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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3266

02/10/2022

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The bill was read for the first time and referred to the Committee on State Government Finance and Elections

1.1 A bill for an act

1.2 relating to retirement; Public Employees Retirement Association; reinstating

1.3 segmented annuities and providing for retroactive implementation; amending

1.4 Minnesota Statutes 2020, section 353.34, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2020, section 353.34, is amended by adding a subdivision

1.7 to read:

1.8 Subd. 3c. Segmented annuities. (a) If a person who is entitled to an annuity has more

1.9 than one period of uninterrupted service, the person is entitled to augmentation under

1.10 subdivision 3, applied to each period of uninterrupted service. The average salary used to

1.11 calculate the annuity for each period of uninterrupted service must be applied as if the person

1.12 was a new employee at the beginning of each period of uninterrupted service. The actuarial

1.13 assumptions used to calculate the annuity must be those in effect on the effective date of

1.14 retirement.

1.15 (b) For the purpose of this subdivision, "uninterrupted service" means periods of covered

1.16 employment during which the person has not been separated from public service for more

1.17 than two years.

1.18 (c) If a person repays a refund, the restored service must be considered as continuous

1.19 with the next period of service for which the person has credit with the association.

1.20 (d) This subdivision applies to persons who become deferred annuitants on or after July

1.21 1, 1971. For a person who became a deferred annuitant before July 1, 1971, the paragraph

1.22 applies from July 1, 1971, if the former active member applies for an annuity after July 1,

1.23 1973.

2.1 (e) This subdivision must not reduce the annuity otherwise payable under this chapter.

2.2 **EFFECTIVE DATE.** This section is effective July 1, 2022.

2.3 **Sec. 2. RETROACTIVE IMPLEMENTATION.**

2.4 (a) For the purpose of this section, "eligible retiree" means a person:

2.5 (1) who began to receive a retirement annuity under Minnesota Statutes, chapter 353 or  
2.6 353E, after June 30, 2018, and before the effective date;

2.7 (2) who at the time of the person's annuity start date would have been entitled to  
2.8 augmentation for more than one period of uninterrupted service had section 1 been in effect  
2.9 at the annuity start date; and

2.10 (3) for whom a retirement annuity calculated under section 1 is greater than the retirement  
2.11 annuity to which the person was entitled on the annuity start date.

2.12 (b) Within 90 days following the effective date, the executive director of the Public  
2.13 Employees Retirement Association must notify each eligible retiree of the monthly amount  
2.14 of the annuity to which the eligible retiree would have been entitled had section 1 been in  
2.15 effect at the eligible retiree's annuity start date. The notice must include the corresponding  
2.16 monthly amounts payable under any optional forms of annuity to which the eligible retiree  
2.17 was entitled at the annuity start date and is entitled on the date of the notice.

2.18 (c) For each eligible retiree, the executive director must adjust the ongoing annuity  
2.19 amount so that it is the amount calculated under section 1, taking into account any election  
2.20 of any optional annuity forms of payment and any postretirement increases.

2.21 (d) The executive director must offer a lump sum distribution to the eligible retiree of  
2.22 the difference between the monthly amount determined under section 1 and the monthly  
2.23 amount being paid to the eligible retiree, multiplied by the number of monthly payments  
2.24 made to the eligible retiree before the annuity calculated under section 1 begins. The lump  
2.25 sum must be adjusted to take into account any election of any optional annuity forms of  
2.26 payment and any postretirement increases. The eligible retiree may elect a distribution of  
2.27 the lump sum or a direct rollover under Minnesota Statutes, section 356.635, subdivisions  
2.28 3 to 7, if the lump sum is an eligible rollover distribution as defined in Minnesota Statutes,  
2.29 section 356.635, subdivisions 4 and 5.

2.30 **EFFECTIVE DATE.** This section is effective July 1, 2022.