required is annually appropriated
11.28 from the general fund to the judges' retirement fund.

11.29 (b) The aid under paragraph (a) continues until the earlier of:

11.30 (1) the first day of the fiscal year following ~~the~~ three consecutive fiscal year ~~years~~ in
11.31 which the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial
11.32 accrued liabilities as reported by the actuary retained under section 356.214 in the annual
11.33 actuarial valuation prepared under section 356.215; or

12.1 (2) July 1, 2048.

12.2 **ARTICLE 4**

12.3 **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

12.4 Section 1. Minnesota Statutes 2022, section 353.01, subdivision 47, is amended to read:

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

12.9 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
12.10 member of the general employees retirement plan of the Public Employees Retirement
12.11 Association:~~(1)~~₂ a public employee ~~who first became a member of the association before~~
12.12 ~~July 1, 2010,~~ is 100 percent vested when the person has accrued credit for not less than three
12.13 years of allowable service in the general employees retirement plan; ~~and.~~

12.14 ~~(2) a public employee who first becomes a member of the association after June 30,~~
12.15 ~~2010, is 100 percent vested when the person has accrued credit for not less than five years~~
12.16 ~~of allowable service in the general employees retirement plan.~~

12.17 (c) For purposes of qualifying for an annuity or benefit as a member of the local
12.18 government correctional service retirement plan:

12.19 (1) a public employee who first became a member of the association before July 1, 2010,
12.20 is 100 percent vested when the person has accrued credit for not less than three years of
12.21 allowable service in the local government correctional service retirement plan; and

12.22 (2) a public employee who first becomes a member of the association after June 30,
12.23 2010, is vested at the following percentages when the person has accrued credit for allowable
12.24 service in the local government correctional service retirement plan, as follows:

12.25 (i) 50 percent after five years;

12.26 (ii) 60 percent after six years;

12.27 (iii) 70 percent after seven years;

12.28 (iv) 80 percent after eight years;

12.29 (v) 90 percent after nine years; and

12.30 (vi) 100 percent after ten years.

13.1 (d) For purposes of qualifying for an annuity or benefit as a member of the public
13.2 employees police and fire retirement plan:

13.3 (1) a public employee who first became a member of the association before July 1, 2010,
13.4 is 100 percent vested when the person has accrued credit for not less than three years of
13.5 allowable service in the public employees police and fire retirement plan;

13.6 (2) a public employee who first becomes a member of the association after June 30,
13.7 2010, and before July 1, 2014, is vested at the following percentages when the person has
13.8 accrued credited allowable service in the public employees police and fire retirement plan,
13.9 as follows:

13.10 (i) 50 percent after five years;

13.11 (ii) 60 percent after six years;

13.12 (iii) 70 percent after seven years;

13.13 (iv) 80 percent after eight years;

13.14 (v) 90 percent after nine years; and

13.15 (vi) 100 percent after ten years; and

13.16 (3) a public employee who first becomes a member of the association after June 30,
13.17 2014, is vested at the following percentages when the person has accrued credit for allowable
13.18 service in the public employees police and fire retirement plan, as follows:

13.19 (i) 50 percent after ten years;

13.20 (ii) 55 percent after 11 years;

13.21 (iii) 60 percent after 12 years;

13.22 (iv) 65 percent after 13 years;

13.23 (v) 70 percent after 14 years;

13.24 (vi) 75 percent after 15 years;

13.25 (vii) 80 percent after 16 years;

13.26 (viii) 85 percent after 17 years;

13.27 (ix) 90 percent after 18 years;

13.28 (x) 95 percent after 19 years; and

13.29 (xi) 100 percent after 20 or more years.

ARTICLE 5

ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION

Section 1. Minnesota Statutes 2022, section 354A.12, subdivision 1, is amended to read:

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

Program	Percentage of Total Salary
St. Paul Teachers Retirement Fund Association	
basic program after June 30, 2016, <u>through June 30, 2023</u>	10 percent
basic program after June 30, 2023, <u>through June 30, 2025</u>	10.25 percent
<u>basic program after June 30, 2025</u>	<u>11.25 percent</u>
coordinated program after June 30, 2016, <u>through June 30, 2023</u>	7.5 percent
coordinated program after June 30, 2023, <u>through June 30, 2025</u>	7.75 percent
<u>coordinated program after June 30, 2025</u>	<u>8.75 percent</u>

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

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

Sec. 2. Minnesota Statutes 2022, section 354A.31, is amended by adding a subdivision to read:

Subd. 5a. **Unreduced early retirement.** If a member retires on or after July 1, 2023, when the member is at least age 62 and has at least 30 years of service, the member is entitled to receive a retirement annuity calculated using the retirement annuity formula percentage in subdivision 4.

Sec. 3. Minnesota Statutes 2022, section 354A.31, subdivision 7, is amended to read:

Subd. 7. **Reduction for early retirement.** (a) This subdivision applies to a person who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any other coordinated member who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), in conjunction with subdivision 6. An employee who

15.1 retires under the formula annuity before the normal retirement age shall be paid the normal
15.2 annuity reduced as described in paragraph (b) if the person retires on or after July 1, 2019,
15.3 or in paragraph (c) if the person retires before July 1, 2019, as applicable.

15.4 (b)(1) Unless the member is eligible for an unreduced early retirement annuity under
15.5 subdivision 5a, a coordinated member who retires before the normal retirement age and on
15.6 or after July 1, 2019, is entitled to receive a retirement annuity calculated using the retirement
15.7 annuity formula percentage in subdivision 4, paragraph (d), reduced as described in clause
15.8 ~~(1) or (2)~~, as applicable.

15.9 ~~(1)~~ (2) If the member retires when the member is younger than age 62 or with fewer
15.10 than 30 years of service, the annuity must be reduced by an early reduction factor for each
15.11 year that the member's age of retirement precedes normal retirement age. The early reduction
15.12 factors are four percent per year for members whose age at retirement is at least 55 but not
15.13 yet 59 and seven percent per year for members whose age at retirement is at least 59 but
15.14 not yet normal retirement age. The resulting annuity must be further adjusted to take into
15.15 account augmentation as if the employee had deferred receipt of the annuity until normal
15.16 retirement age and the annuity were augmented at the applicable annual rate, compounded
15.17 annually, from the day the annuity begins to accrue until normal retirement age. The
15.18 applicable annual rate is the rate in effect on the employee's effective date of retirement and
15.19 shall be considered as fixed for the employee. The applicable annual rates are the following:

15.20 (i) until June 30, 2019, 2.5 percent;

15.21 (ii) a rate that changes each month, beginning July 1, 2019, through June 30, 2024, which
15.22 is determined by reducing the rate in item (i) to zero in equal monthly increments over the
15.23 five-year period; and

15.24 (iii) after June 30, 2024, zero percent.

15.25 After June 30, 2024, the reduced annuity commencing before normal retirement age
15.26 under this clause shall not take into account any augmentation.

15.27 ~~(2) If the member retires when the member is at least age 62 or older and has at least 30~~
15.28 ~~years of service, the member is entitled to receive a retirement annuity calculated using the~~
15.29 ~~retirement annuity formula percentage in subdivision 4, paragraph (d), multiplied by the~~
15.30 ~~applicable early retirement factor specified for members "Age 62 or older with 30 years of~~
15.31 ~~service" in the table in paragraph (c).~~

15.32 (c) Unless the member is eligible for an unreduced early retirement annuity under
15.33 subdivision 5a, a coordinated member who retires before the normal retirement age and

16.1 before July 1, 2019, is entitled to receive a retirement annuity calculated using the retirement
 16.2 annuity formula percentage in subdivision 4, paragraph (d), multiplied by the applicable
 16.3 early retirement factor specified below:

	Under age 62		Age 62 or older	
	or less than 30 years of service		with 30 years of service	
16.6 Normal retirement age:	65	66	65	66
16.7 Age at retirement				
16.8	55	0.5376	0.4592	
16.9	56	0.5745	0.4992	
16.10	57	0.6092	0.5370	
16.11	58	0.6419	0.5726	
16.12	59	0.6726	0.6062	
16.13	60	0.7354	0.6726	
16.14	61	0.7947	0.7354	
16.15	62	0.8507	0.7947	0.8831
16.16	63	0.9035	0.8507	0.9246
16.17	64	0.9533	0.9035	0.9635
16.18	65	1.0000	0.9533	1.0000
16.19	66		1.0000	1.0000

16.20 For normal retirement ages between ages 65 and 66, the early retirement factors must
 16.21 be determined by linear interpolation between the early retirement factors applicable for
 16.22 normal retirement ages 65 and 66.

16.23 **ARTICLE 6**

16.24 **APPROPRIATIONS**

16.25 Section 1. **APPROPRIATION; ONETIME DIRECT STATE AIDS.**

16.26 Subdivision 1. **Appropriation.** \$485,900,000 in fiscal year 2024 is appropriated from
 16.27 the general fund to the commissioner of management and budget to transfer onetime state
 16.28 aid to the fund for each pension plan as specified in subdivision 2 and pay onetime state aid
 16.29 to St. Paul Teachers Retirement Fund Association in the amount specified in subdivision
 16.30 2.

16.31 Subd. 2. **Direct state aids** On October 1, 2023, the commissioner must allocate the
 16.32 amount appropriated in subdivision 1 among the funds for the pension plans as follows:

16.33	<u>Plan</u>	<u>Amount</u>
16.34	<u>general state employees retirement plan</u>	<u>\$76,439,615</u>

17.1	<u>correctional state employees retirement plan</u>	<u>\$10,446,018</u>
17.2	<u>State Patrol retirement plan</u>	<u>\$11,970,568</u>
17.3	<u>legislators retirement plan</u>	<u>\$90,714</u>
17.4	<u>judges retirement plan</u>	<u>\$293,032</u>
17.5	<u>general public employees retirement plan</u>	<u>\$170,093,422</u>
17.6	<u>public employees police and fire retirement plan</u>	<u>\$19,397,371</u>
17.7	<u>local government correctional service retirement plan</u>	<u>\$5,255,535</u>
17.8	<u>Teachers Retirement Association</u>	<u>\$176,166,838</u>
17.9	<u>St. Paul Teachers Retirement Fund Association</u>	<u>\$15,746,887</u>

17.10 Sec. 2. **STATEWIDE VOLUNTEER FIREFIGHTER PLAN INCENTIVE**
17.11 **PROGRAM.**

17.12 Subdivision 1. Definitions. For purposes of this section:

17.13 (1) "association" means the Public Employees Retirement Association;

17.14 (2) "commission" means the Legislative Commission on Pensions and Retirement;

17.15 (3) "incentive program" means the program established by this section for paying
17.16 monetary incentives to join the statewide plan, to be deposited in the account of each fire
17.17 department joining the statewide plan and used to fund retirement benefits for the fire
17.18 department's volunteer firefighters;

17.19 (4) "relief association" means volunteer firefighter relief association; and

17.20 (5) "statewide plan" means the statewide volunteer firefighter plan.

17.21 Subd. 2. Statewide volunteer firefighter plan incentive program. (a) The executive
17.22 director of the association must prepare an outline of the incentive program. This outline
17.23 must be delivered to the members of the commission by January 5, 2024. The incentive
17.24 program must benefit fire departments joining the statewide plan on or after July 1, 2023,
17.25 and the first payments must be made no later than December 31, 2024.

17.26 (b) The executive director of the association must work with the staff of the commission
17.27 to prepare legislation to add a defined contribution component to the statewide plan and
17.28 make other statutory changes as appropriate to encourage fire departments and their affiliated
17.29 relief associations to join the statewide plan. The proposed legislation must be delivered to
17.30 members of the commission no later than January 5, 2024.

17.31 (c) The executive director of the association must prepare an annual report on the
17.32 incentive program to be delivered to the commission until the appropriation is expended.

18.1 Subd. 3. **Account created; appropriation.** The statewide volunteer firefighter incentive
18.2 account is created within the special revenue fund. Money in the account, including interest,
18.3 is appropriated to the commissioner of management and budget for deposit, at the direction
18.4 of the executive director of the association, into the plan account of each fire department
18.5 that joins the statewide volunteer firefighter plan.

18.6 Subd. 4. **Transfer** \$5,000,000 in fiscal year 2024 is transferred from the general fund
18.7 to the statewide volunteer firefighter incentive account established under subdivision 3.

18.8 Sec. 3. **APPROPRIATION; LEGISLATIVE COORDINATING COMMISSION.**

18.9 \$100,000 in fiscal year 2024 is appropriated from the general fund to the Legislative
18.10 Coordinating Commission for the Legislative Commission on Pensions and Retirement to
18.11 provide funding for additional independent actuarial cost assessments for the Legislative
18.12 Commission on Pensions and Retirement to make informed decisions on pension policy
18.13 and legislation.