

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 4294

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DATE	D-PG	OFFICIAL STATUS
03/24/2022	5615	Introduction and first reading Referred to State Government Finance and Policy and Elections

1.1 A bill for an act

1.2 relating to retirement; Minnesota State Retirement System plans, Public Employees

1.3 Retirement Association plans, Teachers Retirement Association, Minnesota state

1.4 higher education individual retirement account plan, and St. Paul Teachers

1.5 Retirement Fund Association; increasing postretirement adjustment rates;

1.6 temporarily reducing employee contribution rates; reducing the investment rate

1.7 of return actuarial assumption; increasing and extending direct state aid to the

1.8 public employees police and fire retirement plan, the St. Paul Teachers Retirement

1.9 Fund Association, and the judges retirement plan; appropriating money; amending

1.10 Minnesota Statutes 2020, sections 352.04, subdivision 2; 352.92, subdivision 1;

1.11 352B.02, subdivision 1a; 353.27, subdivisions 2, 3c; 353.65, subdivisions 2, 3b;

1.12 353E.03, subdivision 1; 354.42, subdivision 2; 354A.12, subdivisions 3a, 3c;

1.13 354A.29, subdivision 7; 354B.23, subdivision 1; 356.215, subdivision 8; 356.415,

1.14 subdivisions 1, 1a, 1b, 1c, 1d, 1e; 490.123, subdivisions 1a, 5; Minnesota Statutes

1.15 2021 Supplement, sections 354A.12, subdivision 1; 356.415, subdivision 1f.

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

1.17 **ARTICLE 1**

1.18 **POSTRETIREMENT ADJUSTMENTS**

1.19 Section 1. Minnesota Statutes 2020, section 354A.29, subdivision 7, is amended to read:

1.20 Subd. 7. **Postretirement adjustments.** (a) Except as set forth in paragraph (c), each

1.21 person who has been receiving an annuity or benefit under the articles of incorporation, the

1.22 bylaws, or this chapter, whose effective date of benefit commencement occurred on or

1.23 before July 1 of the calendar year immediately before the adjustment, is eligible to receive

1.24 an annual postretirement adjustment, effective as of each January 1, as follows:

1.25 (1) ~~there shall be no~~ the postretirement adjustment shall be one percent on January 1,

1.26 ~~2019, and January 1, 2020~~ 2022; and

2.1 (2) the postretirement adjustment shall be ~~one~~ 2.5 percent on January 1, ~~2021~~ 2023, and
2.2 each January 1 thereafter.

2.3 (b) A postretirement adjustment is to be applied as a permanent increase to the regular
2.4 payment of each eligible member on January 1. For any eligible member whose effective
2.5 date of benefit commencement occurred after January 1 of the immediately preceding
2.6 calendar year, the amount of the postretirement adjustment must be reduced by 50 percent.

2.7 (c) Each person who retires on or after July 1, 2024, is entitled to an annual postretirement
2.8 adjustment, effective as of each January 1, beginning with the year following the year in
2.9 which the member attains normal retirement age.

2.10 (d) Paragraph (c) does not apply to members who retire under section 354A.31,
2.11 subdivision 6, paragraph (b), or who retire when the member is at least age 62 and has at
2.12 least 30 years of service under section 354A.31, subdivision 7.

2.13 Sec. 2. Minnesota Statutes 2020, section 356.415, subdivision 1, is amended to read:

2.14 Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement**
2.15 **System general state employees retirement plan, legislators retirement plan, and**
2.16 **unclassified state employees retirement program.** (a) Except as set forth in paragraph
2.17 (c), recipients of a retirement annuity, disability benefit, or survivor benefit from the general
2.18 state employees retirement plan, the legislators retirement plan, or the unclassified state
2.19 employees retirement program are entitled to an annual postretirement adjustment, effective
2.20 as of each January 1, as follows:

2.21 (1) effective January 1, 2019, through December 31, ~~2023~~ 2022, a postretirement increase
2.22 of one percent must be applied each year to the amount of the monthly annuity or benefit
2.23 of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at
2.24 least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

2.25 (2) effective January 1, 2019, through December 31, ~~2023~~ 2022, for each annuitant or
2.26 benefit recipient who has been receiving an annuity or a benefit for at least one full month,
2.27 but less than 12 full months as of the June 30 of the calendar year immediately before the
2.28 adjustment, a postretirement increase of 1/12 of one percent for each month that the person
2.29 has been receiving an annuity or benefit must be applied to the amount of the monthly
2.30 annuity or benefit of the annuitant or benefit recipient;

2.31 (3) effective January 1, ~~2024~~ 2023, and thereafter, a postretirement increase of ~~1.5~~ 2.5
2.32 percent must be applied each year to the amount of the monthly annuity or benefit of each

3.1 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12
 3.2 full months as of the June 30 of the calendar year immediately before the adjustment; and

3.3 (4) effective January 1, ~~2024~~2023, and thereafter, for each annuitant or benefit recipient
 3.4 who has been receiving an annuity or a benefit for at least one full month, but less than 12
 3.5 full months as of the June 30 of the calendar year immediately before the adjustment, an
 3.6 annual postretirement increase of 1/12 of 1.5 percent for each month that the person has
 3.7 been receiving an annuity or benefit must be applied to the amount of the monthly annuity
 3.8 or benefit of the annuitant or benefit recipient.

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

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

3.17 (1) if a member has been receiving an annuity for at least 12 full months as of the June
 3.18 30 of the calendar year immediately before the date of the adjustment, a postretirement
 3.19 increase equal to the percentage specified in paragraph (a), clause (3), must be applied,
 3.20 effective on January 1, to the amount of the member's monthly annuity;

3.21 (2) if a member has been receiving an annuity for at least one full month, but less than
 3.22 12 full months as of the June 30 of the calendar year immediately before the date of
 3.23 adjustment, a postretirement increase of 1/12 of the percentage specified in paragraph (a),
 3.24 clause (4), for each month that the member has been receiving an annuity must be applied,
 3.25 effective on January 1, to the amount of the member's monthly annuity; or

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

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

3.31 Sec. 3. Minnesota Statutes 2020, section 356.415, subdivision 1a, is amended to read:

3.32 Subd. 1a. **Annual postretirement adjustments; Minnesota State Retirement System**
 3.33 **correctional state employees retirement plan.** (a) Retirement annuity, disability benefit,

4.1 or survivor benefit recipients of the correctional state employees retirement plan are entitled
4.2 to an annual postretirement adjustment, effective as of ~~each~~ January 1, as follows:

4.3 (1) through December 31, 2022, a postretirement increase of 1.5 percent must be applied
4.4 each year to the monthly annuity or benefit of each annuitant or benefit recipient who has
4.5 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
4.6 calendar year immediately before the adjustment; ~~and~~

4.7 (2) through December 31, 2022, for each annuitant or benefit recipient who has been
4.8 receiving an annuity or a benefit for at least one full month, but less than 12 full months as
4.9 of the June 30 of the calendar year immediately before the adjustment, an annual
4.10 postretirement increase of 1/12 of 1.5 percent for each month that the person has been
4.11 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
4.12 benefit of each annuitant or benefit recipient;

4.13 (3) effective January 1, 2023, and thereafter, a postretirement increase of 2.5 percent
4.14 must be applied each year to the monthly annuity or benefit of each annuitant or benefit
4.15 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the
4.16 June 30 of the calendar year immediately before the adjustment; and

4.17 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
4.18 has been receiving an annuity or a benefit for at least one full month, but less than 12 full
4.19 months as of the June 30 of the calendar year immediately before the adjustment, an annual
4.20 postretirement increase of 1/12 of 2.5 percent for each month that the person has been
4.21 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
4.22 benefit of each annuitant or benefit recipient.

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

4.27 Sec. 4. Minnesota Statutes 2020, section 356.415, subdivision 1b, is amended to read:

4.28 Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement**
4.29 **plan.** (a) Annuities, disability benefits, and survivor benefits being paid from the general
4.30 employees retirement plan of the Public Employees Retirement Association shall be increased
4.31 effective each January 1 by the percentage of increase determined under this subdivision.
4.32 The increase to the annuity or benefit shall be determined by multiplying the monthly amount

5.1 of the annuity or benefit by the percentage of increase specified in paragraph (b), after taking
5.2 into account any reduction to the percentage of increase required under paragraph (c).

5.3 (b) The percentage of increase shall be one percent unless the federal Social Security
5.4 Administration has announced a cost-of-living adjustment pursuant to United States Code,
5.5 title 42, section 415(i), in the last quarter of the preceding calendar year that is greater than
5.6 two percent. If the cost-of-living adjustment announced by the federal Social Security
5.7 Administration is greater than two percent, the percentage of increase shall be:

5.8 (1) through December 31, 2022, 50 percent of the cost-of-living adjustment announced
5.9 by the federal Social Security Administration, but in no event may the percentage of increase
5.10 exceed 1.5 percent; and

5.11 (2) effective January 1, 2023, and thereafter, 65 percent of the cost-of-living adjustment
5.12 announced by the federal Social Security Administration, but in no event may the percentage
5.13 of increase exceed 2.5 percent.

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

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

5.24 (d) Effective for members who retire on or after January 1, 2024, annuities shall not be
5.25 increased under paragraphs (a) to (c) until January 1 of the year following the year in which
5.26 the member reaches normal retirement age. January 1 of the year following the year in
5.27 which the member reaches normal retirement age shall be considered the effective date of
5.28 the increase under paragraph (c). If a member has been receiving an annuity for fewer than
5.29 seven months as of the January 1 of the year following the year in which the member reaches
5.30 normal retirement age, no increase shall be paid until January 1 of the next year.

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

6.1 (f) Paragraph (d) does not apply to members who retire under section 353.30, subdivision
6.2 1a.

6.3 Sec. 5. Minnesota Statutes 2020, section 356.415, subdivision 1c, is amended to read:

6.4 Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement
6.5 annuity, disability benefit, or survivor benefit recipients of the public employees police and
6.6 fire retirement plan are entitled to an annual postretirement adjustment, effective as of each
6.7 January 1, as follows:

6.8 (1) through December 31, 2022, for each annuitant or benefit recipient who will have
6.9 been receiving an annuity or benefit for at least 36 full months as of the immediate preceding
6.10 June 30, a postretirement increase of one percent must be applied each year to the amount
6.11 of the monthly annuity or benefit of the annuitant or benefit recipient; ~~or~~

6.12 (2) through December 31, 2022, for each annuitant or benefit recipient who has been
6.13 receiving the annuity or benefit for at least 25 full months, but less than 36 months as of
6.14 the immediate preceding June 30, a postretirement increase of 1/12 of one percent for each
6.15 full month that the person has been receiving an annuity or benefit during the fiscal year in
6.16 which the annuity or benefit was effective must be applied each year to the amount of the
6.17 monthly annuity or benefit of the annuitant or benefit recipient;

6.18 (3) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
6.19 will have been receiving an annuity or benefit for at least 36 full months as of the immediate
6.20 preceding June 30, a postretirement increase of 2.5 percent must be applied each year to
6.21 the amount of the monthly annuity or benefit of the annuitant or benefit recipient; or

6.22 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
6.23 has been receiving the annuity or benefit for at least 25 full months, but less than 36 months
6.24 as of the immediate preceding June 30, a postretirement increase of 1/12 of 2.5 percent for
6.25 each full month that the person has been receiving an annuity or benefit during the fiscal
6.26 year in which the annuity or benefit was effective must be applied each year to the amount
6.27 of the monthly annuity or benefit of the annuitant or benefit recipient.

6.28 (b) An increase in annuity or benefit payments under this section must be made
6.29 automatically unless written notice is filed by the annuitant or benefit recipient with the
6.30 executive director of the Public Employees Retirement Association requesting that the
6.31 increase not be made.

7.1 Sec. 6. Minnesota Statutes 2020, section 356.415, subdivision 1d, is amended to read:

7.2 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a)

7.3 Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit,
7.4 or survivor benefit from the Teachers Retirement Association are entitled to an annual
7.5 postretirement adjustment, effective as of each January 1, as follows:

7.6 (1) effective January 1, 2019, through December 31, ~~2023~~ 2022, a postretirement increase
7.7 of one percent must be applied each year to the amount of the monthly annuity or benefit
7.8 of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at
7.9 least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

7.10 (2) effective January 1, 2019, through December 31, ~~2023~~ 2022, for each annuitant or
7.11 benefit recipient who has been receiving an annuity or a benefit for at least one full month,
7.12 but less than 12 full months as of the June 30 of the calendar year immediately before the
7.13 adjustment, a postretirement increase of 1/12 of one percent for each month the person has
7.14 been receiving an annuity or benefit must be applied to the amount of the monthly annuity
7.15 or benefit of the annuitant or benefit recipient;

7.16 (3) effective January 1, ~~2024~~ 2023, and thereafter, a postretirement increase of 2.5 percent
7.17 must be applied each year to the amount of the monthly annuity or benefit of each annuitant
7.18 or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
7.19 as of the June 30 of the calendar year immediately before the adjustment, ~~at the following~~
7.20 ~~rates;~~ and

- 7.21 ~~from January 1, 2024, through December 31, 2024~~ 1.1 percent
- 7.22 ~~from January 1, 2025, through December 31, 2025~~ 1.2 percent
- 7.23 ~~from January 1, 2026, through December 31, 2026~~ 1.3 percent
- 7.24 ~~from January 1, 2027, through December 31, 2027~~ 1.4 percent
- 7.25 ~~from January 1, 2028, and thereafter~~ 1.5 percent

7.26 (4) effective January 1, ~~2024~~ 2023, and thereafter, for each annuitant or benefit recipient
7.27 who has been receiving an annuity or a benefit for at least one full month, but less than 12
7.28 full months, as of the June 30 of the calendar year immediately before the adjustment, an
7.29 annual postretirement increase of 1/12 of ~~the applicable percentage~~ 2.5 percent for each
7.30 month that the person has been receiving an annuity or benefit must be applied to the amount
7.31 of the monthly annuity or benefit of the annuitant or benefit recipient. ~~The applicable~~
7.32 ~~percentages are the following:~~

- 7.33 ~~from January 1, 2024, through December 31, 2024~~ 1.1 percent
- 7.34 ~~from January 1, 2025, through December 31, 2025~~ 1.2 percent

8.1	from January 1, 2026, through December 31, 2026	1.3 percent
8.2	from January 1, 2027, through December 31, 2027	1.4 percent
8.3	from January 1, 2028, and thereafter	1.5 percent

8.4 (b) An increase in annuity or benefit payments under this section must be made
8.5 automatically unless written notice is filed by the annuitant or benefit recipient with the
8.6 executive director of the Teachers Retirement Association requesting that the increase not
8.7 be made.

8.8 (c) The retirement annuity payable to a person who retires before becoming eligible for
8.9 Social Security benefits and who has elected the optional payment as provided in section
8.10 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement
8.11 annuity for the purposes of any postretirement adjustment. The period-certain retirement
8.12 annuity plus the life retirement annuity must be the annuity amount payable until age 62,
8.13 65, or normal retirement age, as selected by the member at retirement, for an annuity amount
8.14 payable under section 354.35. A postretirement adjustment granted on the period-certain
8.15 retirement annuity must terminate when the period-certain retirement annuity terminates.

8.16 (d) Members who retire on or after July 1, 2024, are entitled to an annual postretirement
8.17 adjustment of the member's retirement annuity, effective as of each January 1, beginning
8.18 with the year following the year in which the member attains normal retirement age, as
8.19 follows:

8.20 (1) if a member has been receiving an annuity for at least 12 full months as of the June
8.21 30 of the calendar year immediately before the date of the adjustment, a postretirement
8.22 increase equal to the percentage specified in paragraph (a), clause (3), must be applied,
8.23 effective on January 1, to the amount of the member's monthly annuity;

8.24 (2) if a member has been receiving an annuity for at least one full month, but less than
8.25 12 full months as of the June 30 of the calendar year immediately before the date of
8.26 adjustment, a postretirement increase of 1/12 of the applicable percentage specified in
8.27 paragraph (a), clause (4), for each month that the member has been receiving an annuity
8.28 must be applied, effective on January 1, to the amount of the member's monthly annuity;
8.29 or

8.30 (3) if a member has been receiving an annuity for fewer than seven months as of the
8.31 January 1 of the year following the year in which the member attains normal retirement
8.32 age, a postretirement adjustment shall be applied effective as of the next January 1. The
8.33 amount of the adjustment shall be determined under clause (2).

9.1 (e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision
9.2 6, paragraph (c), clause (3), or who retire when the member is at least age 62 and has at
9.3 least 30 years of service under section 354.44, subdivision 6, paragraph (c), (d), (e), or (f),
9.4 as applicable.

9.5 Sec. 7. Minnesota Statutes 2020, section 356.415, subdivision 1e, is amended to read:

9.6 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a)
9.7 Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
9.8 retirement plan are entitled to an annual postretirement adjustment, effective as of each
9.9 January 1, as follows:

9.10 (1) through December 31, 2022, a postretirement increase of one percent must be applied
9.11 each year to the monthly annuity or benefit of each annuitant or benefit recipient who has
9.12 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
9.13 calendar year immediately before the adjustment; and

9.14 (2) through December 31, 2022, for each annuitant or benefit recipient who has been
9.15 receiving an annuity or a benefit for at least one full month, but less than 12 full months as
9.16 of the June 30 of the calendar year immediately before the adjustment, an annual
9.17 postretirement increase of 1/12 of one percent for each month that the person has been
9.18 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
9.19 benefit of each annuitant or benefit recipient;

9.20 (3) effective January 1, 2023, and thereafter, a postretirement increase of 2.5 percent
9.21 must be applied each year to the monthly annuity or benefit of each annuitant or benefit
9.22 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the
9.23 June 30 of the calendar year immediately before the adjustment; and

9.24 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
9.25 has been receiving an annuity or a benefit for at least one full month, but less than 12 full
9.26 months as of the June 30 of the calendar year immediately before the adjustment, an annual
9.27 postretirement increase of 1/12 of 2.5 percent for each month that the person has been
9.28 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
9.29 benefit of each annuitant or benefit recipient.

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

10.1 Sec. 8. Minnesota Statutes 2021 Supplement, section 356.415, subdivision 1f, is amended
10.2 to read:

10.3 Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System**
10.4 **judges retirement plan.** (a) Recipients of a retirement annuity, disability benefit, or survivor
10.5 benefit from the judges retirement plan are entitled to an annual postretirement adjustment,
10.6 effective as of each January 1, as follows:

10.7 (1) through December 31, ~~2021~~ 2022, a postretirement increase of 1.75 percent must be
10.8 applied each year to the monthly annuity or benefit of each annuitant or benefit recipient
10.9 who has been receiving an annuity or a benefit for at least 12 full months as of the June 30
10.10 of the calendar year immediately before the adjustment;

10.11 (2) through December 31, ~~2021~~ 2022, for each annuitant or benefit recipient who has
10.12 been receiving an annuity or a benefit for at least one full month, but less than 12 full months
10.13 as of the June 30 of the calendar year immediately before the adjustment, an annual
10.14 postretirement increase of 1/12 of 1.75 percent for each month that the person has been
10.15 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
10.16 benefit;

10.17 (3) effective January 1, ~~2022~~ 2023, and thereafter, a postretirement increase of ~~1.5~~ 2.5
10.18 percent must be applied each year to the monthly annuity or benefit of each annuitant or
10.19 benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
10.20 as of the June 30 of the calendar year immediately before the adjustment; and

10.21 (4) effective January 1, ~~2022~~ 2023, and thereafter, for each annuitant or benefit recipient
10.22 who has been receiving an annuity or a benefit for at least one full month, but less than 12
10.23 full months as of the June 30 of the calendar year immediately before the adjustment, an
10.24 annual postretirement increase of 1/12 of ~~1.5~~ 2.5 percent for each month that the person has
10.25 been receiving an annuity or benefit must be applied to the amount of the monthly annuity
10.26 or benefit.

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

10.31 Sec. 9. **EFFECTIVE DATE.**

10.32 Sections 1 to 8 are effective June 30, 2022.

11.1 **ARTICLE 2**

11.2 **EMPLOYEE CONTRIBUTION RATES**

11.3 Section 1. Minnesota Statutes 2020, section 352.04, subdivision 2, is amended to read:

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

11.6 ~~from July 1, 2014, to June 30, 2018~~ 5.5

11.7 ~~from July 1, 2018, to June 30, 2019~~ 5.75

11.8 ~~after~~ from July 1, 2019, to June 30, 2019 2022 6

11.9 from July 1, 2022, to June 30, 2025 5

11.10 after June 30, 2025 6

11.11 (b) These contributions must be made by deduction from salary as provided in subdivision
11.12 4.

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

11.15 Sec. 2. Minnesota Statutes 2020, section 352.92, subdivision 1, is amended to read:

11.16 Subdivision 1. **Employee contributions.** (a) Employee contributions of covered
11.17 correctional employees must be in an amount equal to the following percent of salary:

11.18 ~~from July 1, 2014, to June 30, 2018~~ 9.1

11.19 ~~after~~ from July 1, 2018, to June 30, 2018 2022 9.6

11.20 from July 1, 2022, to June 30, 2025 8.6

11.21 after June 30, 2025 9.6

11.22 (b) These contributions must be made by deduction from salary as provided in section
11.23 352.04, subdivision 4.

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

11.26 Sec. 3. Minnesota Statutes 2020, section 352B.02, subdivision 1a, is amended to read:

11.27 Subd. 1a. **Member contributions.** (a) The member contribution is the following
11.28 percentage of the member's salary:

11.29 ~~from July 1, 2014, to June 30, 2016~~ 13.4

11.30 ~~from July 1, 2016, to June 30, 2018~~ 14.4

11.31 ~~from July 1, 2018, to June 30, 2020~~ 14.9

12.1	after <u>from July 1, 2020, to June 30, 2020</u> <u>2022</u>	15.4
12.2	<u>from July 1, 2022, to June 30, 2025</u>	<u>14.4</u>
12.3	<u>after June 30, 2025</u>	<u>15.4</u>

12.4 (b) These contributions must be made by deduction from salary as provided in section
12.5 352.04, subdivision 4.

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

12.8 Sec. 4. Minnesota Statutes 2020, section 353.27, subdivision 2, is amended to read:

12.9 Subd. 2. **General employees retirement plan; employee contribution.** (a) For a basic
12.10 member of the general employees retirement plan of the Public Employees Retirement
12.11 Association, the employee contribution is ~~9.10~~ the following percent of salary.

12.12	<u>before July 1, 2022</u>	<u>9.10</u>
12.13	<u>from July 1, 2022, to June 30, 2025</u>	<u>8.10</u>
12.14	<u>after June 30, 2025</u>	<u>9.10</u>

12.15 (b) For a coordinated member of the general employees retirement plan of the Public
12.16 Employees Retirement Association, the employee contribution is the following percentage
12.17 of salary plus any contribution rate adjustment under subdivision 3b:

12.18	Effective after December 31, 2010	6.25
12.19	Effective <u>from January 1, 2015, to June 30, 2022</u>	6.5
12.20	<u>from July 1, 2022, to June 30, 2025</u>	<u>5.5</u>
12.21	<u>after June 30, 2025</u>	<u>6.5</u>

12.22 (b) These contributions must be made by deduction from salary as defined in section
12.23 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a member's
12.24 salary is paid from other than public funds, the member's employee contribution must be
12.25 based on the total salary received by the member from all sources.

12.26 Sec. 5. Minnesota Statutes 2020, section 353.27, subdivision 3c, is amended to read:

12.27 Subd. 3c. **Former MERF members; member and employer contributions.** (a) For
12.28 the period July 1, 2019, through December 31, 2031, the member contributions for former
12.29 members of the Minneapolis Employees Retirement Fund and by the former Minneapolis
12.30 Employees Retirement Fund-covered employing units are governed by this subdivision.

13.1 (b) The member contribution for a public employee who was a member of the former
 13.2 Minneapolis Employees Retirement Fund on June 29, 2010, is ~~9.75~~ the following percent
 13.3 of the salary of the employee:

13.4	<u>before July 1, 2022</u>	<u>9.75</u>
13.5	<u>from July 1, 2022, to June 30, 2025</u>	<u>8.75</u>
13.6	<u>after June 30, 2025</u>	<u>9.75</u>

13.7 (c) The employer regular contribution with respect to a public employee who was a
 13.8 member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75
 13.9 percent of the salary of the employee.

13.10 (d) The annual employer supplemental contribution is the employing unit's share of
 13.11 \$21,000,000.

13.12 (e) Each employing unit's share under paragraph (d) is the amount determined from an
 13.13 allocation between each employing unit in the portion equal to the unit's employer
 13.14 supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50,
 13.15 during calendar year 2014.

13.16 (f) The employer supplemental contribution amount under paragraph (d) for calendar
 13.17 year 2019 must be invoiced by the executive director of the Public Employees Retirement
 13.18 Association by July 1, 2019. For subsequent calendar years, the employer supplemental
 13.19 contribution under paragraph (d) must be invoiced on January 31 of each year. The employer
 13.20 supplemental contribution is payable in two parts, with the first half payable on or before
 13.21 July 31 and with the second half payable on or before December 15. Late payments are
 13.22 payable with interest, compounded annually, at the applicable rate or rates specified in
 13.23 section 356.59, subdivision 3, per month for each month or portion of a month that has
 13.24 elapsed after the due date.

13.25 (g) The employer supplemental contribution under paragraph (d) terminates on December
 13.26 31, 2031.

13.27 Sec. 6. Minnesota Statutes 2020, section 353.65, subdivision 2, is amended to read:

13.28 Subd. 2. **Employee contribution.** (a) For members other than members who were active
 13.29 members of the former Minneapolis Firefighters Relief Association on December 29, 2011,
 13.30 or for members other than members who were active members of the former Minneapolis
 13.31 Police Relief Association on December 29, 2011, the employee contribution is an amount
 13.32 equal to the following percentage of the total salary of each member, as follows:

14.1	before January 1, 2019	10.8 percent
14.2	from January 1, 2019, through December 31, 2019	11.3 percent
14.3	from January 1, 2020, and thereafter <u>to June 30, 2022</u>	11.8 percent
14.4	<u>from July 1, 2022, to June 30, 2025</u>	<u>10.8 percent</u>
14.5	<u>after June 30, 2025</u>	<u>11.8 percent</u>

14.6 (b) For members who were active members of the former Minneapolis Firefighters Relief
 14.7 Association on December 29, 2011, the employee contribution is an amount equal to ~~eight~~
 14.8 the following percent of the monthly unit value under section 353.01, subdivision 10a,
 14.9 multiplied by 80 and expressed as a biweekly amount for each member-, as follows:

14.10	<u>before July 1, 2022</u>	<u>8 percent</u>
14.11	<u>from July 1, 2022, to June 30, 2025</u>	<u>7 percent</u>
14.12	<u>after June 30, 2025</u>	<u>8 percent</u>

14.13 The employee contribution made by a member with at least 25 years of service credit
 14.14 as an active member of the former Minneapolis Firefighters Relief Association must be
 14.15 deposited in the postretirement health care savings account established under section 352.98.

14.16 (c) For members who were active members of the former Minneapolis Police Relief
 14.17 Association on December 29, 2011, the employee contribution is an amount equal to ~~eight~~
 14.18 the following percent of the monthly unit value under section 353.01, subdivision 10b,
 14.19 multiplied by 80 and expressed as a biweekly amount for each member-, as follows:

14.20	<u>before July 1, 2022</u>	<u>8 percent</u>
14.21	<u>from July 1, 2022, to June 30, 2025</u>	<u>7 percent</u>
14.22	<u>after June 30, 2025</u>	<u>8 percent</u>

14.23 The employee contribution made by a member with at least 25 years of service credit
 14.24 as an active member of the former Minneapolis Police Relief Association must be deposited
 14.25 in the postretirement health care savings account established under section 352.98.

14.26 (d) Contributions under this section must be made by deduction from salary in the manner
 14.27 provided in subdivision 4. Where any portion of a member's salary is paid from other than
 14.28 public funds, the member's employee contribution is based on the total salary received from
 14.29 all sources.

14.30 Sec. 7. Minnesota Statutes 2020, section 353E.03, subdivision 1, is amended to read:

14.31 Subdivision 1. **Member contributions.** A member of the local government correctional
 14.32 service retirement plan shall make an employee contribution in an amount equal to ~~5.83~~ the
 14.33 following percent of salary-:

15.1	<u>before July 1, 2022</u>	<u>5.83</u>
15.2	<u>from July 1, 2022, to June 30, 2025</u>	<u>4.83</u>
15.3	<u>after June 30, 2025</u>	<u>5.83</u>

15.4 Sec. 8. Minnesota Statutes 2020, section 354.42, subdivision 2, is amended to read:

15.5 Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the
15.6 following percentage of the member's salary:

15.7	Period	Basic Program	Coordinated Program
15.8	from July 1, 2014, through <u>to June 30,</u>		
15.9	2023 <u>2022</u>	11 percent	7.5 percent
15.10	<u>from July 1, 2022, to June 30, 2025</u>	<u>10 percent</u>	<u>6.5 percent</u>
15.11	after June 30, 2023 <u>2025</u>	11.25 percent	7.75 percent

15.12 (b) When an employee contribution rate changes for a fiscal year, the new contribution
15.13 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
15.14 reported.

15.15 (c) This contribution must be made by deduction from salary. Where any portion of a
15.16 member's salary is paid from other than public funds, the member's employee contribution
15.17 must be based on the entire salary received.

15.18 Sec. 9. Minnesota Statutes 2021 Supplement, section 354A.12, subdivision 1, is amended
15.19 to read:

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

15.23	Program	Percentage of Total Salary
15.24	St. Paul Teachers Retirement Fund Association	
15.25	basic program after June 30 <u>from July 1, 2016, to</u>	
15.26	<u>June 30, 2022</u>	10 percent
15.27	<u>basic program from July 1, 2022, to June 30, 2025</u>	<u>9 percent</u>
15.28	basic program after June 30, 2023 <u>2025</u>	10.25 percent
15.29	coordinated program after June 30 <u>from July 1,</u>	
15.30	<u>2016, to June 30, 2022</u>	7.5 percent
15.31	<u>coordinated program from July 1, 2022, to June</u>	
15.32	<u>30, 2025</u>	<u>6.5 percent</u>
15.33	coordinated program after June 30, 2023 <u>2025</u>	7.75 percent

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

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

16.5 Sec. 10. Minnesota Statutes 2020, section 354B.23, subdivision 1, is amended to read:

16.6 Subdivision 1. **Member contribution rate.** (a) Except for a participant described under
16.7 paragraph (b), the member contribution rate for participants in the individual retirement
16.8 account plan is equal to the coordinated employee contribution rate in section 354.42,
16.9 subdivision 2.

16.10 (b) The member contribution rate is the rate described in paragraph (c) for a participant
16.11 in the individual retirement account plan who:

16.12 (1) achieved tenure or its equivalent at a Minnesota state college or university before
16.13 July 1, 2018; or

16.14 (2) is an employee in an eligible unclassified administrative position, is not a faculty
16.15 member, and first contributed to the individual retirement account plan before July 1, 2018.

16.16 (c) The member contribution rate for a participant described in paragraph (b) is ~~the~~
16.17 following percentage of salary: 6.45 percent of salary from July 1, 2021, to June 30, 2022.

16.18	from July 1, 2019, to June 30, 2020	5.15
16.19	from July 1, 2020, to June 30, 2021	5.80
16.20	from July 1, 2021, to June 30, 2022	6.45
16.21	from July 1, 2022, to June 30, 2023	7.10
16.22	from July 1, 2023, to June 30, 2024	7.75

16.23 After June 30, ~~2024~~ 2022, the member contribution rate is the rate specified in paragraph
16.24 (a).

16.25 Sec. 11. Minnesota Statutes 2020, section 490.123, subdivision 1a, is amended to read:

16.26 Subd. 1a. **Member contribution rates.** (a) A judge in the tier I program whose service
16.27 does not exceed the service credit limit in section 490.121, subdivision 22, shall contribute
16.28 to the fund from each salary payment a sum equal to ~~9.00~~ the following percent of salary:

16.29	<u>before July 1, 2022</u>	<u>9</u>
16.30	<u>from July 1, 2022, to June 30, 2025</u>	<u>8</u>
16.31	<u>after June 30, 2025</u>	<u>9</u>

17.1 (b) A judge in the tier II program shall contribute to the fund from each salary payment
 17.2 a sum equal to ~~7.00~~ the following percent of salary:

17.3	<u>before July 1, 2022</u>	<u>7</u>
17.4	<u>from July 1, 2022, to June 30, 2025</u>	<u>6</u>
17.5	<u>after June 30, 2025</u>	<u>7</u>

17.6 (c) Contributions under this subdivision are payable by salary deduction. The deduction
 17.7 must be made by the state court administrator under section 352.04, subdivisions 4, 5, and
 17.8 8.

17.9 **Sec. 12. EFFECTIVE DATE.**

17.10 Sections 1 to 11 are effective June 30, 2022.

17.11 **ARTICLE 3**

17.12 **ACTUARIAL ASSUMPTION FOR INVESTMENT RATE OF RETURN**

17.13 Section 1. Minnesota Statutes 2020, section 356.215, subdivision 8, is amended to read:

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

17.16	plan	investment return
17.17		assumption
17.18	general state employees retirement plan	7.5%%
17.19	correctional state employees retirement plan	7.5
17.20	State Patrol retirement plan	7.5
17.21	legislators retirement plan, and for the	0
17.22	constitutional officers calculation of total plan	
17.23	liabilities	
17.24	judges retirement plan	7.5
17.25	general public employees retirement plan	7.5
17.26	public employees police and fire retirement plan	7.5
17.27	local government correctional service retirement	7.5
17.28	plan	
17.29	teachers retirement plan	7.5
17.30	St. Paul teachers retirement plan	7.5
17.31	Bloomington Fire Department Relief Association	6
17.32	local monthly benefit volunteer firefighter relief	5
17.33	associations	
17.34	monthly benefit retirement plans in the statewide	6
17.35	volunteer firefighter retirement plan	

18.1 (b) The actuarial valuation for each of the covered retirement plans listed in section
 18.2 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take
 18.3 into account the postretirement adjustment rate or rates applicable to the plan as specified
 18.4 in section 354A.29, subdivision 7, or 356.415, whichever applies.

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

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

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

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

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

18.17 **EFFECTIVE DATE.** This section is effective June 30, 2022.

18.18 **ARTICLE 4**

18.19 **DIRECT STATE AID**

18.20 Section 1. Minnesota Statutes 2020, section 353.65, subdivision 3b, is amended to read:

18.21 Subd. 3b. **Direct state aid.** (a) ~~The state shall pay \$4,500,000 on October 1, 2018, and~~
 18.22 ~~October 1, 2019, to the public employees police and fire retirement plan.~~ By October 1 of
 18.23 each year ~~after 2019~~, the state shall pay ~~\$9,000,000~~ \$13,500,000 to the public employees
 18.24 police and fire retirement plan. The commissioner of management and budget shall pay the
 18.25 aid specified in this subdivision. The amount required is annually appropriated from the
 18.26 general fund to the commissioner of management and budget.

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

18.28 (1) the first day of the fiscal year following the fiscal year in which the actuarial value
 18.29 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as
 18.30 reported by the actuary retained under section 356.214 in the annual actuarial valuation
 18.31 prepared under section 356.215; or

19.1 (2) July 1, ~~2048~~ 2068.

19.2 Sec. 2. Minnesota Statutes 2020, section 354A.12, subdivision 3a, is amended to read:

19.3 Subd. 3a. **Direct state aid to first class city teachers retirement fund associations.** (a)

19.4 The state shall pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

19.5 (b) In addition to other amounts specified in this subdivision, the state shall pay

19.6 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

19.7 (c) In addition to the amounts specified in paragraphs (a) and (b), the state shall pay

19.8 ~~\$5,000,000~~ \$7,500,000 as state aid to the St. Paul Teachers Retirement Fund Association.

19.9 (d) The aid under this subdivision is payable October 1 annually. The commissioner of

19.10 management and budget shall pay the aid specified in this subdivision. The amount required

19.11 is appropriated annually from the general fund to the commissioner of management and

19.12 budget.

19.13 Sec. 3. Minnesota Statutes 2020, section 354A.12, subdivision 3c, is amended to read:

19.14 Subd. 3c. **Termination of supplemental contributions and direct matching and state**

19.15 **aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund

19.16 Association by Independent School District No. 625 under section 423A.02, subdivision 3,

19.17 and the aid under subdivision 3a, paragraphs (a) and (b), continue until the earlier of:

19.18 (1) the first day of the fiscal year following the year in which the actuarial value of assets

19.19 of the fund equals or exceeds 100 percent of the actuarial accrued liability as reported by

19.20 the actuary retained under section 356.214 in the most recent annual actuarial valuation

19.21 prepared under section 356.215; or

19.22 (2) July 1, 2048.

19.23 (b) The aid under subdivision 3a, paragraph (c), continues until the earlier of:

19.24 (1) the first day of the fiscal year following the fiscal year in which the actuarial value

19.25 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as

19.26 reported by the actuary retained under section 356.214 in the annual actuarial valuation

19.27 prepared under section 356.215; or

19.28 (2) July 1, ~~2048~~ 2068.

20.1 Sec. 4. Minnesota Statutes 2020, section 490.123, subdivision 5, is amended to read:

20.2 Subd. 5. **Direct state aid.** (a) The state shall pay ~~\$6,000,000~~ \$9,000,000 annually to the
 20.3 judges' retirement fund. The aid is payable each July 1. The amount required is annually
 20.4 appropriated from the general fund to the judges' retirement fund.

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

20.6 (1) the first day of the fiscal year following the fiscal year in which the actuarial value
 20.7 of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as
 20.8 reported by the actuary retained under section 356.214 in the annual actuarial valuation
 20.9 prepared under section 356.215; or

20.10 (2) July 1, ~~2048~~ 2068.

20.11 Sec. 5. **EFFECTIVE DATE.**

20.12 Sections 1 to 4 are effective June 30, 2022.

20.13 **ARTICLE 5**
 20.14 **APPROPRIATION**

20.15 Section 1. **APPROPRIATION.**

20.16 (a) \$1,000,000,000 in fiscal year 2023 is appropriated from the general fund to the
 20.17 pension plans specified in paragraph (b), to be allocated by the commissioner of management
 20.18 and budget among the pension plans in the same ratio that the market value of assets as of
 20.19 the most recent June 30 for each pension plan bears to the sum of the market value of assets
 20.20 for all specified pension plans as of the most recent June 30.

20.21 (b) The amount appropriated under paragraph (a) shall be allocated among the following
 20.22 pension plans:

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

20.24 (2) the general employees retirement plan of the Public Employees Retirement
 20.25 Association;

20.26 (3) the Teachers Retirement Association;

20.27 (4) the St. Paul Teachers Retirement Fund Association;

20.28 (5) the State Patrol retirement plan;

20.29 (6) the public employees police and fire plan of the Public Employees Retirement
 20.30 Association;

21.1 (7) the correctional state employees retirement plan of the Minnesota State Retirement
21.2 System;

21.3 (8) the local government correctional service retirement plan of the Public Employees
21.4 Retirement Association; and

21.5 (9) the judges' retirement plan.

21.6 (c) The commissioner of management and budget must determine the amount of the
21.7 allocation under paragraph (a) for each pension plan specified in paragraph (b). Each
21.8 allocation is directly appropriated to the pension fund for each pension plan by the
21.9 commissioner. The commissioner must report the amounts appropriated under this section
21.10 to the chairs and ranking minority members of the house of representatives Ways and Means
21.11 Committee and the senate Finance Committee by August 15, 2022.

21.12 **EFFECTIVE DATE.** This section is effective June 30, 2022.